London Borough of Enfield

Statement of Accounts 2015-16

James Rolfe
Director of Finance, Resources and Customer Services

ENFIELD Council

www.enfield.gov.uk

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THE COUNCIL'S RESPONSIBILITIES

The Council is required to:

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

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

- Approve the Statement of Accounts.

THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES' RESPONSIBILITIES

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

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

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

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

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

CERTIFICATION BY THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES

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

- The Financial Position of the Authority as at 31 March 2016, and
- The Authority's Income and Expenditure for financial year 2015-16

Signed

James Rolfe
Director of Finance, Resources
& Customer Services

29 September 2016

Signed

Cllr Mary Maguire
Chair of Audit & Risk Management
Committee

29 September 2016

1. INTRODUCTION

The purpose of the Statement of Accounts is to summarise the financial performance for financial year 2015/16 and the overall financial position of the Council. This Narrative Report explains the most significant matters reported in the accounts and provides a simple summary of the Council's overall financial position.

The Statement of Accounts for 2015/16 has been prepared on an International Financial Reporting Standards (IFRS) basis. The framework within which these Accounts are prepared and published is regulated by the Chartered Institute of Public Finance and Accountancy (CIPFA).

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

The key financial statements set out within this document include:

- **Movement in Reserves Statement (MiRS)** – This Statement sets out the movement on the different reserves held by the Council which are analysed into usable and unusable reserves. It analyses the increase or decrease in net worth of the Council as a result of incurring expenses, gathering income and from movements in the fair value of the assets. It also analyses the movement between reserves in accordance with statutory provisions.

- **Comprehensive Income and Expenditure Statement (CIES)** – This Statement brings together all 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 Council's disposal, its long term debt, net current assets or liabilities, and summarises information on the non-current assets held.

- **Cash Flow Statement** – This summarises the inflows and outflows of cash arising from transactions with third parties for both capital and revenue.

- **Notes to the Financial Statements** – The notes provide more detail about the items contained in the key financial statements, the Council's Accounting Policies and other information to aid the understanding of the financial statements.

- **Housing Revenue Account (HRA)** – This records the Council's statutory obligation to account separately for the cost of the landlord role in respect of the provision of Council Housing.

- **Collection Fund** – The Council is responsible for collecting council tax and local business rates. The proceeds of council tax are distributed to the Council and the Greater London Authority (GLA). Local business rates are distributed between the Council, the Government and the Greater London Authority. The Fund shows income due and the application of the proceeds.

2. REVIEW OF THE YEAR

2015/16 saw the continuation of the financial challenges the Council has faced over the past six years due to reductions in central government funding exacerbated by cost and demographic pressures within services. Since 2010, cuts to Government funding and increased demands on services resulting from a growing population have meant that we have had to make £118 million savings, with £31.6m of these savings being made in 2015/16. Enfield's population grew by an average of 4,200 per year between 2004 and 2014, further increasing demand and pressure on our services. Enfield has also seen demand rising as a result of increasing deprivation, for example in children's social services as we have the highest rate of children living in poverty in London (32.8% in 2014).

In setting the Budget for 2015/16 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 delivering a freeze in Council Tax for the sixth year running. The 2015/16 budget agreed by Council on 25th February 2015 included:

- New spending reductions of £31.6 million, with a focus on efficiencies/back office savings to minimise impact on frontline services.
- Continuing the freeze in Council Tax - 0% increase for the 6th consecutive year. Average Band D level – Council Tax (excluding GLA precept) held at £1,100.34.
- A four year Capital Programme totalling £775.8m million (2015-16 to 2018-19) funded from internal and external resources with £186.2m of projects programmed for 2015-16.

To achieve the necessary savings in back office services, our ambitious and innovative Enfield 2017 transformation programme has streamlined ways of working and aims to make best use of limited resources. Ensuing savings will help to protect front line services against bigger cuts, and ensure services can be focussed on those who need them most in our community.

Focussing on efficiency savings has enabled the Council to continue to make improvements in services, including this year opening new community facilities such as the Ordnance Unity Centre in Enfield Lock which comprises a library, GP surgery and community hall, and the refurbished and transformed Palmers Green Library.
At the same time the Council continues to achieve service targets, providing high quality services recognised nationally through awards successes such as the gold Clean Britain award in recognition of our excellent work keeping our streets clean, and our retention of 8 Green Flags for our parks.

The Council also continues to invest in the future of Enfield , with capital investment in schools to meet demand for primary school places, regeneration to meet housing and economic demand and maintaining and improving roads. In recent years an additional 1,470 new primary school places have been provided and we have driven forward major regeneration projects such as Meridian Water, the Alma Estate and Ladderswood. The master developer has now been appointed for Meridian Water, the Council 's flagship £3.5 billion development, with plans to create 10,000 homes, 6,000 permanent jobs and 10,000 temporary jobs in the construction industry, together with supporting infrastructure including a railway station, shops and other community facilities. As one of the largest housing developments in London it is hoped that Meridian Water will play a major role in helping to ease housing pressures in the capital.

In November 2015 the Chancellor's Spending Review and Autumn Statement set out the strategic direction for public expenditure for the period of the parliament. This introduced a number of significant changes to the local government funding regime which will have a major impact on the Council's finances over time. These included:

- Providing local authorities with the power to levy a 2% increase on Council Tax to fund social care. For Enfield, this equates to an additional £2m of revenue
- By the end of the Parliament it is intended that local government will retain 100% of business rate revenues to fund local services. In addition, the Uniform Business Rate will be abolished and any local area will be able to cut business rates at their discretion. The earliest these reforms are likely to be implemented is 2020, however revenue support grant will be phased out over this period
- Greater flexibility for local authorities to use capital receipts to fund the revenue costs of business transformation projects

- Real-terms public health savings of 3.9% over the next 5 years with social care funds of £1.5bn to be made available by 2019/20 (beginning from 2017/18) for local government, to be included in an improved Better Care Fund

- A National Funding Formula for Schools will be introduced in 2017/18.

The Chancellor's March 2016 Budget confirmed that the pressure on public spending will continue throughout the life of this Parliament, with further departmental cuts of £3.5bn planned for 2019/20.

3. FINANCIAL PERFORMANCE

Revenue Budget Outturn 2015/16

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

Table 1

Service Expenditure:	Budget 2015/16 £m's	Actual 2015/16 £m's	Variance 2015/16 £m's
Housing, Health and Adult Social Services	86.8	86.7	(0.1)
Schools and Children's Services	48.9	52.1	3.2
Regeneration & Environment	28.7	28.1	(0.6)
Finance Resources and Customer Services	56.0	57.4	1.4
Chief Executive	4.3	3.8	(0.5)
Corporate Expenses			
Contingencies	3.7	3.5	(0.2)
Capital Financing and Treasury Management	18.0	14.5	(3.5)
IT investment Reserve	(2.2)	(2.2)	0.0
Other Reserves and Provisions	(5.8)	(5.6)	0.2
Levies & Other Corporate Expenses	6.7	6.5	(0.2)
Total Net Service Expenditure	**245.1**	**244.8**	**(0.3)**
Funding:			
Revenue Support Grant	(59.3)	(59.3)	0.0
Business Rate Top-Up	(35.3)	(35.3)	0.0
Local Business Rates	(31.5)	(31.5)	0.0
Collection Fund	(2.8)	(2.8)	0.0
Specific Grants	(15.3)	(15.0)	0.3
Council Tax Receipts	(100.9)	(100.9)	0.0
Total Income	**(245.1)**	**(244.8)**	**0.3**
Transfer to General Fund Balance	**0.0**	**0.0**	**0.0**

During 2015/16, the Council's revenue expenditure against budget was monitored monthly and reported to Cabinet in some detail. The Council is committed to containing its expenditure within budget and, where pressures became evident, action was taken to minimise the impact on the overall position whilst ensuring that the delivery of key services was not jeopardised. A series of cost reduction initiatives were undertaken to contain pressures including explicit monitoring of temporary staffing, increased controls over office expenditure and review of provisions. These measures have all contributed to an improved outturn position and it has also been necessary to make use of the Council's reserves in order to manage the transformation programme, including IT developments, and the overspend on demand led services in Children's and Adults Services. The Council's reserves will need replenishing to ensure they are able to provide for future new risks. Measures are in place to manage in year budget pressures during 2016/17 including rigorous budget challenge and a freeze of certain non-statutory budgets. Options to generate additional income are being developed and in depth reviews of high risk budgets will focus on controlling demand for services whilst protecting the most vulnerable and at risk in the borough.

The Council's General Fund balance remains the same as 2014/15 at £14.0m (excluding Earmarked Reserves and balances 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 different to the Service headings reported within the Comprehensive Income and Expenditure Statement which conform to the Service Reporting Code of Practice requirements. Information is provided in Note 25 to reconcile the financial position of the Council's management structure to that of the Comprehensive Income and Expenditure Statement. The financing and surplus figures reported above are not the same as those reported in the Comprehensive Income and Expenditure Statement. This is because of a number of accounting entries, such as depreciation, that are required to be reflected in the Comprehensive Income and Expenditure Statement are reversed out through the Movement in Reserves Statement under statutory regulations.

Housing Revenue Account

The Statement of Accounts also includes the ring-fenced Housing Revenue Account (HRA) which is used for the provision of council housing. The HRA consists of expenditure on council-owned housing, which is paid for by rental income.

The 1989 Local Government and Housing Act requires a separate account to be kept for the HRA. From 1st April 2008, the Council's housing stock was managed by Enfield Homes Ltd, a wholly owned subsidiary company of the Council. Enfield Homes Ltd ceased trading on 01.04.2016 wherein management and maintenance of Housing Stock reverted back to the Council.

The HRA general balance, excluding Earmarked Reserves, decreased by £4.4m. The full details of the Housing Revenue Account and the movements on that account are set out on pages 81 to 85.

Borrowing

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

In 2015/16, the Council has borrowed £98.9m towards the cost of financing the General Fund Capital Programme, including £61.4 m for land acquisition at Meridian Water and £12.9m for investment in IT which is driving our transformation programme. In addition, the Council has borrowed to provide £34.7m to the Council's wholly owned companies Housing Gateway Ltd (HGL) and Enfield Innovations Ltd (EIL) to purchase local property to help meet increasing demand for temporary accommodation (HGL) and to build new homes in order to increase the supply of good quality private, rented accommodation in the borough (EIL). Both of these initiatives offer long term savings for the Council.

Investment Strategy

The Council's Annual Investment Strategy, which is incorporated in the Treasury Management Strategy, outlines its investment priorities as the security and liquidity of its capital. The Council aims to achieve the optimum return on deposits commensurate with appropriate levels of security and liquidity. In the current economic climate, it is considered appropriate to keep deposits short term, and only deposit with high credit rated financial institutions. A list of counterparties with whom funds could be invested was compiled with reference to the credit ratings issued by the credit agencies Fitch, Moody's and Standard and Poor's. By the end of 2015/16, net borrowing had increased by £155.5m to £410.2m

4. FORWARD LOOK

Medium Term Financial Plan

The Medium Term Financial Plan (MTFP) is based on an analysis of the key influences on the Council's financial position and an assessment of the main financial risks facing the Council. The financial forecast set out in the table below models income and expenditure and resources available over the next four years, and is considered to be the most likely outcome based on forecasts and assumptions for pay and price inflation, etc. Council tax increases of 3.99% per annum (1.99% plus 2% for the social care levy) are currently assumed in the MTFP which was agreed at Council in February 2016.

Table 2: Medium Term Financial Plan

	2016/17 £m's	2017/18 £m's	2018/19 £m's	2019/20 £m's
Council Tax Base Provision	100.9	107.9	112.5	117.0
Inflation / Pay Awards	2.6	2.5	2.5	4.5
Other cost increases	12.2	4.1	9.3	10.5
Savings Identified	(12.9)	(9.9)	(6.9)	(4.3)
Reductions in Government Funding	11.7	13.4	7.4	6.2
Full Year Effect of Previous years	(8.1)	(7.9)	(6.0)	0.8
Gap still to be found	0.0	1.1	(1.8)	(13.0)
Collection Fund	1.5	1.3	0.0	0.0
Council Tax Requirement	**107.9**	**112.5**	**117.0**	**121.7**
% Tax Charge Change[1]	**3.99%**	**3.99%**	**3.99%**	**3.99%**

The Schools' Budget

The Schools Budget is funded from the Dedicated School Grant (DSG) which is a ring-fenced grant, the majority of which is used to fund Individual Schools' Budgets. It also funds Early Years, High Needs provision and certain central education services provided by the Council.

School funding continues to be protected but as this has been on a flat cash basis (i.e. no allowance for inflation) since the new funding regime was introduced in 2012, any additional funding received is purely for growth in pupil numbers in mainstream schools, nurseries and for special school places. Other pressures including in year growth in pupil numbers and significant growth in demand in the High Needs block have to be managed within the ring-fenced budget.

As part of the 2015 Spending Review the Government announced their intention to introduce a National Funding Formula for schools from 2017/18. Consultation will take place over the summer, with indicative funding information available for the second stage of the consultation. A comprehensive review of budgets funded from DSG was carried out in setting the new School's Budget for 2016/17 which identified savings required to set a balanced budget.

5. CAPITAL EXPENDITURE AND INCOME

The table below shows the capital expenditure incurred and funding applied in 2015/16 compared to the approved programme. The capital outturn will require some re-profiling of the capital programme which will impact on the 2016/17 and future years' budgets.

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

Table 3

Capital Expenditure:	**Projected £m's**	**Outturn £m's**
Schools and Educational Establishments	33.8	30.4
Council Dwellings	51.5	40.7
Housing Grants	2.2	1.7
Residential and Day Care Services	7.6	4.0
Transport and Environmental Schemes	16.4	13.5
Leisure and Culture	2.9	1.6
Corporate Buildings and Improvements	9.7	9.1
Regeneration Projects	70.9	65.4
Temporary Accommodation - Housing Development Projects	40.4	34.7
Housing Regeneration Projects	0.9	0.8
Community Safety	0.5	0.4
Parks and Open Spaces	2.4	0.9
Residents Priority Fund	0.4	0.0
IT infrastructure and programmes	14.2	12.9
Total Capital Expenditure in 2015/16	**253.8**	**216.1**
Sources of Finance:	**Projected £m's**	**Outturn £m's**
Borrowing	120.2	98.7
Borrowing funded by Deferred Capital Receipts	25.3	34.7
Capital Receipts	1.3	7.8
Major Repairs Reserve	12.8	12.8
Government Grants/Reimbursements and Other Contributions	47.3	41.7
Revenue	46.9	20.4
Total Capital Funding	**253.8**	**216.1**

The principal elements of the capital programme in 2015/16 were expenditure on our major regeneration projects, further investment in school buildings to meet demand for new primary school places and improvements to the housing stock through the Decent Homes programme. Local properties have been acquired by the Council's Subsidiary Company (Housing Gateway Ltd) to reduce the cost of providing short term temporary accommodation.

Major regeneration plans are also in place to meet increasing demand for housing and jobs, principally in the Council's major regeneration scheme Meridian Water, where investment in land acquisition was a large part of capital spend in 2015/16. Road infrastructure is also a vital factor in the plans to improve local conditions.

The Council generated new General Fund capital receipts in the year of £1.4m (net of disposal costs). In addition, net receipts of £11.0m were received from the sale of Council Housing Stock under Right to Buy provisions - of which £1.4m is payable to the Government under the housing finance regulations.

The Council's Capital Financing Requirement (CFR), which represents the amount of accumulated capital expenditure to date for which resources have yet to be set aside, has increased from £453.2m to £577.7m during the year. The increase is reflected in the amount of capital expenditure funded from borrowing shown in table 3 less the Minimum Revenue Provision (set aside to repay borrowing)[2]. This is analysed between the HRA (£157.7m) and General Fund (£420.0m). The Council has kept its use of borrowing within its existing plans agreed in the budget setting process and has provided for the statutory reduction in its existing General Fund CFR in the Medium Term Financial Plan. The HRA CFR is managed through the HRA Business Plan under the HRA Self Financing framework.

[2] Under statutory regulation, the Council is required to set aside each year an amount from its revenue budget to reduce its General Fund CFR.

At 31st March 2016, the Council had capital resources available to fund future expenditure of £18.1m (unapplied capital grants), £21.4m (unapplied capital receipts) and £26m (revenue reserves earmarked for capital investment including the HRA).

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

6. 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 long term commitments the Council has to pay retirement benefits. The net pension liability has decreased from £418.4m as at 31 March 2015 to £392.8m as at 31 March 2016. This favourable movement of £25.6m is predominantly due to an increase in the estimated value of Scheme Assets and a small reduction in the Present Value of Scheme Liabilities.

Adjustments made to comply with accounting standard IAS19 have had the following effect on the 2015/16 Comprehensive Income and Expenditure Account:

- Reported expenditure within the Net Cost of Services has been increased by £2m. This comprises a reduction of £0.3m (representing the difference between employers pension contributions made in the year to the cost of pension benefits actually earned) and an increase of £2.3m for Passed Service Costs associated with former employees;
- A charge for Net Interest Cost on the Defined Benefit Liability – which forms part of Financing and Investment Income and Expenditure in the CIES, of £12.8m. This represents the interest on the present value of scheme liabilities and interest on the net changes in those liabilities over the period; and
- Under Other Comprehensive Income & Expenditure, Net re-measurement gains of £41.9m have been recognised on the re-measurement of the net defined Pension Liability

On the Balance Sheet, the Pension Fund Liability has been increased by £1.4m after absorbing the Pension Fund Liability of Enfield Homes Ltd.

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

7. CHANGES IN ACCOUNTING POLICIES AND PRIOR PERIOD ADJUSTMENTS

As part of the requirements of IAS8, the Council has reviewed its Accounting Policies for financial year 2015-16 and made the following changes with effect from 1 April 2015.

- Fair Value Measurement. Given the Code's Adoption of IFRS13, the Fair Value measurement basis has been applied to relevant classes of Non-Current Assets (namely Surplus Assets, Investment Property and Non-Current Assets Held for Sale)
- Capitalisation of Borrowing Costs. The Council has adopted a Policy of Capitalising Borrowing Costs on qualifying assets, consistent with IAS23

Group Accounts
The Council has re-assessed the need for preparing Group Accounts and concluded that, in the absence of any definitive qualitative materiality factors, they are not required under CIPFA Guidance. Whilst the Council could still chose to prepare them, it was felt that doing so would not add value to the reader's understanding of the Council's Financial Performance and Financial Standing.

Future changes in Accounting Policy
From 1 April 2016, the Code requires the measurement basis for Highways Network Assets to change from Depreciated Historic Cost to Depreciated Replacement Cost.

The Council will consider raising the de Minimis threshold for recognition of Accruals from 1st April 2016 from the current thresholds of £5,000 (revenue) and £10,000 (capital).

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. 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 2015/16

2015-16	General Fund Balance	Housing Revenue Account Balance	General Fund & HRA Balance Sub Total	Earmarked General Fund Reserves	Earmarked Housing Revenue Account Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Useable Reserves	Total Unuseable Reserves	Total Reserves
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance 1st April 2015	(25.3)	(13.5)	(38.8)	(61.6)	(24.9)	(15.8)	(12.8)	(13.9)	(167.8)	(669.5)	(837.3)
(Surplus) / Deficit on the provision of services	56.9	(10.2)	46.7	0.0	0.0	0.0	0.0	0.0	46.7	0.0	46.7
other comprehensive income and expenditure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.7	(257.9)	(257.0)
Total Comprehensive Income and Expenditure	56.9	(10.2)	46.7	0.0	0.0	0.0	0.0	0.7	47.4	(257.9)	(210.2)
adjustments between accounting basis and funding basis under regulations (Note 9)	(35.8)	13.7	(22.2)	0.0	0.0	(5.6)	(2.5)	(5.0)	(35.3)	35.3	0.0
net increase or decrease before transfers to earmarked reserves	21.1	3.5	24.6	0.0	0.0	(5.6)	(2.5)	(4.3)	12.2	(222.5)	(210.2)
transfers to/from Earmarked Reserves	(19.8)	0.9	(18.9)	19.8	(0.9)	0.0	0.0	0.0	0.0	0.0	0.0
(increase) / decrease in year	1.3	4.4	5.7	19.8	(0.9)	(5.6)	(2.5)	(4.2)	12.3	(222.5)	(210.2)
Balance 31st March 2016	(24.0)	(9.1)	(33.1)	(41.9)	(25.8)	(21.4)	(15.3)	(18.1)	(155.5)	(892.0)	(1,047.5)

Analysis of General Fund Balance	**31March 2015 £m's**	**31 March 2016 £m's**
School Balances	(11.3)	(10.0)
General Balances	(14.0)	(14.0)
General Fund Balance	**(25.3)**	**(24.0)**

MOVEMENT IN RESERVES STATEMENT 2014/15

2014-15	General Fund Balance	Housing Revenue Account Balance	General Fund & HRA Balance Sub Total	Earmarked General Fund Reserves	Earmarked Housing Revenue Account Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Useable Reserves	Total Unuseable Reserves	Total Reserves
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance 1st April 2014	(27.4)	(12.9)	(40.3)	(77.0)	(15.2)	(13.0)	(8.5)	(12.5)	(166.5)	(659.8)	(826.3)
Deficit on the provision of services	41.4	(13.7)	27.8	0.0	0.0	0.0	0.0	0.0	27.8	0.0	27.8
other comprehensive income and expenditure	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.5	0.9	(39.7)	(38.8)
Total Comprehensive Income and Expenditure	41.4	(13.7)	27.8	0.0	0.0	0.4	0.0	0.5	28.7	(39.7)	(11.0)
adjustments between accounting basis and funding basis under regulations (Note 9)	(24.0)	3.4	(20.6)	0.0	0.0	(3.2)	(4.3)	(1.9)	(29.9)	29.9	(0.0)
net increase or decrease before transfers to earmarked reserves	17.5	(10.3)	7.2	0.0	0.0	(2.8)	(4.3)	(1.4)	(1.3)	(9.7)	(11.0)
transfers to or from earmarked reserves	(15.3)	9.7	(5.6)	15.3	(9.7)	0.0	0.0	0.0	0.0	0.0	0.0
(increase) / decrease in year	2.1	(0.6)	1.5	15.3	(9.7)	(2.8)	(4.3)	(1.4)	(1.3)	(9.7)	(11.0)
Balance 31st March 2015	(25.3)	(13.5)	(38.8)	(61.6)	(24.9)	(15.8)	(12.8)	(13.9)	(167.8)	(669.5)	(837.3)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

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

		2014/15			2015/16		
On its services the council spent:-	Note	Gross expenditure £m	Gross income £m	Net Expenditure £m	Gross expenditure £m	Gross income £m	Net expenditure £m
Adult social care		119.9	(30.1)	89.8	123.2	(33.1)	90.1
Central services to the Public		13.8	(7.5)	6.4	9.6	(2.4)	7.2
Corporate and Democratic Core		13.4	(2.6)	10.8	18.6	(7.7)	11.0
Children's and education services		435.9	(346.4)	89.5	467.9	(348.1)	119.8
Cultural & Related services		26.8	(4.3)	22.5	16.9	(3.9)	13.0
Environmental & Regulatory Services		30.5	(5.8)	24.7	31.9	(6.0)	25.9
Highways and transport services		42.0	(17.5)	24.4	42.5	(15.5)	27.0
Housing services		461.2	(428.4)	32.8	469.5	(447.6)	21.9
Non Distributed Costs		17.8	(12.3)	5.5	21.4	(4.1)	17.3
Planning Services		10.5	(3.9)	6.6	9.5	(5.5)	4.0
Public Health		14.4	(14.7)	(0.3)	16.5	(16.3)	0.3
Cost of Services		1,186.2	(873.5)	312.7	1,227.5	(890.1)	337.4
Other Operating Expenditure							
(Gain) / Loss on disposal of non current assets				7.3			(12.7)
Payments to Housing Capital Receipts Pool				1.2			1.4
Precepts and Levies				6.5			6.5
Sub total				15.0			(4.8)
Financing and Investment Income & Expenditure	5			20.6			**8.8**
Taxation and non-specific grant income	6			(320.5)			**(294.6)**
(Surplus) / Deficit on the Provision of Services				27.7			**46.7**
(Surplus) / Deficit on revaluation of non-current assets	24			(88.0)			(224.5)
Remeasurement of the net defined pension liability	42			48.3			(41.9)
Other Comprehensive (gains) / losses				0.9			9.4
Other Comprehensive (Income) / Expenditure				(38.8)			(256.9)
Total comprehensive income and expenditure				(11.1)			(210.2)

BALANCE SHEET

The Balance Sheet shows the value of the assets and liabilities recognised by the Council as at 31 March 2016. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. 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'.

	Note	31 March 2015	31 March 2016
		£m's	**£m's**
NON CURRENT ASSETS			
Property, Plant and Equipment	11	1,471.1	1,747.9
Heritage Assets	13	3.8	3.9
Investment Property	12	103.6	114.1
Intangible Assets	14	0.9	0.5
Long Term Debtors	19	20.4	57.3
Total: Non-Current Assets		**1,599.8**	**1,923.7**
CURRENT ASSETS			
Short Term Deposits	16	25.0	7.5
Assets Held for Sale		0.0	0.0
Inventories	18	0.8	0.8
Short Term Debtors	19	87.0	86.5
Intangible current Assets		0.6	0.4
Cash and Cash Equivalents	17	43.5	32.3
Total: Current Assets		**156.9**	**127.5**
CURRENT LIABILITIES			
Cash and Cash Equivalents	17	(14.3)	(15.9)
Short Term Borrowing	16	(46.9)	(94.7)
Short Term Creditors	22	(98.9)	(82.7)
Provisions	23	(15.1)	(17.9)
Total: Current Liabilities		**(175.2)**	**(211.2)**
NON CURRENT TERM LIABILITIES			
Long Term Creditors	22	(49.8)	(46.8)
Provisions	23	(2.8)	(2.0)
Long Term Borrowing	16	(269.4)	(347.8)
Pension Liability	42	(418.4)	(392.8)
Capital Grants Received in Advance		(3.6)	(3.1)
Total: Non-Current Liabilities		**(744.1)**	**(792.5)**
NET ASSETS		**837.3**	**1,047.5**
Unusable Reserves	24	**(669.5)**	**(892.0)**
Useable Reserves:			
Earmarked Reserves	10	(86.6)	(67.7)
HRA Major Repairs Reserve	HRA.3	(12.8)	(15.3)
Capital Receipts & Capital Grants Reserves		(29.6)	(39.4)
General Fund, Schools & HRA Balances		(38.8)	(33.1)
TOTAL RESERVES / NET WORTH		**(837.3)**	**(1,047.5)**

James Rolfe - Director of Finance, Resources and Customer Services

The Unaudited Accounts were authorised for issue on 30th June 2016 by James Rolfe, Director of Finance, Resources and Customer Services.
The Final Audited Accounts were authorised for issue on 29th September by the Council'

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

	2014/15 £m's	2015/16 £m's
Net Deficit on the provision of services	(27.8)	(46.8)
Adjustments to deficit on the provision of services for non-cash movements (see below)	144.8	109.5
Adjustments for items included in net deficit on the provision of services that are investing & financing activities (see Note 28)	(55.6)	(76.4)
Net cash flow from operating activities	**61.4**	**(13.7)**
Investing activities (see Note 26)	(72.9)	(122.7)
Financing activities (see Note 27)	11.3	123.6
Net (increase)/decrease in cash and cash equivalents	**(0.2)**	**(12.8)**
Cash and cash equivalents at the beginning of the reporting period	29.4	29.2
Cash and cash equivalents at the end of the reporting period:	**29.2**	**16.4**

Cash Flow Statement - Adjustments to net deficit on the provision of services for non-cash movements:	2014/15 £m's	2015/16 £m's
Capital Charges Debited to the CIES	85.9	110.0
Movement in creditors	18.5	(13.3)
Movement in debtors	(5.6)	(5.0)
Increase in stock	0.0	0.0
Recognition of post employee benefits in CIES	11.7	14.8
Carrying amount of non-current assets sold	31.6	10.1
Other Non-Cash Movements	2.7	(7.1)
Total adjustments to net deficit on the provision of services	**144.8**	**109.5**

NOTE 1. STATEMENT OF ACCOUNTING POLICIES

1.1 GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the financial year and its financial position as at 31 March 2016. This note sets out the Accounting Policies and the basis of estimation the Council has selected in preparing the Accounts. The general principles adopted in compiling the Accounts are consistent with the CIPFA's Code of Practice on Local Authority Accounting and Service Reporting Code of Practice, which are based on International Financial Reporting Standards and Statutory Regulation. Unless specifically required to the contrary, balances are stated in GBP pounds and are rounded to the nearest one hundred thousand pounds (£0.1m). For this reason tables may not always exactly sum.

In line with Her Majesty's Treasury and CIPFA's goal to make public sector accounts more succinct and to reduce the clutter, the Council has set a Materiality Threshold of £1m. This means Disclosure Notes will not generally be made unless the amounts exceed £1m, are required under regulation or are material in some other context e.g. public interest, substance over form and / or to enhance the readers understanding of the Accounts.

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

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

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

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

1.2 DEBTORS AND CREDITORS

The accounts are prepared on the basis of accrued income and expenditure and include sums due to the Council and sums payable by the Council for work done or goods received – subject to the de minimus level for recognising accrued income and expenditure (£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 deposits with original maturities of three months or less from the date of acquisition and bank overdrafts which are used in the treasury management function on a day to day basis to the extent that none of these represent cash sums held against a specific liability. Cash held on behalf of other parties under non Council controls are not accounted for as cash. The Cash Flow Statement has been prepared using the indirect method.

1.4 EXCEPTIONAL ITEMS

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

1.5 PRIOR PERIOD ADJUSTMENTS

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

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

1.6 EMPLOYEE BENEFITS

Benefits Payable During Employment

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

Accrued annual leave, 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 2015/16 Accounts. The next review is due to be undertaken for the 2018/19 Accounts

Termination Benefits

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

Post-Employment Benefits

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

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

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

Former NHS Employees - On 1 April 2013 Public Health staff and services were transferred from Primary Care Trusts (PCTs) to local authorities. To discharge their new public health responsibilities, local authorities were provided with a ring-fenced public health grant. Under the new arrangements for Public Health, staff performing public health functions who were compulsorily transferred from the PCTs to local authorities and who had access to the NHS Pension Scheme on 31 March 2013 retained access to that Scheme on transfer at 1 April 2013. The NHS pension scheme is an unfunded, defined benefit scheme which is a multi-employer defined benefit scheme. In the NHS, the scheme is accounted for as if it was a defined contribution scheme. Therefore, it is not possible to identify the underlying scheme assets and liabilities for those staff who were transferred from the PCT to the Council in April 2013. Given this, the Council has decided to follow the recommendation from CIPFA's Local Authority Accounting Panel and to account for the NHS pension scheme on a defined contribution basis.

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

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

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

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

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

Discretionary Benefits

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

This Accounting Policy is not applied to the Council's share of the London Pension Fund Authority (LPFA) scheme on the basis that, with just a single employee a member of this scheme, is not material to an understanding of the Council's financial position. Regarding the LPFA scheme, the financial statements reflect the actual amounts payable in the year by the Council in connection with this scheme

1.7 EVENTS AFTER THE REPORTING PERIOD

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

Within this context there are two type of events.

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

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

1.8 GRANTS AND CONTRIBUTIONS

Revenue Grants and Contributions

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

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

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

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

Capital Grants and Contributions

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

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

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

1.9 COST OF SUPPORT SERVICES

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

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

1.11 COUNCIL TAX

The amount of council tax income recognised in the Comprehensive Income and Expenditure Statement is the Council's share of the accrued council tax income for the year and not the tax demand for the year.

This treatment recognises the role of the Council as a billing authority acting as an agent of the precepting Council - Greater London Authority (GLA) and of itself for the collection and distribution of council tax income.

This does not affect the Collection Fund Statement itself since the preparation of this statement is prescribed by legislation.

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

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

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

1.12 NATIONAL NON DOMESTIC RATES

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

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

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

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

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

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

1.13 INTANGIBLE ASSETS

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

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

1.14 PROPERTY, PLANT AND EQUIPMENT

Acquisition and Recognition

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

Property, plant and equipment assets including items acquired under finance leases are valued at Fair Value, except as stated below, and are subject to ongoing review and re-valuation as necessary so that the carrying amount of each asset class does not materially differ from its fair value (where applicable) at the reporting date. Note 15 provides additional information on the approach taken. The measurement basis for different classes of assets is as follows:

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

- community assets – Parks land is recorded at a nominal value per hectare as market values cannot be economically and reliably measured – 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.

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

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

- Purchases of short life (up to 5 years) single item assets having a value of less than £10,000 at the date of acquisition. This excludes the acquisition of furniture and equipment where part of a larger capital scheme representing the fitting out costs of new or refurbished premises can be capitalised even though individual items are below the de minimis level since the expenditure is necessary to bring premises into use.
- Capital schemes costing less than £50,000 relating to construction projects.

Revaluations

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

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

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

The Revaluation Reserve records the effect of the revaluation of property, plant and equipment and intangible fixed assets. The reserve was created with a zero balance on 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.

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

Impairment

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

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

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

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

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

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

Disposals

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

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

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

1.15 DEPRECIATION

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

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

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

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

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

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

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

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

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

1.16 HERITAGE ASSETS

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

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

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

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

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

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

1.17 INVESTMENT PROPERTIES

Investment properties are held either for earning rental income or for capital appreciation; they do not have a function that supports the delivery of council services. They are valued at fair value annually reflecting their potential highest and best use at the balance sheet date; they are not depreciated. Rental income and revaluation gains or losses are recognised in the Comprehensive Income and Expenditure Statement under Financing and Investment Income and Expenditure. Disposal and revaluation gains and losses are reversed out to the Capital Adjustment Account through the Movement in Reserves Statement.

1.18 CURRENT ASSETS HELD FOR SALE AND SURPLUS ASSETS

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

1.19 CHARGES TO REVENUE FOR NON CURRENT ASSETS

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

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

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

However, the Council is required to set aside an annual provision from revenue to reduce its overall underlying borrowing requirement. This is known as the minimum revenue provision and must be determined prudently in accordance with guidance provided by DCLG and charged to the General fund through the Movement in Reserves Statement. For 2015/16, 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); and
- Provision for the amortisation of unsupported borrowing incurred at 31st March 2016 reflecting the estimated life of the related expenditure.

1.20 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Legislation allows some expenditure to be classified as capital for funding purposes even though it does not result in the expenditure being carried on the Balance Sheet as a non-current asset. The purpose of this is to enable the expenditure to be funded from capital resources rather than be charged to the General Fund/HRA and impact on that year's council tax or rent income from council house tenants. For example, the Council pays Housing Assistance Grants to owner-occupiers. These are recorded as expenditure for capital purposes, but such expenditure does not result in the Council acquiring an asset. Such expenditure and any grant receivable is debited/credited to the relevant service heading in the Comprehensive Income and Expenditure Statement. Statutory provisions that allow capital resources to meet the expenditure are accounted for by debiting the Capital Adjustment Account and crediting the General Fund/HRA Balance and are shown as a reconciling item in the Movement in Reserves Statement.

1.21 PFI CONTRACTS

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

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

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

The accounting policy for PFI contracts:

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

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

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

1.22 LEASING

Finance Leases

Leases are treated as Finance Leases where, in the professional judgement of the Council, substantially all the risks and rewards of ownership of the asset are transferred from the Lessor to the Lessee. In forming this judgement, the Council considers the presence of 5 key factors prescribed by The Code which provide evidence of a Finance Lease. However, leases of land and buildings for a period under 50 years are generally treated as Operating Leases without further evaluation (although other objective indicators of a Finance Lease are taken into consideration) as are leased out properties with annual rental income under £50,000. For non-property leases, a single item de-minimus threshold of £10k and lease term of 6 years has been set. This means any single non property item with an initial purchase value under £10k and / or a lease term under 6 years is to be treated as an Operating Lease without further evaluation

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

Assets owned by the Council that are leased out and which meet the Finance Lease recognition criteria result in an amounts due to the Council. Amounts due to the Council under finance leases are accounted for as long term debtors; the related asset is not recognised in the Balance Sheet. The repayment of the principal element is applied in reducing the long term debtor and classified as a capital receipt. The interest element of the lease repayment is credited in the Comprehensive Income and Expenditure Statement as interest receivable. In accordance with statutory regulation, an amount equivalent to the total principal repaid to the Council under finance leases taken out prior to 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 where it is probable that an outflow of resources will be required to settle the obligation and where a reasonable estimate of the provision can be made. Provisions are reviewed at the Balance Sheet date and adjusted to reflect current available information. When it is considered very likely that the provision is no longer needed, the provision is reversed and credited back to the relevant revenue account.

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

Reserves and Balances

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

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

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

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

The Capital Adjustment Account also includes the contra entries to the debits/credits posted to the Comprehensive Income and Expenditure Statement for depreciation, impairment and revaluation, the carrying value of assets disposed of and revenue expenditure funded from capital under statute (REFCUS[3]).

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 each year.

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.

1.27 SCHOOLS

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

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

[3] See glossary for definition

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 or debited to the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement.

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

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

Under the Code Financial assets are classified into two types:

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

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

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

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

1.30 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

Group Accounts

In assessing the possible need for Group Accounts in the 2015-16 Statement of Accounts, the Council:-

- Determines its interests in subsidiaries and Joint Ventures
- Regards the requirements of the Code of Practice on Local Authority Accounting
- Follows the process for assessing materiality, both in qualitative and quantitative contexts, as per the Guidance provided in CIPFA's 'Accounting for Collaboration in Local Government` Publication

The latest assessment (February 2016) did not identify any definitive qualitative factors which require the preparation of Group Accounts. Moreover, an assessment of the quantitative factors indicated a set of Group Accounts would not be materially different to LBE's Single Entity Accounts and, if they were produced, users would not come to different conclusions or decisions about the Council's financial performance or financial standing.

Given these findings, the Council concluded that the time and cost of preparing Group Accounts would not make any material difference to the usefulness of the Statement of Accounts, add any value to the reader or make them more relevant and therefore decided not to prepare them. The Council recognises its investment in Subsidiaries and Joint Ventures on an Investment at Cost basis.

Enfield Norse Limited

On 1st May 2009, the Council entered into an agreement with Norse Commercial Services Limited (the trading arm of Norfolk County Council) to establish Enfield Norse Limited. The company provides building cleaning services to the Council and its Schools. The Company is a Joint Venture operation. Norse Commercial Services Ltd own 60% of the issued Share Capital, however both parties share equal voting rights and have equal rights to assets upon winding up. As a Joint Venture, the Council's interest in Enfield Norse Limited falls within the Group Boundary. Further information is provided in Note 35.

Lea Valley Heat Network Limited

In 2011, the Council set up New River Services Limited, a company wholly owned by the Council 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 Council to trade its services with other public bodies on a commercial basis. The Company was renamed Lea Valley Heat Network Ltd in June 2013 and became operational in 2015. Further information is provided in Note 35.

Housing Gateway Ltd

Housing Gateway Limited (HGL) is another wholly owned subsidiary of the Council. The Company was formed in March 2014 with the purpose of acquiring properties to increase the availability of value for money social housing for Enfield residents and to discharge its statutory duties for homelessness. The Company commenced trading in financial year 2014-15. Further information is provided in Note 35.

Enfield Innovations Limited

In 2015 Members approved the creation of Enfield Innovations Ltd – a Special Purpose Vehicle for the purpose of developing, owning and managing property as part of a wider strategy to increase the supply of value for money quality accommodation for Enfield Residents. Enfield Innovations is a wholly owned subsidiary of the Council and as such falls within the Group Boundary. Further information is provided in Note 35.

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.

1.33 Borrowing Costs

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

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

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

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

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

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

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

The Council suspends the capitalisation of borrowing costs where there are extended periods of delay in the development of a qualifying asset.

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

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

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

The following new or amended Accounting Standards have been issues and will be adopted in the 2016-17 Code:-

- Amendments to IAS 19 (Employee Benefits)
- Amendment to IFRS 11 Joint Arrangements
- Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation)
- Amendment to IAS 1 (*Presentation of Financial Statements)*

It is not anticipated that the above Financial Standard Amendments will have a material impact on the information provided in the Council's Statement of Accounts: - i.e. the changes, in and of themselves, are unlikely to change the reported net cost of services, the Surplus or Deficit on the Provision of Services or the Council's Net Worth in the Balance Sheet. However, in the 2016-17 Accounts, the 2015-16 comparator figures in the Comprehensive Income and Expenditure Statement and in the Movement in Reserves Statement may need to be re-stated to reflect the new formats and reporting requirements.

NOTE 3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

- The Council has reviewed its PFI contracts 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 £1m). Accruals are made in the financial statements for estimated liabilities arising from the Council's normal business activities including those which may be subject to dispute or negotiation with the supplier.

- The Council has followed CIPFA's recommendation and made a provision in the 2015-16 Accounts for the likelihood of successful business rate appeals. Historic claim data and information from the Valuation Agency has been used in arriving at this estimate.

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

- As at 31st March 2016, Enfield had 22 Voluntary Aided Schools (18 Primary; 4 Secondary) and 1 Foundation School (1 Secondary). The Council's Policy is not to recognise VA School assets on its balance sheet on the basis that the Council does not directly control the economic benefits of these assets.

- Leases are treated as Finance Leases where it is adjudged that substantially all the risks and rewards of ownership of the asset are transferred from the Lessor to the Lessee. In forming this judgement, the Council considers the presence of 5 key factors that provide evidence of a Finance Lease. However, leases of land and buildings for a period of 50 years or under are generally treated as Operating Leases without further evaluation as are leased out properties with annual rental income under £50k. For non-Property leases a single item de minimus threshold of £10k and lease term of 6 years has been set. Under this any single non property item with an initial purchase value under £10k and / or a lease term under 6 years is treated as an operating lease without further evaluation.

- In assessing the possible need for Group Accounts in the 2015-16 Statement of Accounts, the Council:- i) Determines its interests in subsidiaries and Joint Operations, ii) Regards the requirements of the Code of Practice on Local Authority Accounting and iii) Follows the process for assessing materiality, both in qualitative and quantitative contexts, as per the Guidance provided in CIPFA's 'Accounting for Collaboration in Local Government` Publication. The latest assessment (February 2016) did not identify any definitive qualitative factors which require the preparation of Group Accounts. Moreover, an assessment of the quantitative factors indicated a set of Group Accounts would not be materially different to LBE's Single Entity Accounts and, if they were produced, users would not come to different conclusions or decisions about the Council's financial performance or financial standing.

  If Group Accounts were prepared the most significant change from the Council's Single Entity Accounts would be an increase in the carrying value of Property Plant & Equipment and a corresponding decrease in the carrying amount of Long Term Debtors to reflect the relationship with Housing Gateway Ltd, with no change to the Total of Non-Current Assets.Given these findings, the Council concluded that the time and cost of preparing Group Accounts would not make any material difference to the usefulness of the Statement of Accounts, add any value to the reader or make them more relevant and therefore decided not to prepare them.

- 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 operates a Performance Related Pay Scheme for Middle and Senior Managers. Increments are conditional on performance over a 12 month period July – June. The Council recognises a liability at the Reporting Date for the remaining 3 month effect (April – June) of PRP assessments made the previous summer which resulted in increments being awarded. This is consistent with the requirements of the IAS37, the underlying Accounting Standard.

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 2016 which may materially be affected by future events are set out below.

Item	Uncertainty	Effect If Actual Results Differ From Assumptions
Property Plant and Equipment	Assets are depreciated over estimated useful lives reflecting the current condition of the assets. Asset useful lives may need to be reduced if there is deterioration beyond the currently assessed future performance of these assets.	A reduction in useful lives will increase the annual depreciation charge and reduce asset carrying values. An increase in useful lives will give rise to a corresponding reduction in annual depreciation charges.
Pension Fund Liability	Estimation of the net liability to pay pensions depends on a number of judgements relating to the discount rate used, the rate at which employee earnings are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The Council has engaged an Actuary to advise on these assumptions and judgements.	The effects on the Pension Fund liability of changes in individual assumptions can be measured and are illustrated in the Sensitivity Analysis Table in Note 42. For example, a 0.1% increase in the discount rate assumption would give rise to a decrease in the pension fund liability of £22m.

NOTE 5. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

Financing and Investment Income and Expenditure:	2014/15	2015/16
	£m's	£m's
Interest payable and similar charges	11.1	9.9
Net interest on net defined benefit liability (asset)	14.7	12.8
Interest and investment income	(1.3)	(1.0)
Dividend Income from Joint Venture	(0.2)	(0.2)
Investment Properties: Income, expenditure, valuation changes and gain on disposal	(3.7)	(12.7)
Total	**20.6**	**8.8**

NOTE 6. TAXATION AND NON-SPECIFIC GRANT INCOME

Taxation and non-specific grant income:	2014/15 £m's	2015/16 £m's
Income from Council Tax	(100.5)	(102.8)
Local Business Rates Top-Up	(34.6)	(35.3)
Locally Retained Business Rates	(29.7)	(30.0)
PFI Revenue Support Grant	(6.8)	(6.8)
General Government Grants	(95.2)	(74.2)
Capital Grants and Contributions	(53.7)	(45.5)
Total	**(320.5)**	**(294.6)**

NOTE 7. MATERIAL ITEMS OF INCOME AND EXPENSE

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

NOTE 8. EVENTS AFTER THE REPORTING PERIOD

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

- Southgate Secondary School: The former LEA Maintained School became an Academy on the 1st April. As part of this £17.2m worth of Land & Building Assets was transferred from the Council to the Academy.
- Sale of Void Properties: The Housing & Planning Act received Royal Assent on 16th May. One of the requirements of the Act is that Councils are required to sell high value void (empty) Housing Stock and pay the Government a sum of money in relation to these sales. Detail and Guidance on the exact provisions of this Act were not available at the time these Accounts were authorised for issue. However, initial calculations indicate sales of between 120-150 Void Housing Stock Properties per annum - which would require the Council to pay Central Government up to £30m
- Following the 23rd June Referendum, the decision to leave the European Union has caused instability in financial markets and may affect assumptions built into the Council's Medium Term Financial Plan and Capital Programme. Specifically:-
  - The Chancellor's next Budget Statement is expected to reflect the impact of the Brexit Decision. This could affect grant funding to Local Authorities. Should funding levels fall below those estimated in the Medium Term Financial Plan the Council would face significant operational challenges
  - Deterioration in property markets could affect the carrying value of the Council's Asset Portfolio, reducing the Council's net worth and potentially reducing the potential yield on capital receipts. However at the time of Publication, there is no objective evidence of significant deterioration as markets have recovered after initial falls following the referendum outcome
  - A rise in interest rates would increase the Council's cost of borrowing
  - A rise in interest rates would impact on Corporate Bond Yields that are used to determine the discount rate used by the Actuary to determine the Council's projected Pension Fund Liability, which would have an adverse effect on estimated scheme liabilities.

NOTE 9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS & 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.

Adjustments Between Accounting Basis and Funding Basis under Regulations	2014/15	2015/16	Useable Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Total Useable Reserves	Total Unusable Reserves
	£m	£m	£m	£m	£m	£m	£m
Deficit on Provision of Services	27.8	46.7					
Amounts included in the Comprehensive Income & Expenditure Statement but required by statute to be excluded when determining the Movement in General Fund Balance							
Depreciation and impairment of non current assets - General Fund	(49.8)	(78.7)	0.0	0.0	0.0	0.0	78.7
HRA Dwelling Impairments & Non-Dwelling Depreciation	(21.1)	(17.6)	0.0	(13.80)	0.0	(13.8)	31.4
Investment Properties: Gain/Loss on Disposal and Movements in Fair and Market Value	(2.7)	6.1	0.0	0.0	0.0	0.0	(6.1)
Capital grants and contributions credited to the CIES	53.7	45.5	0.0	0.0	(45.5)	(45.5)	0.0
Revenue expenditure funded from capital under statute (net of grant funding)	(3.5)	(2.7)	0.0	0.0	(2.1)	(2.1)	4.8
Gain on disposal of non-current assets	(7.3)	12.7	(14.1)	0.0	0.0	(14.1)	1.4
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0.0	(0.3)	0.0	0.0	0.0	0.0	0.3
amount by which pension costs calculated in accordance with the Code (IAS 19) are different from the contributions due under the pension scheme regulations	(11.8)	(14.8)	0.0	0.0	0.0	0.0	14.8
amount by which council tax income and residual community charge adjustment included in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulation	1.0	(2.5)	0.0	0.0	0.0	0.0	2.5
Sub Total	**(41.5)**	**(52.2)**	**(14.1)**	**(13.8)**	**(47.6)**	**(75.5)**	**127.8**
Amounts not included in the Comprehensive Income and Expenditure Statement but required to be included by statute when determining the Movement on the General Fund Balance							
statutory provision for repayment of debt	11.1	9.2	0.0	0.0	0.0	0.0	(9.2)
Repayment of lease obligations	2.6	2.7	0.0	0.0	0.0	0.0	(2.7)
capital expenditure charged to the General Fund & HRA	9.1	20.2	0.0	0.0	0.0	0.0	(20.2)
transfer from Capital Receipts Reserve equal to the amount payable into the Housing Capital Receipts Pool	(1.2)	(1.4)	1.4	0.0	0.0	1.4	0.0
Other Contributions from the Capital Receipts & Deferred Capital Receipts Reserve	(0.6)	(0.5)	0.5	0.0	0.0	0.5	0.0
Sub Total	**20.9**	**30.1**	**1.9**	**0.0**	**0.0**	**1.9**	**(32.0)**
Total Adjustments affecting Deficit on Provision of Services	**(20.6)**	**(22.2)**	**(12.2)**	**(13.8)**	**(47.6)**	**(73.6)**	**95.7**
Transfers between Reserves reflecting financing of Capital Expenditure	**0.0**	**0.0**	**6.6**	**11.3**	**42.6**	**60.5**	**(60.5)**
Total adjustments to Usable Reserves	**(20.6)**	**(22.2)**	**(5.6)**	**(2.5)**	**(5.0)**	**(13.2)**	**35.3**

NOTE 10. TRANSFERS TO/ (FROM) EARMARKED RESERVES

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

Reserves and Balances	31 March 2014 £m's	Net Transfers 2014/15 £m's	31 March 2015 £m's	Net Transfers 2015/16 £m's	31 March 2016 £m's
Housing Revenue Account					
HRA Repairs Fund	1.5	1.4	2.9	2.6	5.5
HRA - Capital Reserve	13.7	8.3	22.0	(1.7)	20.3
Total HRA	**15.2**	**9.7**	**24.9**	**0.9**	**25.8**
General Fund					
Commitments Reserve	5.1	(3.0)	2.1	(0.6)	1.5
Risk Reserve	6.7	(1.8)	4.9	(1.7)	3.2
ICT Investment Fund	6.4	(1.3)	5.1	(2.2)	2.9
Interest Rate Equalisation Reserve	4.6	0.2	4.8	(1.9)	2.9
Insurance Fund	5.3	1.2	6.5	(0.6)	5.9
Council Restructuring Reserve	2.2	0.0	2.2	(2.2)	0.0
General Fund - Capital Reserves	5.0	(0.8)	4.2	1.0	5.2
Sustainable Service Development	1.1	(0.2)	0.9	0.0	0.9
European Social Fund	0.7	(0.3)	0.4	0.0	0.4
Repair & Maintenance	1.6	0.1	1.7	(1.1)	0.6
Residents Priority Fund	0.6	0.1	0.7	0.0	0.7
Welfare Benefits Reserve	4.8	0.0	4.8	(0.6)	4.2
Council Development Reserve	4.7	(3.6)	1.1	(0.4)	0.7
Projects Reserves	19.3	(5.1)	14.2	(4.7)	9.5
Sub Total	**68.1**	**(14.5)**	**53.6**	**(15.0)**	**38.6**
Dedicated Schools Grant Reserve	7.1	(1.1)	6.0	(4.8)	1.2
S106 Receipts	0.6	(0.1)	0.5	0.0	0.5
Public Health	1.2	0.4	1.6	0.0	1.6
Total General Fund Reserves	**77.0**	**(15.3)**	**61.7**	**(19.8)**	**41.9**
Total Earmarked Reserves	**92.2**	**(5.6)**	**86.6**	**(18.9)**	**67.7**

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 2015/16.

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

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

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

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

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

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

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

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

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

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

Welfare Benefits Reserve

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

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

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

NOTE 11. PROPERTY, PLANT AND EQUIPMENT

Movement in Balances 2015/16	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PPE	PFI Assets inc within PPE
Cost or Valuation	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**
As at 01.04.2015	**505.5**	**567.3**	**34.4**	**293.9**	**69.1**	**26.5**	**97.4**	**1,594.1**	**91.8**
Additions	5.5	27.5	0.7	3.8	0.2	63.3	73.3	174.3	0.0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	87.7	115.9	0.0	0.0	(0.1)	21.1	0.0	224.6	5.1
Revaluation increases/(decreases) recognised in the I&E	(13.1)	(36.7)	(0.6)	(5.3)	(0.3)	(13.7)	0.0	(69.7)	0.0
De-recognition – Disposals	(7.8)	(2.0)	0.0	0.0	0.0	0.0	0.0	(9.8)	0.0
De-recognition - Other[4]	0.0	(1.1)	(3.3)	0.0	0.0	0.0	0.0	(4.4)	0.0
Other movements in cost or valuation[5]	(4.6)	26.3	0.2	1.5	0.1	2.3	(55.3)	(29.5)	0.0
As at 31.03.2016	**573.2**	**697.3**	**31.4**	**293.9**	**69.0**	**99.5**	**115.3**	**1,879.6**	**96.9**

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

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

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

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

Comparative Figures for 2014/15

Movement in Balances 2014/15	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PPE	PFI Assets inc within PPE
Cost or valuation	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**
As at 01.04.2014	**518.8**	**599.2**	**32.0**	**282.8**	**64.9**	**16.2**	**48.6**	**1,562.5**	**87.5**
Additions	8.4	16.1	2.4	11.0	0.3	11.1	65.7	115.0	0.0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	33.5	47.8	0.0	0.0	4.3	5.6	0.0	91.2	0.0
Revaluation increases/(decreases) recognised in the CIES	(16.5)	(23.2)	0.0	0.0	(0.4)	(4.8)	0.0	(44.9)	0.0
De-recognition - Disposals	(9.5)	(17.6)	0.0	0.0	0.0	(6.2)	0.0	(33.3)	0.0
De-recognition – Other[6]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other movements in cost or valuation[7]	(29.2)	(55.1)	0.0	0.1	0.0	4.8	(16.9)	(96.3)	0.0
As at 31.03.2015	**505.5**	**567.3**	**34.4**	**293.9**	**69.1**	**26.7**	**97.4**	**1,594.2**	**87.5**

[6] Amounts net to zero against the same line in the Accumulated Depreciation & Impairment Table and relate to the removal of nil balance assets no longer owned.
[7] Relates to writing out of accumulated depreciation to gross values in line with the code of practice for revalued assets.

Comparative Figures for 2014/15

Accumulated Depreciation and Impairment	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PPE	PFI Assets inc within PPE
	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's
As at 01.04.2014	**(36.8)**	**(58.5)**	**(20.6)**	**(62.2)**	**(0.0)**	**(0.1)**	**0.0**	**(178.2)**	**(15.7)**
Depreciation charge for 2014/15	(13.6)	(16.3)	(3.5)	(6.7)	0.0	0.0	0.0	(40.1)	(3.1)
De-recognition - disposals	0.6	2.1	0.0	0.0	0.0	0.1	0.0	2.8	0.0
Other movements in depreciation and impairment	36.2	56.4	0.0	0.0	0.0	(0.2)	0.0	92.4	0.0
As at 31.03.2015	**(13.6)**	**(16.3)**	**(24.1)**	**(68.9)**	**0.0**	**(0.2)**	**0.0**	**(123.1)**	**(18.8)**

Net Book Value	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PPE	PFI Assets inc within PPE
	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's
Net Book Value:									
As at 31st March 2015	491.9	550.9	10.3	225.1	69.1	26.4	97.4	1,471.1	68.7
As at 31st March 2014	482.0	540.7	11.4	220.6	64.9	16.1	48.6	1384.3	71.9

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

Capital Commitments

The Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment. Significant contract commitments at 31 March 2016 over £0.5m total £22.0m (£52.7m as at 31 March 2015). The lower figure in 2015/16 is a result of the completion of most of the Primary School Expansion Programme and no outstanding Regeneration commitments.

Schemes	Contracted £m's
Housing Revenue Account	22.0
Total	**22.0**

Capitalisation of Borrowing Costs

During the 2015/16 borrowing costs of £1.027m were capitalised based on an average capitalisation rate of 4.214% (nil in 2014/15).

Schools

As at 31 March 2016 there were 83 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	8	4	1	13
Special	6	0	0	6
Total	**60**	**22**	**1**	**83**

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

In addition, as at 31 March 2016 there were 12 Academy Schools located within the Borough as follows:-

1. Ark John Keats Academy
2. Oasis Enfield Academy
3. Oasis Hadley Academy
4. Aylward Academy
5. Heron Hall Academy
6. Nightingale Academy
7. Kingsmead Academy
8. Enfield Grammar School Academy
9. Kingfisher Hall Academy
10. Woodpecker Academy
11. Cuckoo Hall Academy
12. Enfield Heights Academy

Academies are totally independent from the Council and, apart from the Oasis Hadley land and building asset which has yet to be transferred from the Council to the Academy Trust, do not form part of the Council's Accounts.

NOTE 12. INVESTMENT PROPERTIES

The fair value for investment properties has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions for these asset types are such that the levels of observable inputs are significant leading to the properties being categorised at Level 2 in the fair value hierarchy. There were no transfers between any of the three levels during 2015/16 or the preceding year.

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

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

	31/03/2015	31/03/2016
	£m	£m
Land	48.4	55.3
Commercial Units	26.4	28.6
Shops	23.9	25.9
Other	4.9	4.3
Total	**103.6**	**114.1**

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

	2014/15	2015/16
	£m's	£m's
Rental and Service Charge Income from Investment Property	(7.6)	(7.6)
Related Operating Expenses	1.2	1.0
Changes in Fair Value	2.8	(7.5)
(Gain) / Loss on Disposal	0.0	1.4
Net (gain)/loss	**(3.6)**	**(12.7)**

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

	2014/15	2015/16
	£m's	£m's
Balance at the start of the year	**105.4**	**103.6**
Capital expenditure	1.9	3.7
Write out of non-enhancing capital expenditure	0.0	(1.6)
Write out of disposals	(1.1)	(1.6)
Nets gains/(losses) from fair value adjustments	(2.8)	9.1
Transfers:		
From Property, Plant and Equipment	0.2	0.0
From Assets Under Construction	0.0	0.9
Balance at the end of the year	**103.6**	**114.1**

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

NOTE 13. 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.

2014/15	Heritage Properties £m's	Museum Collections £m's	Civic Regalia £m's	Total Assets £m's
Balance 1 April 2014	6.3	0.8	0.2	**7.3**
Acquisitions	0.0	0.0	0.0	**0.0**
Revaluations	(3.4)	0.0	0.0	**(3.4)**
Depreciation charge for 2014/15	(0.1)	0.0	0.0	**(0.1)**
Balance 31 March 2015	**2.8**	**0.8**	**0.2**	**3.8**
2015/16	**Heritage Properties £m's**	**Museum Collections £m's**	**Civic Regalia £m's**	**Total Assets £m's**
Balance 1 April 2015	2.8	0.8	0.2	**3.8**
Acquisitions	0.1	0.0	0.0	**0.1**
Revaluations	0.1	0.0	0.0	**0.1**
Depreciation charge for 2015/16	(0.1)	0.0	0.0	**(0.1)**
Balance 31 March 2016	**2.9**	**0.8**	**0.2**	**3.9**

NOTE 14. NON CURRENT INTANGIBLE ASSETS

The intangible assets of the Council include software, licences and a number of key systems. The carrying amounts of all intangible assets are amortised on a straight-line basis and this amounted to a £0.4m charge to revenue in 2015/16. The movement on Non-Current Intangible Assets balances during the year is as follows:

	2014/15 £m's	2015/16 £m's
Balances at 1st April		
Gross carrying amounts	6.2	6.1
Accumulated amortisation	(4.9)	(5.3)
Net carrying amount at 1st April	**1.3**	**0.9**
Additions:		
Acquisitions	0.0	0.0
Other Transactions:		
Revaluations increases/(decreases)	0.0	0.0
Amortisation for the period	(0.4)	(0.4)
Net carrying amount at 31 March	**0.9**	**0.5**
Comprising:		
Gross carrying amounts	6.1	5.8
Accumulated amortisation	(5.3)	(5.3)
	0.9	**0.5**

No items of capitalised software are individually material to the financial statements. The Council also recognises £0.4m of CRC Emission Rights as part of its Current Assets.

NOTE 15. NON CURRENT ASSETS VALUATION

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

The valuation of green belt and retail portfolios were outsourced to the Council's managing agents for these properties. Green Belt valuations have been prepared and verified by Knight Frank LLP and were approved by Alastair Paul BSc (Hons) MRICS.

Retail portfolios have been prepared and verified by Spencer Craig Partnership Limited and were approved by Nigel Herd FRICS, a Director at Spencer Craig, in accordance with the RICS Valuation standards, 8th edition and VS 6.12 of the Red Book. All other valuations have been prepared and verified by Billfinger GVA – the Council's Property Review Contractor and were carried out in accordance with the requirements of the Royal Institution of Chartered Surveyors as incorporated in the Red Book. Valuations were approved by Richard Horner MRICS and Roger Dunnett MRICS from GVA. Valuations are determined as at 1st April 2015 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 was valued by Strutt & Parker, subcontracted from GVA. The Valuations have been verified by Simon Webb MRICS and Michael Anderson MRICS FAAV from Strutt & Parker

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 Valuer uses indexation techniques where appropriate to reflect changes in asset values during the course of the year and provides these to the Council as part of their Report. For council dwellings, the Council sought a market movement commentary from Strutt & Parker as part of their valuation report

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 was componentised in 2015/16 and used to calculate the depreciation charge.

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

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

NOTE 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 on terms that are potentially unfavourable to the Council.

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

Financial Assets

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

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

- Loans and Receivables; and
- Available for Sale.

The Council's portfolio of deposits consists of 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 deposits (including accrued interest) at 31st March 2016 having a maturity date of three months or less from the date of acquisition are shown under 'Cash and Cash Equivalents' in the Balance Sheet, as they represent highly liquid deposits that are readily convertible to known amounts of cash, with an insignificant risk of changes in value.

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

Transaction costs

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

Financial Instruments - Balances

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

	Long Term		Current	
	31 March 2015 £m's	31 March 2016 £m's	31 March 2015 (Restated) £m's	31 March 2016 £m's
Borrowing	(269.4)	(347.8)	(43.6)	(90.8)
Accrued Interest	0.0	0.0	(3.4)	(3.7)
Sub-total	**(269.4)**	**(347.8)**	**(46.9)**	**(94.5)**
Trade Creditors	0.0	0.0	(57.1)	(46.6)
Main Clearing bank	0.0	0.0	(14.3)	(15.9)
PFI Contract Liabilities	(49.4)	(46.5)	(2.7)	(2.8)
Finance Lease Liabilities	(0.4)	(0.1)	(0.1)	(0.0)
Total Financial Liabilities	**(319.2)**	**(394.4)**	**(121.1)**	**(159.8)**
Termed Deposits	0.0	0.0	25.0	7.5
Call Accounts	0.0	0.0	23.9	21.0
Money Market Funds	0.0	0.0	9.5	0.0
Accrued Interest	0.0	0.0	0.3	0.3
Bank Current Accounts	0.0	0.0	9.8	11.3
Long Term Loans	0.8	0.8	0.0	0.0
Finance Lease Debtors	1.6	1.5	0.0	0.0
Trade Debtors	0.0	0.0	45.7	51.4
Total Financial Assets	**2.4**	**2.3**	**125.8114.2**	**91.5**

The portion of long-term liabilities and deposits due to be settled within 12 months of the Balance Sheet date are presented in the Balance Sheet under ‘current liabilities’ or ‘current deposits’. This would include accrued interest on long term liabilities that is payable/receivable in 2015/16.

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:

2015/16	Financial Liabilities	Financial Assets		2015/16 Total
Gains and Losses	Liabilities measured at amortised cost £m's	Loans and receivables £m's	Available-for-sale assets £m's	£m's
Interest expense	17.7			17.7
Interest payable and similar charges	**17.7**	**0.0**	**0.0**	**17.7**
Interest income	0.0	0.8	0.0	0.8
Interest and investment income	**0.0**	**0.8**	**0.0**	**0.8**

2014/15 Gains and Losses	Financial Liabilities Liabilities measured at amortised cost	Financial Assets Loans and receivables	 Available-for-sale assets	2014/15 Total
	£m's	£m's	£m's	£m's
Interest expense	18.1			18.1
Interest payable and similar charges	**18.1**	**0.0**	**0.0**	**18.1**
Interest income		0.7		0.7
Interest and deposit income	**0.0**	**0.7**	**0.0**	**0.7**

Financial Instruments - Fair Values

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

The Code of Practice requires the Fair Values of these assets and liabilities to be disclosed for comparison purposes. Fair Value is defined as the amount for which asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The Fair Value of a financial instrument on initial recognition is generally the transaction price. The Council's debt outstanding at 31 March 2015 and 31 March 2016 consisted of loans from the Public Works Loan Board (PWLB) and market loans. Their Fair Values have been estimated using the following methods and assumptions:-

- 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 market rates at the Balance Sheet date.

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

Financial Liabilities:	Carrying amount 31-Mar-15 Restated £m's	Fair value 31-Mar-15 Restated £m's	Carrying amount 31-Mar-16 £m's	Fair value 31-Mar-16 £m's
Total Borrowing	(316.4)	(471.6)	(442.3)	(615.9)
Deferred Liabilities (PFI Contracts and Finance Leases)	(49.8)	(49.8)	(46.7)	(46.7)
Trade Payables (Creditors)	((57.1)	(57.1)	(46.6)	(46.6)
Total Financial Liabilities	**(423.3)**	**(578.5)**	**(535.6)**	**(709.2)**
Financial Assets:				
Short Term Deposits	25.0	25.0	7.5	7.5
Long Term Loans	0.8	0.8	0.8	0.8
Deferred Income (Finance Leases)	1.6	1.6	1.5	1.5
Trade Receivables (Debtors)	45.7	45.7	51.4	51.4
Total Financial Assets	**73.1**	**73.1**	**61.2**	**61.2**

Financial Liabilities

The fair value of long-term borrowing is higher than the carrying amount because the Council'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.

The Fair Value of the above Financial Instruments are classified as Level 2 Inputs as the quoted prices are observable, either directly or indirectly

	Fair Value Level	Per Balance Sheet @ 31.03.2015	Fair Value @ 31.03.2015	Per Balance Sheet @ 31.03.2016	Fair Value @ 31.03.2016
Financial Instrument Liabilities:					
		£m	£m	£m	£m
Total borrowing	2	(316.4)	(471.6)	(442.3)	(615.9)
Deferred Liabilities (PFI Contracts &Finance Leases)	2	(49.8)	(49.8)	(46.7)	(46.7)
Trade Payables (Creditors)	n/a	(57.1)	(57.1)	(46.6)	(46.6)
Total Financial Liabilities		(423.3)	(578.5)	(535.6)	(709.2)
Financial Instrument Assets :					
Short Term Deposits	n/a	25.0	25.0	7.5	7.5
Long Term Loans	n/a	0.8	0.8	0.8	0.8
Deferred Income (Finance Leases)	n/a	1.6	1.6	1.5	1.5
Trade Receivables (Debtors)	n/a	57.3	57.3	56.1	56.1
Total Financial Assets		**84.7**	**84.7**	**65.9**	**65.9**

NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

The main risks covered are:

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

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

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

Credit Risk

Loans and Receivables

The Council manages credit risk by ensuring that deposits are placed with the Debt Management Office, other local authorities, AAA rated money market funds or Banks and Building Societies having sufficiently high credit worthiness as set out in the Treasury Management Strategy. The amount of money that can be invested with a single counterparty is limited to £12.5m or 15% of total deposits when the deposit was made whichever is the higher. The Council also sets a total group deposit limit for institutions that are part of the same banking group. It must also be noted that although credit ratings remain a key source of information, the Council recognises that they have limitations and investment decisions are based on a range of market intelligence. All deposits have been made in line with the Council's Treasury Management Strategy Statement for 2015-16 which was approved by Full Council. The table below summarises the nominal value of the Council's investment portfolio at 31st March 2016 and confirms that all deposits 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 2015	Balance Invested as at 31-Mar-16		
			> 1 month and < 3 months	> 3 months and < 6 months	> 6 months and < 12 months
			£m's	£m's	£m's
Financial Institute	Yes	Yes	7.5	-	-
Money Market Funds	Yes	Yes	-	-	-
Call Accounts	Yes	Yes	21.0	-	-
Total			**28.5**	**0.0**	**0.0**

The above analysis shows that all deposits outstanding as at 31st March 2015 met the Council's credit rating criteria on the 31st March 2016.

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.

Trade Receivables

	Gross Debtors 31 March 2015 Restated	Bad Debt Provision 31 March 2015	Gross Debtors 31 March 2016	Bad Debt Provision 31 March 2016
	£m's	£m's	£m's	£m's
Sundry Debtors	54.4	(8.5)	48.7	(7.2)
Housing Tenants	6.1	(2.3)	5.3	(2.1)
Private Sector Leasing and Bed & Breakfast	8.9	(7.2)	7.8	(6.8)
Total	**69.4**	**(18.0)**	**61.8**	**(16.1)**

Liquidity Risk

The Council has access to borrowing facilities via the Public Works Loan Board, commercial banks, bond issues, medium term notes, tax increment financing, the European Investment Bank, and other local authorities. There is no significant risk that the Council will be unable to raise finance to meet its commitments. The Council also has to manage the risk that it will not be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates. The Council's strategy is to ensure that no more than 25% of loans are due to mature within any rolling three-year period through a period of careful planning of new loans taken out and making early repayments.

The total interest commitment on all outstanding borrowing (as shown in the table below) if all borrowing is held to maturity is £398.7m

	Principal	**Interest**	
	£	£	%
1 Year	90,842,951.78	14,715,719.97	0.57%
1-2 Years	34,385,133.13	14,481,782.90	6.46%
2-5 years	30,086,109.89	38,015,829.90	1.86%
5-10 Years	14,207,186.82	57,345,724.93	2.44%
10-15 Years	6,996,682.45	56,027,073.74	2.60%
15-20 Years	36,809,019.64	52,310,926.75	3.90%
20-25 Years	2,247,593.51	49,063,383.24	2.31%
25-30 Years	10,000,000.00	47,469,231.93	4.49%
30-35 Years	52,757,530.00	40,955,188.89	5.55%
35-40 Years	80,520,124.00	19,782,289.55	5.21%
40-45 Years	31,000,000.00	7,338,615.96	4.50%
45+ Years	48,789,000.00	1,249,311.06	3.23%
	438,641,331.22	**398,755,078.83**	

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 2016 was as follows:

	Years	**31-Mar-16 £m's**	**% of Total Debt Portfolio**
Short Term Borrowing	**Less than 1 year**	90.8	20.5%
Accrued Interest		3.7	0.8%
Total Short term Borrowing		**94.5**	**21.4%**
Long Term Borrowing	Over 1 but not over 2	34.4	7.8%
	Over 2 but not over 5	30.1	6.8%
	Over 5 but not over 10	14.2	3.2%
	Over 10 but not over 15	7.0	1.6%
	Over 15 but not over 20	36.8	8.3%
	Over 20 but not over 25	2.2	0.5%
	Over 25 but not over 30	10.0	2.3%
	Over 30 but not over 35	52.8	11.9%
	Over 35 but not over 40	80.5	18.2%
	Over 40 but not over 45	31.0	7.0%
	Over 45	48.8	11.0%
Total Long Term Borrowing		**347.8**	**78.6%**
Total Borrowing		**442.3**	**100.00%**

Loans and other long term liabilities outstanding (nominal value)	31-Mar-15 £m's	31-Mar-16 £m's
Public Works Loans Board	230.0	287.5
Market Debt	42.5	65.1
Temporary Borrowing	40.5	86.0
Deferred Liabilities – PFI and finance leases	49.8	46.7
Total	**362.8**	**485.3**

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 2016, 100% of the debt portfolio was held in fixed rate instruments, and none in variable rate instruments. Deposits are also subject to movements in interest rates. As deposits are made at fixed rates, but for shorter periods of time, there is greater exposure to interest rate movements. This risk has to be balanced against actions taken to mitigate credit risk.

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

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

NOTE 17. CASH AND CASH EQUIVALENTS

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

Cash and Cash Equivalent Assets

Type	31 March 2015 £m's	31 March 2016 £m's
Call Accounts (same day access accounts)	33.7	21.0
Cash and Bank Current Accounts	9.8	11.3
Total	**43.5**	**32.3**

Cash and Cash Equivalent Liabilities

Type	31 March 2015 £m's	31 March 2016 £m's
Main Bank Clearing Accounts	(14.3)	(15.9)
Total	**(14.3)**	**(15.9)**

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 is carried at the lesser of cost or net realisable value. As at 31 March 2016, the value of Inventories held was £0.8m (£0.8m as at 31 March 2015). As the carrying value of Inventories is less than the Council's £1m de minimus threshold for reporting purposes, a breakdown is not provided in this Disclosure.

NOTE 19. DEBTORS

SHORT TERM DEBTORS

	31 March 2015 (Restated) £m's	31 March 2016 £m's
Central Government Bodies	23.8	17.1
Other Local Authorities	1.6	0.8
National Health Service Bodies	4.6	9.0
Council Tax owed to Enfield Council	11.5	10.1
Local Business Rates owed to Enfield Council	0.7	0.8
Public Corporations & Trading Funds	5.1	1.7
Bodies external to general government	34.4	39.9
Payments in Advance	5.3	7.1
Total	**87.0**	**86.5**

LONG TERM DEBTORS

	31 March 2015 £m's	31 March 2016 £m's
Social Care S22 Deferred debt	0.3	0.3
Loan to Enfield Enterprise	0.8	0.8
Secured Debt – Social Services	1.1	0.6
Secured Debt – Other Debt	0.9	4.6
Amounts receivable under Finance Leases	1.6	1.5
Housing Gateway Ltd	15.7	40.0
Enfield Innovations Ltd	0.0	9.5
Total	**20.4**	**57.3**

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. No assets currently fit this category.

NOTE 21. ESTATE RENEWALS

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

The Council has sought to secure the full vacant possession of certain sites by decanting existing council tenants and negotiating with residential and commercial leaseholders and other third parties to release their interests in the sites. As at 31st March 2016, the decanted/empty premises are disclosed as surplus assets in the Balance Sheet. Further decants and the buying out of leaseholder interests will continue into future years as projects proceed. Assets will be formally de-recognised in the financial statements as they are transferred to the developer during the implementation phases of projects.

The carrying value of the assets associated with new developments that are vacant at 31st March 2016 have been revalued in the financial statements to reflect the estimated recoverable amounts receivable by the Council for these assets under the respective development agreements.

NOTE 22. CREDITORS & LONG TERM LIABILITIES

Short Term Creditors

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

	31 March 2015 £m's	31 March 206 £m's
Central Government Bodies	(18.9)	(10.6)
Other Local Authorities	(0.5)	(0.8)
NHS Bodies	(1.3)	(1.0)
Public Corporations & Trading Funds	(0.1)	(0.3)
Bodies external to general government	(57.1)	(46.6)
Receipts in Advance	(21.0)	(23.4)
Total	**(98.9)**	**(82.7)**

Long Term Creditors

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 2015 £m's	31 March 2016 £m's
Amounts due to be paid under PFI Contracts	49.4	46.5
Amounts due to be paid under other Finance Leases	0.4	0.3
Other Long Term Creditors	0.0	0.0
Total	**49.8**	**46.8**

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). Provisions which have been recognised as at 31 March 2016 are shown in the following table.

Provisions: Classification and Description	Balance 31 March 2015 £m's	New Provisions raised in year £m's	Provisions Utilised in Year £m's	Provisions written back to revenue in year £m's	Balance 31 March 2016 £m's
Short Term					
Building Dilapidations	0.5	0.5		0.5	0.5
Tenant Water Rates	0.0	2.4			2.4
Termination Benefits	0.2	0.3	0.2		0.3
Claims from internal insurance fund	2.2	2.2	2.2		2.2
Performance Related Pay*	1.5	0.3		1.5	0.3
Accumulated Staff Absences	7.8	8.1		7.8	8.1
Carbon Reduction Commitment Levy	0.1	0.1	0.2	0.00	0.1
Regeneration Property Buy-Backs	0.2	0.2		0.2	0.2
Business Rate Valuation Appeals	2.2	3.8		2.2	3.8
Public Health Contractor Services	0.1			0.1	0.0
Other	0.2		0.2		(0.1)
Short Term	**15.1**	**18.0**	**2.8**	**12.4**	**17.9**
Long Term					
Liability for Building Dilapidations	0.3	0.2		0.3	0.2
Claims from internal insurance fund	2.5	1.9	2.5		1.9
Long Term	**2.8**	**2.0**	**2.5**	**0.3**	**2.0**
Total Provisions	**17.9**	**20.0**	**5.4**	**12.6**	**19.9**

The largest Provisions relate to:-

i) Accumulated Staff Absences at £8.1m. This amount represents the estimated value of untaken annual leave as at the 31 March 2016.

ii) The combined short and long term Insurance provisions total of £4.1m represents the estimated cost of claims against the Council's Internal Insurance Fund projected to be made for all insured events at the balance sheet date. This figure is in line with conclusions made by the Insurance Actuary.

iii) The £3.8m provision for business rate valuation appeals is Enfield's 30% share of a total provision of £12.6m set out in more detail the Collection Fund note on page 86.

*Note: The figure for Performance Related Pay 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.

NOTE 24. UNUSABLE RESERVES

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

Unusable Reserves (Note)	31 March 2015 £m's	31 March 2016 £m's
(i) Revaluation Reserve	(395.8)	(600.0)
(ii) Capital Adjustment Account	(678.9)	(640.4)
(iii) Collection Fund Adjustment Account	(3.2)	(0.7)
Deferred Capital Receipts Reserve	(18.0)	(51.7)
(iv) Accumulated Absences Account	7.8	8.1
(v) Pensions Reserve	418.6	392.8
Total	**(669.5)**	**(892.0)**

i Revaluation Reserve

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

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

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

Revaluation Reserve	2014/15 £m's	2015/16 £m's
Balance at 1 April	**(322.5)**	**(395.8)**
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	(110.1)	(241.6)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	22.0	17.1
Sub total	**(88.1)**	**(224.5)**
Total Amount written off to the Capital Adjustment Account		
Difference between fair value depreciation and historical cost depreciation	10.1	12.0
Accumulated gains on assets disposed of in the year*	4.3	7.1
Other Adjusting Amounts Written Off to the Capital Adjustment Account	0.4	1.3
Sub total	**14.8**	**20.4**
Balance at 31 March	**(395.8)**	**(600.0)**

ii Capital Adjustment Account

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

The Account is debited with the cost of depreciation, impairment losses and amortisations that have been charged to the Comprehensive Income and Expenditure Statement with reconciling items from the Revaluation Reserve to write off the depreciation, impairment and amortisation of re-valued amounts.

The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement. It contains the accumulated net gains and losses on Investment Properties that have yet to be consumed by the Council. The Account also contains the net accumulated revaluation gains on Property, Plant and Equipment prior to 1st April 2007 – the date when the Revaluation Reserve was first created to hold such gains.

Capital Adjustment Account	2014/15 £m's	2015/16 £m's
Balance at 1 April	(698.8)	(678.9)
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	40.1	41.4
Charges for depreciation of Heritage Assets	0.1	0.1
Amortisation of Intangible Assets	0.4	0.4
Revaluation and Impairment Losses on Property, Plant and Equipment	45.2	71.3
Revenue Expenditure Funded from Capital Under Statute	5.3	4.8
Long Term Debtor	11.2	34.7
Amounts of Non-Current Assets written off on disposal as part of the Gain/Loss on Disposal in the Comprehensive Income and Expenditure Statements	31.6	10.1
Sub Total	**133.9**	**162.8**
Adjusting Amounts written out of the Revaluation Reserve		
Valuation of assets disposed of in the Comprehensive Income and Expenditure Statement	(10.5)	(7.1)
Other adjusting amounts written out of the Revaluation Reserve	(4.3)	(13.2)
Net written out amount of the cost of non-current assets consumed in the year	**119.1**	**142.5**
Capital financing applied in the year:		
Capital receipts applied	(16.1)	(7.8)
Revenue contributions to fund capital expenditure	(12.9)	(20.2)
Major Repairs Reserve applied	(10.6)	(12.8)
Capital grants and contributions applied	(48.6)	(41.7)
External repayments by Long Term Debtors	0.0	(0.6)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(13.8)	(11.8)
	(102.1)	**(94.9)**
Movement in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	2.8	(9.1)
Movement in the carrying value of Investment Properties Held For Sale debited to the Comprehensive Income and Expenditure Statement	0.1	0.0
Balance at 31 March	**(678.9)**	**(640.4)**

iii Collection Fund Adjustment Account

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

Collection Fund Adjustment Account	2014/15 £m's	2015/16 £m's
Balance at 1st April	(2.2)	(3.2)
Amount by which council tax and business rates income credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with statutory requirements		
Council Tax	(3.0)	3.1
Business Rates	2.0	(0.6)
Balance at 31 March	**(3.2)**	**(0.7)**

iv Accumulated Absences Account

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

Accumulated Absences Account	2014/15 £m's	2015/16 £m's
Balance at 1 April	7.8	7.8
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	0.3
Balance at 31 March	**7.8**	**8.1**

v Pensions Reserve

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

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

Movement in Pension Fund Reserve

Movement in Pension Fund Reserve	2014/15 £m's	2015/16 £m's
Deficit Balance at 1 April	358.4	418.6
Re-measurement of the Net Defined Pension Liability	48.3	(41.9)
Reversal of charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the code	41.8	48.3
Enfield Homes Pension fund subsumed into the main fund	0.0	1.4
Employer's pension contributions payable in the year	(29.9)	(33.7)
Deficit Balance at 31 March	**418.6**	**392.7**

vi Deferred Capital Receipts Reserve

	2014/15 £m's	2015/16 £m's
Balance at 1 April	(2.4)	(18.0)
Transfer to the Capital Receipts Reserve upon receipt of cash	0.0	0.0
Amounts Received Under Finance Leases	0.1	0.0
Amounts advanced to Housing Gateway Ltd	(15.7)	(24.2)
Amounts advanced to Enfield Innovations Ltd	0.0	(9.5)
Balance at 31 March	**(18.0)**	**(51.7)**

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 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 Council's Departments recorded in the budget reports for the year is as follows:

Amounts reported for Resource Allocation Decisions 2015-16

Department Income and Expenditure 2015-16	DEPARTMENTS Health Housing and Adult Social Care £m's	Finance Resources & Customer Resources £m's	Regeneration & Environment £m's	Schools and Children's Services £m's	Chief Executive £m's	Total £m's
Fees, charges and other service income	(85.9)	(49.9)	(43.6)	(39.4)	(4.3)	(223.0)
Government Grants	(18.6)	(315.9)	(5.6)	(317.1)	0.0	(657.1)
Total Income	**(104.5)**	**(365.8)**	**(49.1)**	**(356.4)**	**(4.2)**	**(880.1)**
Employee Expenses	28.2	53.4	35.0	268.3	5.6	390.6
Other Service Expenses	163.0	369.7	42.2	140.3	2.4	717.6
Total Expenditure	**191.2**	**423.2**	**77.2**	**408.6**	**8.0**	**1,108.2**
Net Expenditure	**86.7**	**57.4**	**28.1**	**52.1**	**3.8**	**228.1**

The comparative amounts reported for 2014-15 were as follows:-

Department Income and Expenditure 2014-15	Health Housing and Adult Social Care	Finance, Resources & Customer Services	Schools and Children's Services	Regen. & Environment	Chief Executive	Total
	£m's	£m's	£m's	£m's	£m's	£m's
Fees, charges and other service income	(79.7)	(44.3)	(46.7)	(39.1)	(4.5)	(214.3)
Government Grants	(15.0)	(307.1)	(307.5)	(4.8)	0.0	(634.4)
Total Income	**(94.7)**	**(351.4)**	**(354.2)**	**(43.9)**	**(4.5)**	**(848.7)**
Employee Expenses	36.40	35.3	272.1	34.9	5.1	383.8
Other Service Expenses	150.5	364.7	138.0	42.6	2.9	698.7
Total Expenditure	**186.9**	**400.0**	**410.1**	**77.5**	**8.0**	**1,082.50**
Net Expenditure	**92.2**	**48.6**	**55.9**	**33.6**	**3.5**	**233.8**

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 2015/16	Department Analysis	Add services not included in Analysis	Add amounts not reported to management for decision making	Deduct amounts in departmental analysis not included in NCOS	Net Cost of Services (from CIES)	Corporate Amounts	Total
	£m's	£m's	£m's	£m's	£m's	£m's	£m's
Fees, charges and other service income	(223.0)	(66.5)		41.4	(248.1)	(65.3)	(313.4)
Interest and investment income	0.0				0.0	(13.9)	(13.9)
Income from council tax	0.0				0.0	(102.8)	(102.8)
Government grants and contributions	(657.1)		(1.9)	17.0	(642.0)	(126.5)	(768.5)
Total Income	**(880.1)**	**(66.5)**	**(1.9)**	**58.4**	**(890.1)**	**(308.5)**	**(1,198.6)**
Employee expenses	390.6	19.0	2.0		411.6		411.6
Other service expenses	717.6	12.1	1.8	(27.1)	704.4	(0.1)	704.3
Depreciation, amortisation and impairment		32.8	78.7		111.5		111.5
Interest Payments					0.0	22.9	22.9
Precepts and Levies					0.0	6.5	6.5
Payments to Housing Capital Receipts Pool					0.0	1.4	1.4
Gain or Loss on Disposal of Fixed Assets					0.0	(12.7)	(12.7)
Total operating expenses	**1,108.2**	**63.9**	**82.5**	**(27.1)**	**1,227.5**	**18.0**	**1,245.5**
Deficit on the provision of services	**228.1**	**(2.6)**	**80.6**	**31.3**	**337.4**	**(290.5)**	**46.9**

Comparative amounts for 2014-15

Reconciliation to the Subjective Analysis 2014-15	Department Analysis £m's	Services not included in Analysis £m's	Amounts not reported to management for decision making £m's	Amounts not included in NCOS from CIES £m's	Net Cost of Services (from CIES) £m's	Corporate Amounts £m's	Total £m's
Fees, charges and other service income	(214.3)	(66.6)	0.0	34.9	(246.0)	(64.2)	(310.2)
Interest and investment income	0.0	0.0	0.0	0.0	0.0	(5.2)	(5.2)
Income from council tax	0.0	0.0	0.0	0.0	0.0	(100.5)	(100.5)
Government grants and contributions	(634.4)	0.0	0.0	6.8	(627.6)	(155.7)	(783.3)
Total Income	**(848.7)**	**(66.6)**	**0.0**	**41.7**	**(873.6)**	**(325.6)**	**(1,199.2)**
Employee expenses	383.8	0.0	(2.9)	0.0	380.9	0.0	380.9
Other service expenses	698.7	75.4	2.5	(21.0)	755.6	0.0	755.6
Support Service recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation, amortisation and impairment	0.0	0.0	49.8	0.0	49.8	0.0	49.8
Interest Payments	0.0	0.0	0.0	0.0	0.0	25.7	25.7
Precepts and Levies	0.0	0.0	0.0	0.0	0.0	6.5	6.5
Payments to Housing Capital Receipts Pool	0.0	0.0	0.0	0.0	0.0	1.2	1.2
Gain or Loss on Disposal of Fixed Assets	0.0	0.0	0.0	0.0	0.0	7.3	7.3
Total operating expenses	**1,082.5**	**75.4**	**49.4**	**(21.0)**	**1,186.3**	**40.7**	**1,227.0**
Deficit on the provision of services	**233.8**	**8.8**	**49.4**	**20.7**	**312.7**	**(284.9)**	**27.8**

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

	2014/15 £m's	2015/16 £m's
Net Expenditure Reported in Department Analysis	233.8	228.1
Add: Items included in the Net Cost of Services but not reported to management in the Department Analysis	58.2	78.2
Deduct: Items not included in the Net Cost of Services but reported to management in the Department Analysis	20.7	31.1
Cost of Services in the Comprehensive Income and Expenditure Statement	**312.7**	**337.4**

NOTE 26. INVESTING ACTIVITIES

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

Cash Flow Statement – Investing Activities	2014/15 £m's	2015/16 £m's
Purchase of property, plant and equipment, investment property and intangible assets	(134.2)	(218.8)
Proceeds from Short and Long Term Deposits	(20.0)	0.0
Other payments for investing activities	0.0	(0.4)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	24.4	49.0
Other receipts from investing activities	56.9	47.5
Total Investing Activities	**(72.9)**	**(122.7)**

NOTE 27. FINANCING ACTIVITIES

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

Cash Flow Statement – Financing Activities	2014/15 £m's	2015/16 £m's
Repayment of Long & Short Term Borrowing	14.5	0.0
Cash Receipts from Long Term Borrowing	0.0	126.2
Cash payments for the reduction of outstanding liabilities relating to finance leases and on balance sheet PFI contracts	(2.6)	(2.6)
Other payments / (receipts) from financing activities	(0.6)	0.0
Total Financing Activities	**11.3**	**123.6**

NOTE 28. Investing & Financing Activities

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

	2014-15 £m	2015-16 £m
Proceeds from short-term and long-term investments	22.5	17.5
Proceeds from the sale of property, plant and equipment, investment property	(24.4)	(48.4)
other items for which the cash effects are investing or financing cash flows	(53.7	(45.5)
Total	(55.6)	(76.4)

NOTE 29. POOLED BUDGETS

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

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

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

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

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

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

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

A funding and expenditure statement for these pooled budgets in 2015/16 and comparison with 2014/15 is set out below:

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

Pooled Budgets 2014/15	Integrated Communities Equipment Service	Learning Disabilitie s Pool	Public Health	Mental Capacity Act	Voluntary & Community Sector	Joint Comm'g Team	Total
Funding provided to the pooled budget:	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**
London Borough of Enfield	0.8	4.7	0.1	0.2	0.0	0.6	6.4
National Health Service Enfield	0.4	1.5	0.0	0.1	0.4	0.1	2.5
Client contributions	0.1	0.2	0.0	0.0	0.0	0.0	0.3
Total Funding available	**1.3**	**6.4**	**0.1**	**0.3**	**0.4**	**0.7**	**9.2**
Expenditure met from the pooled budget							
London Borough of Enfield	1.4	4.0	0.4	0.3	0.5	0.5	7.1
National Health Service Enfield	0.0	2.2	0.0	0.0	0.0	0.0	2.2
Total Expenditure	**1.4**	**6.2**	**0.4**	**0.3**	**0.5**	**0.5**	**9.3**
Net Surplus / Deficit	**(0.1)**	**0.2**	**(0.3)**	**0.0**	**(0.1)**	**0.2**	**(0.1)**

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

Members Allowances	2014/15 £m's	2015/16 £m's
Basic allowances	0.7	0.7
Special responsibility allowances	0.3	0.3
Total	**1.0**	**1.0**

NOTE 31. OFFICERS' REMUNERATION

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

Senior Employee Designation		Taxable Pay £	Performance Related Pay (Note 1) £	Expenses & Allowances £	Pension Contribution £	Total £
Rob Leak	2015/16	188,955				**188,955**
(Chief Executive)	2014/15	188,955		389		**189,344**
Director of Health, Housing and Adult Social Care	2015/16	136,311	5,814		29,824	**171,949**
	2014/15	136,311	6,498		29,967	**172,776**
Director of Finance, Resources and Customer Services	2015/16	136,311	13,686		28,846	**178,843**
	2014/15	136,311	11,975		31,111	**179,397**
Director of Schools and Children's Services	2015/16	116,957	2,092		25,000	**144,049**
	2014/15	136,311	13,686		0	**149,997**
Director of Regeneration & Environment	2015/16	143,077	13,686		13,721	**170,484**
	2014/15	143,070	11,633		32,634	**187,336**
Chief Education Officer (Note 2)	2015/16	98,248	7,410		22,202	**127,860**
	2014/15	0			0	**0**
Director of Public Health	2015/16	117,143			14,758	**131,901**
	2014/15	117,143			14,449	**131,592**

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

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

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

Other Employees Earnings

Taxable Remuneration Band	2014/15 Non Schools Current	2014/15 Non Schools Left during the year	2014/15 Schools Current	2014/15 Schools Left during the year	2015/16 Non Schools Current	2015/16 Non Schools Left during the year	2015/16 Schools Current	2015/16 Schools Left during the year
£50,000 - £54,999	73	4	169	-	55	15	170	17
£55,000 - £59,999	39	-	51	2	54	12	60	4
£60,000 - £64,999	30	3	50	-	24	9	56	2
£65,000 - £69,999	26	-	35	-	19	6	27	5
£70,000 - £74,999	2	1	24	-	10	4	30	-
£75,000 - £79,999	7	1	20	1	2	5	12	-
£80,000 - £84,999	0	2	9	-	3	2	13	-
£85,000 - £89,999	1	-	6	-	2	1	4	-
£90,000 - £94,999	4	-	2	-		1	3	-
£95,000 - £99,999	3	-	3	-	5	1	2	-
£100,000 - £104,999	3	-	5	-	3		3	-
£105,000 - £109,999	1	-	3	-	-	1	3	-
£110,000 - £114,999	-	-	1	-	-	-	3	-
£115,000 - £119,999	-	-	1	-	-	-		-
£120,000 - £124,999	-	-	1	-	-	-	1	1
£125,000 - £129,999	-	-	1	-	-	-	2	-
£130,000 - £134,999	0	1	1	-	-	-	1	-
£135,000 - £139,999	-	-	1	-	-	-		-
£140,000 - £144,999	-	-	-	-	-	1	1	-
£145,000 - £149,999	-	-	-	-	-	-	-	-
£150,000 - £154,999	-	-	-	-	-	-	-	-
£155,000 - £159,999	-	-	-	-	-	-	-	-
£160,000 - £164,999	-	-	-	-	-	-	-	-
£165,000 - £169,999	-	-	-	-	-	-	-	-
Totals	**189**	**12**	**383**	**3**	**177**	**58**	**391**	**29**
TOTAL FOR YEAR	**587**				**655**			

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

NOTE 32. EXTERNAL AUDIT COSTS

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections:

	2014/15 £'000s	2015/16 £'000s
Fees payable to the External Auditors with regard to external audit services carried out by the appointed auditor for the year	228	172
Fees payable to the External Auditors for the certification of grant claims and returns for the year	58	41
Fees payable in respect of other services provided by the appointed auditor during the year	39	0
	325	**213**

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 by the Council and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school. Details of the deployment of DSG receivable for 2015/16 are as follows:

	Central Expenditure £m's	Individual Schools Budget £m's	Total £m's
Final DSG for 2015/16			304.2
Academy Figure recouped for 2015/16			(45.7)
Total DSG after Academy recoupment 2015/16			**258.5**
Plus brought forward from 2014/15			6.0
Less carry forward to 2016/17			(2.2)
Agreed initial budget distribution 2015/16	**34.1**	**228.2**	**262.3**
In 2015/16 year adjustments	**0.0**	**0.0**	0.0
Final budget distribution for 2015/16	**34.1**	**228.2**	**262.3**
Less actual expenditure: Central budgets	**(34.1)**		**(34.1)**
ISB		**(229.2)**	**(229.2)**
Carry forward to 2016/17	**0.0**	**(1.0)**	**(1.0)**
Agreed Carry Forward to 2016/17			2.2
Total Balance Carried Forward			**1.2**

Dedicated Schools Grant (made under section 14 of the Education Act 2002) has been deployed in accordance with regulations made under sections 45A, 45AA, 47, 48(1) and (2) and 138(7) of, and paragraph 1(7)(b) of Schedule 14 to, the School Standards and Framework Act 1998. Cumulative balances held by schools as at 31 March 2016 were £10.0m.

NOTE 34. GRANT INCOME

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

	31 March 2015 £m's	31 March 2016 £m's
Credited to Taxation and Non Specific Grant Income		
Education Services Grant	6.3	5.0
New Homes Bonus	3.4	3.8
Council Tax Freeze Grant	1.2	1.2
Business Rates 2% inflation Cap	0.7	1.0
Retail Relief S31 Grant	0.6	0.3
Small Business Empty Properties Grant	0.6	0.6
Housing Benefit Admin Grant	0.0	2.6
Department for Education Grants	1.2	0.0
New Homes Bonus Adjustment Grant	0.2	0.2
Council Tax Support New Burdens Funding	0.2	0.0
Local Support Services Grant	0.1	0.1
Other	0.1	0.0
Specific Corporate Grants	**14.7**	**14.9**
Revenue Support Grant	80.5	59.3
General Government Grants	**95.2**	**74.2**
Capital Grants and Contributions	53.7	45.5
Total Grants and Contributions	**148.9**	**119.7**

Service Specific Grants	31 March 2015	31 March 2016
	£m's	£m's
Service Grants		
Government Grant Housing Benefits Subsidy	299.3	311.8
Government Grant DSG Schools	253.8	262.2
Pupil Premium Grant	19.1	19.4
Education Funding Agency- Learning & Skills Grant	18.2	17.8
Public Health Grant	14.3	15.7
Housing Benefit Admin Grant	2.5	0.0
Discretionary Housing Payments	2.7	1.6
Unaccompanied Asylum Seeker Support Grant	1.1	1.5
CT Support New Burdens Funding		0.2
Other Grants	12.1	18.3
General Government Grants	**623.1**	**648.5**

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions outstanding as at 31 March. The balances at the 31st March 2015 was £3.1m (£3.5m 31st March 2015)

NOTE 35. RELATED PARTIES

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. The Council'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 Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). The principle Grants received from Central Government are set out in Notes 33 and 34.

Other Public Bodies
The Council operates a pooled budget arrangement with NHS Enfield for the administration of an Integrated Communities Equipment Service and a Learning Disabilities Pool and a Drug Alcohol Action Team - details of which are set out in Note 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 2015/16 several members and senior officers declared they had interests with Local Voluntary Bodies, Charities, schools and other organisations. Transactions between the Council and the vast majority of these organisations were not materially significant and in all cases the member or officer was not in a position to control or direct them. Details of these interests are recorded in the Register of Members Interests which is open to public inspection. The following Members declared interests with the following organisations with whom economic activity in the year was above £250k.

Organisation	Members / Officers Declaring an Interest	Payments made by LBE to Organisation in 2014-15	Payments made by LBE to Organisation in 2015-16
North London Waste Authority(NLWA)	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 £6.4m	Statutory levy and charge of £6.3m
Lee Valley Regional Park Authority	Cllr Derek Levy attends committees for Lee Valley Regional Park Authority.	Statutory Levy and Payment for services of £0.288m	Statutory Levy and Payment for services of £nil
Cyprian Care Ltd	Cllr Ahmet Oykener is a Director of Cyprian Care Ltd, who provide Home Care Services in Enfield as well as other London Boroughs	Payment for Services of £0.391m	Payment for Services of £0.354m
Enfield Enterprise Agency	Cllr Derek Levy is a Director of Enfield Enterprise Agency Ltd. who provide Services to the Council and are in receipt of a long term loan	Payment for Services Long Term Loan £0.8m	Payment for Services £0.2m Long Term Loan £0.8m
Enfield Citizens Advice Bureau	Cllr Abdul Abdullahi is a Director of Enfield Citizens Advice Bureau	Payment for Services of £0.510M	Payment for Services of £0.518M

Entities Controlled or Significantly Influenced by the Council

The Council owns 40% of the shares in Enfield Norse Limited – being the Trading Arm of Norfolk County Council. The Company provides building cleaning services. During financial year 2015-16 the Council received dividend income from Enfield Norse of £0.2m (£0.2m for 2014-15). James Rolfe (Director of Finance, Resources & Customer Services) is a Director of Enfield Norse Limited as is Councillor Achilleas Georgiou.

In 2011, the Council set up New River Services Ltd, a company wholly owned by the Council 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 Council to trade its services with other public bodies on a commercial basis. The Company was renamed Lea Valley Heat Network Ltd in June 2013. As at 31 March 2015, the Company had not commenced trading. During the year, the Management Board included Councillors Doug Taylor, Andrew Stafford, Dino Lemonides, Ahmet Oykener, Alan Sitkin and officers James Rolfe (Director of Finance, Resources & Customer Services), John Austin (Assistant Director, Corporate Governance), Ian Davis (Director of Regeneration & Environment) and Robert Leak (Chief Executive).

Housing Gateway Limited (HGL) is a new wholly owned subsidiary of the Council. The Company was formed in March 2014 with the purpose of acquiring properties to increase the availability of value for money social housing for Enfield residents and to discharge its statutory duties for homelessness. The Company commenced trading in financial year 2014-15.

The Management Board consists of Councillors Georgiou & Oykener and Officers James Rolfe (Director of Finance, Resources & Customer Services), Sally McTernan (Assistant Director Community Housing) and Asmat Hussein (Assistant Director Legal Services). The Council provided a range of support services to HGL during financial year 2015-16 which came to £0.4m (£0.6m in 2014-15). The Council made net loan advances to HGL of £24.2m (£15.7m in 2014-15).

In 2015 Members approved the creation of Enfield Innovations Ltd (EIL) – a Special Purpose Vehicle for the purpose of developing, owning and managing property as part of a wider strategy to increase the supply of value for money quality accommodation for Enfield Residents. Enfield Innovations is a wholly owned subsidiary of the Council and as such falls within the Group Boundary. During the year, the Management Board included Councillors Georgiou, Stafford & Oykener and officers James Rolfe (Director of Finance, Resources & Customer Services), Sally McTernan (Assistant Director Community Housing) and Asmat Hussien (Assistant Director Legal Services). In financial year 2015-16 the Authoritymade £9.5m of loan advances to EIL

NOTE 36. CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

	2014/15	2015/16
	£m's	**£m's**
Opening Capital Financing Requirement	422.6	453.2
Capital Investment		
Property, Plant and Equipment	115.0	176.6
Investment Properties	0.1	0.0
Heritage Assets	0.0	0.1
Assets Held for Sale	0.0	0.0
Long Term Investment	11.3	34.7
Revenue Expenditure Funded From Capital Under Statute*	3.4	4.8
Capital Investment	**129.8**	**216.2**
Sources of Finance		
Capital Receipts	(16.1)	(7.8)
Government Grants and Contributions	(48.6)	(41.7)
Direct Revenue Contributions (including Major Repairs Reserves)	(23.5)	(33.0)
Minimum Revenue Provision	(13.7)	(11.9)
Decrease in PFI Contract Liabilities	2.5	2.5
Decrease in Finance Lease Liabilities	0.2	0.2
	(99.2)	**(91.7)**
Closing Capital Financing Requirement	**453.2**	**577.7**
Increase in underlying need to borrow	30.6	124.5
Increase in Capital Financing Requirement	**30.6**	**124.5**

*Analysis of Revenue Expenditure Funded from Capital under Statute

	2014/15	2015/16
	£m's	**£m's**
Capital Contributions to VA Schools	0.6	2.0
Disabled Facilities Grants	1.6	1.5
Grants To Vacate	0.2	1.1
Grants to Housing Associations	0.3	0.0
House Repair Grants	0.1	0.2
Other	0.6	0.0
Total Expenditure	**3.4**	**4.8**

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 2015 £m's	31 March 2016 £m's
Vehicle, plant, furniture and equipment	0.1	0.0
Investment properties	1.1	1.1
Investment properties held for sale	1.5	0.0
Total	**2.7**	**1.1**

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 2015 £m's	31 March 2016 £m's
Finance lease liabilities (net present value of minimum lease payments):		
• Current	0.1	0.0
• Non-current	0.3	0.1
Finance costs payable in future years	2.0	1.0
Minimum lease payments	**2.4**	**1.1**

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

	Minimum lease payments		Finance lease liabilities	
	31 March 2015 £m's	31 March 2016 £m's	31 March 2015 £m's	31 March 2016 £m's
Not later than one year	0.1	0.1	0.1	0.0
Later than one year and not later than five years	0.2	0.1	0.0	0.0
Later than five years	2.1	1.0	0.3	0.1
Total	**2.4**	**1.2**	**0.4**	**0.1**

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 2015/16 £0.2m contingent rents were payable by the Council (2014/15, £0.2m).

Operating Leases

The Council 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 2015 £m's	31 March 2016 £m's
Not later than one year	1.0	0.8
Later than one year and not later than five years	3.6	3.5
Later than five years	21.7	21.0
Total	**26.3**	**25.3**

The Council has sub-let some of the buildings and vehicles held under these operating leases. At 31 March 2016 the payments expected to be received under sub-leases was £0.1m (£0.1 at 31 March 2015). 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 2015 £m's	31 March 2016 £m's
Lease payments	1.7	1.7
Less sublease payments receivable	(0.1)	(0.1)
Total	**1.6**	**1.6**

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 2015 £m's	31 March 2016 £m's
Finance lease debtors (net present value of minimum lease payments):		
• Current	0.0	0.0
• Non-current	1.2	1.2
Unearned finance income	1.4	1.3
Unguaranteed residual property value	0.4	0.4
Gross investment in leases	**3.0**	**2.9**

	Gross investment in leases		Minimum lease payments	
	31 March 2015 £m's	31 March 2016 £m's	31 March 2015 £m's	31 March 2016 £m's
Not later than one year	0.1	0.1	0.1	0.1
Later than one year and not later than five years	0.4	0.4	0.3	0.3
Later than five years	2.5	2.5	2.1	2.1
Total	**3.0**	**3.0**	**2.5**	**2.5**

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 approximately 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 £8.3m in 2015/16 (£6.9m 2014/15) 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 (just over 60 leases). The total annual receipts generated from these leases was £4.4m in 2015/16 (£4.0m 2014/15). Projected receipts of £135.9m assumes that rent will continue at the current levels, which does not take account of the fact there will be future rent reviews, and where rent is partially based on the performance of the lessee, it is assumed that rental income will continue at the current level

	31 March 2015 £m's	31 March 2016 £m's
Amount due not later than one year	2.8	2.8
Amount due later than one year but not later than five years	10.4	12.4
Later than five years	126.0	120.7
Total	**139.2**	**135.9**

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 2016 are shown below together with the outstanding liability to the contractor for capital expenditure incurred also as at 31 March 2016.

Street Lighting Services

Period	Payment for Services £m's	Reimbursement of Capital Expenditure £m's	Interest £m's	Total £m's
Within one year	1.7	1.1	0.9	3.7
Two – five years	7.6	4.6	2.8	15.0
six – 10 years	10.9	5.5	2.3	18.7
11 – 15 years	12.6	5.8	0.9	19.3
16 – 20 years	0.2	0.0	0.0	0.2
Total	**33.0**	**17.0**	**6.9**	**56.9**

The carrying value of the Street Lighting scheme assets at 31 March 2016 was £21.5m (£22.4m as at 31 March 2015).

Outstanding Liability for Reimbursement of Capital Expenditure	**2014/15** £m's	**2015/16** £m's
Balance Outstanding 1st **April**	(19.2)	(18.1)
Payments during the year	1.1	1.0
Balance Outstanding 31st **March**	(18.1)	(17.1)

Education – Provision of Highlands Secondary School

Period	**Payment for Services** £m's	**Reimbursement of Capital Expenditure** £m's	**Interest** £m's	**Total** £m's
Within one year	0.7	0.7	1.2	2.6
Two - five years	3.0	3.6	3.6	10.2
six - 10 years	3.8	6.4	1.9	12.1
11 - 15 years	0.0	0.0	0.0	0.0
Total	**7.5**	**10.7**	**6.7**	**24.9**

The carrying value of assets held at 31 March 2016 was £22.3m (£21.3m as at 31 March 2015).

Outstanding Liability for Reimbursement of Capital Expenditure	**2014/15** £m's	**2015/16** £m's
Balance Outstanding 1st April	(12.0)	(11.4)
Payments during the year	0.6	0.7
Balance Outstanding 31st March	**(11.4)**	**(10.7)**

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

Period	**Payment for Services** £m's	**Reimbursement of Capital Expenditure** £m's	**Interest** £m's	**Total** £m's
Within one year	1.8	0.8	2.2	**4.8**
Two - five years	8.0	4.4	7.6	**20.0**
six - 10 years	11.7	8.2	6.5	**26.4**
11 - 15 years	9.1	8.0	1.9	**19.0**
16 – 20 years	0.0	0.0	0.0	**0.0**
Total	**30.6**	**21.4**	**18.2**	**70.2**

The carrying value of assets held at 31 March 2016 was £31.4m (£29.4m at 31 March 2015).

Outstanding Liability for Reimbursement of Capital Expenditure	**2014/15** £m's	**2015/16** £m's
Balance Outstanding 1st April	(23.3)	(22.5)
Payments during the year	0.8	0.8
Balance Outstanding 31st March	**(22.5)**	**(21.7)**

NOTE 39. IMPAIRMENT LOSSES

There were no impairment losses in 2015/16 or 2014/15

NOTE 40. TERMINATION BENEFITS AND EXIT PACKAGES

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

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

The number and cost of Exit Packages in 2015-16 and 2014-15 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	
	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16
							£000's	£000's
0 - £20k	66	295	46	30	112	325	923	2,735
£20k - £40k	20	96	8	11	28	107	793	2,928
£40k - £60k	1	22	2	1	3	23	180	1,096
£60k - £80k	2	7	0	0	2	7	145	476
£80k - £100k	1	2	0	0	1	2	94	192
£100k - £150k	2	6	0	0	2	6	312	708
Over £150k	0	2	0	0	0	0	0	368
Total	**92**	**430**	**56**	**42**	**148**	**470**	**2,446**	**8,503**

NOTE 41. PENSION SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

Teachers

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities.

The Council is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2015/16 employer contributions of £16.5m were paid to the Teacher's Pension Scheme (£14.6m paid in 2015/16). The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teacher's scheme. These costs are accounted for on a defined benefit basis and detailed in Note 42 below.

Former NHS Employees

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

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

NOTE 42. DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

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

- The Local Government Pension Scheme, administered locally by the London Borough of Enfield. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the 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	
	2014/15 £m's	2015/16 £m's	2014/15 £m's	2015/16 £m's
Comprehensive Income & Expenditure Statement				
Cost of Services				
current service cost	26.5	33.4	0.0	0.0
past service cost (gains) / losses	0.5	2.3	0.0	0.0
settlements and curtailments	0.0	0.0	0.0	0.0
Financing and Investment Income & Expenditure				
Net Interest on the Defined Benefit Liability	12.7	11.2	2.1	1.6
Total Post Employment Benefit charged to the Surplus / Deficit on the Provision of Services	**39.7**	**46.9**	**2.1**	**1.6**
Other Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement – Re-measurement of the net defined pension liability				
Actuarial (Gains) / Losses on Return on Plan Assets	(70.9)	7.5	0.0	0.0
Actuarial (Gains) / Losses due to changes in demographic assumptions	0.0	0.0	0.0	0.0
Actuarial (Gains) & Losses arising on changes in financial assumptions	120.3	(42.8)	4.6	(1.8)
Other	(5.1)	(10.1)	(0.5)	5.3
Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	**83.8**	**1.5**	**6.2**	**5.1**
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	13.0	16.7	1.2	1.9
Actual amount charged against the General Fund & HRA Balance for pensions in the year				
Employers' contributions payable to the scheme	26.6	30.2		
Retirement benefits payable to pensioners			3.3	3.6

Pension Assets & Liabilities Recognised in Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows: -

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2014/15	2015/16	2014/15	2015/16
	£m's	£m's	£m's	£m's
Present Value of the defined benefit obligation	(1,178.8)	(1,174.2)	(53.7)	(55.3)
Fair Value of Plan Assets	814.1	838.1	0.0	0.0
Sub-Total	**(364.7)**	**(336.1)**	**(53.7)**	**(55.3)**
Other movements in the liability (asset)	0.0	0.0	0.0	0.0
Net liability arising from defined benefit obligation[8]	**(364.7)**	**(336.1)**	**(53.7)**	**(55.3)**

[8] In addition to the above movements, the Pension Fund Liability in the Council's Balance Sheet increased by £1.4m due to transfer of the Closing Pension Fund deficit of Enfield Homes Ltd.

Reconciliation in the Movement in Fair Value of Scheme Plan Assets

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2014/15	2015/16	2014/15	2015/16
	£m's	£m's	£m's	£m's
Opening fair value of scheme assets	709.0	814.1	0.0	0.0
Interest income	30.6	26.1	0.0	0.0
Re-measurement gain/ (loss)				
Return on plan assets	70.9	(7.5)	0.0	0.0
Other		0.0		
Contributions from employer	26.6	30.2	3.3	3.6
Contributions from employees	8.3	8.9		
Benefits paid	(31.3)	(33.7)	(3.3)	(3.6)
Other	0.0	0.0	0.0	0.0
Closing value of scheme assets	**814.1**	**838.1**	**0.0**	**0.0**

Recognition of Present Value of Scheme Liabilities

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities Discretionary Benefits	
	2014/15	2015/16	2014/15	2015/16
	£m's	£m's	£m's	£m's
Opening balance at 1 April	1,016.5	1,178.9	50.8	53.7
Current Service cost	26.5	34.1	0.0	0.0
Interest cost	43.2	37.3	2.1	1.6
Contributions from scheme participants	8.3	8.8	0.0	0.0
Re-measurement (gains)/ losses				
Actuarial (gains) / losses from change in demographic assumptions	0.0	0.0	0.0	0.0
Actuarial (gains) / losses arising from change in financial assumptions	120.3	(42.8)	4.6	(1.8)
Other	(5.1)	(10.7)	(0.5)	5.3
Passed Service Cost	0.5	2.3	0.0	0.0
Losses / (Gains) on curtailment	0.0	0	0.0	0.0
Benefits paid	(31.3)	(33.7)	(3.3)	(3.6)
Closing defined benefit obligation 31 March	**1,178.8**	**1,174.2**	**53.7**	**55.3**

Composition of Scheme Assets

Scheme Asset Type	As at 31.03.2015	As at 31.03.2016
Equity Investments	45.9%	44.9%
Property	8.4%	7.9%
Government Bonds	14.0%	13.7%
Corporate Bonds	7.9%	6.8%
Cash	1.6%	4.2%
Other Assets	22.2%	22.5%
Total	100%	100%

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by AON Hewitt Limited, an independent firm of Actuaries, with estimates based on the latest full valuation of the scheme as at 31 March 2013. The principal assumptions used by the actuary are shown in the table below.

Actuaries Principle Assumptions

Mortality Assumptions:	**2014/15**	**2015/16**
Future lifetime from age 65 for current pensioners (aged 65 @reporting date)		
Men	24.5	24.6
Women	27.7	27.8
Future lifetime from age 65 for future pensioners (aged 45 @ 31.03.2014)		
Men	26.6	26.7
Women	30	30.1
Economic Assumptions:		
Discount Rate	3.2%	3.4%
RPI Inflation	2.9%	2.9%
CPI Inflation	1.8%	1.8%
Rate of increase to pensions in payment	1.8%	1.8%
Rate of increase to deferred pensions	1.8%	1.8%
Rate of general increase in salaries	3.3%	3.3%

Sensitivity Analysis

	Impact on the Defined Benefit Obligation	
	Increase in Assumption £m's	**Decrease in Assumption £m's**
Discount Rate (increase or decrease by 1%)	21.6	22.0
Rate of increase in salaries (increase or decrease by 1%)	4.6	4.5
Rate of increase in pensions (increase or decrease by 1%)	17.4	17.1
Longevity (increase or decrease by 1 year)	29.2	29.1

The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31 March 2017 is £28.8m. Unfunded benefit payments of £1.8m are expected to the year 31 March 2017.

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 Council. No expenditure has been recognised in the accounts.

As at 31 March 2016, the Council has the following Contingent Liability:-

- The Council recognises a Contingent Liability for possible Business Rate refunds to NHS Bodies. There is an expectation these organisations will request they are granted Mandatory Relief from Business Rates. Whilst the Council will challenge any such request the decision will ultimately be made by the Courts. If the Court Ruling is in favour of the NHS Bodies then, as well as significantly reducing future income to the Council, there is the risk that the Council may have to refund Business Rates previously paid. Early estimates indicate this could be up to £2.3m.

A Contingent Asset arises where a future inflow – to the Council - 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 Council. Income is not recognised in the accounts. As at 31 March 2016, the Council did not have any single Contingent Asset above the £1m de minimus reporting threshold

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:

Funds	31 March 2015 £m's	31 March 2016 £m's
Belling Education Trust *	0.0	0.0
King George V Playing Field *	0.6	0.6
New Southgate Playground *	0.3	0.3
Other funds	0.1	0.1
	1.0	**1.0**
Receiverships and Other Clients Funds		
Receiverships	0.0	0.0
Appointeeships	0.0	0.0
Funds held and administered by Council residential care homes		
Discretionary Funds for Council's	0.2	0.0
Service users		
Other Funds	0.0	0.0
	0.2	**0.0**
Total Trusts and Other Money	**1.2**	**1.0**
Represented by		
Investments at cost	0.0	0.0
Cash	1.2	1.2
	1.2	**1.2**
Market value of investments (Belling Education Trust)	**0.1**	**0.1**

* 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. The reduction in the fund is due to a large award being paid to Durant's School. Kind George V Playing Field trust has the objective of promoting the establishment of playing fields of a particular style whilst New Southgate Playground trust was established to provide and maintain recreational facilities. The Council holds balances in respect of these schemes and has no liabilities.

NOTE 45 ACQUIRED AND DISCONTINUED OPERATIONS

From the 1 April 2015 The Council acquired direct responsibility for the management and maintenance of its housing stock. This function was previously undertaken by Enfield Homes Ltd – an Arm's Length Management Organisation (ALMO). The contract between The Council and Enfield Homes Ltd ended on 31 March 2015. This change does not impact on the Accounts as the related income and expenditure was included as part of the Housing Services line in the Comprehensive Income and Expenditure Statement when the function was undertaken by Enfield Homes Ltd and will continue to do so now that the maintenance and management of Housing stock is carried out directly by the Council.

Housing Revenue Account

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

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

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

	Notes	2014/15 £m's	2015/16 £m's
INCOME			
Dwelling rents (gross)		(56.4)	(56.4)
Non-dwelling rents (gross)		(0.6)	(0.6)
Charges for services and facilities		(9.1)	(9.4)
Contributions towards expenditure		(0.5)	(0.0)
Total Income		**(66.6)**	**(66.5)**
EXPENDITURE			
Repairs and maintenance	4	12.1	9.0
Supervision and management		18.1	19.3
Rents, rates, taxes and other charges		0.7	2.8
Depreciation and impairment of non-current assets	6	36.1	34.1
Movement in the provision for impairment of debts	9	0.2	0.3
Total Expenditure		**67.2**	**65.5**
Net cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		0.7	(1.0)
HRA services' share of Corporate and Democratic Core		0.3	0.3
NET COST OF HRA SERVICES		**1.0**	**(0.7)**
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:			
Gain on sale of HRA non-current assets		(6.9)	(8.4)
Interest payable and similar charges		7.3	8.2
Interest and Investment income			(0.3)
Income and expenditure and changes in fair value of Investment Properties	7		(4.4)
Payment to Housing Capital Receipts Pool		1.2	1.4
Pensions interest cost and expected return on pension assets	8		0.0
Capital grants and contributions receivable		(16.9)	(6.1)
SURPLUS FOR THE YEAR ON HRA SERVICES		**(13.7)**	**(10.2)**

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

	31 March 2015 £m's	31 March 2016 £m's
Balance on the HRA at the end of the previous year	(12.9)	(13.5)
Surplus for the year on the HRA Income and Expenditure Statement	(13.7)	(10.2)
Adjustments between accounting basis and funding basis under statute:		
Difference between treatment of interest payable and premiums		
Revenue expenditure funded from capital under statute		(1.0)
Difference between any other item of income and expenditure determined in accordance with the Code and determined in accordance with statutory HRA requirements	(21.1)	(17.6)
Investment properties gain or loss on disposal & movements in fair and market value	(2.3)	2.0
Gain on sale of HRA non-current assets	6.9	8.4
HRA share of contributions to or from the Pensions Reserve	0.0	(0.0)
Capital expenditure funded by the HRA	4.8	17.9
Transfers to Capital Grants Unapplied Account	16.9	5.8
Transfer from Capital Receipts Reserve equal to the amount payable into the Housing Capital Receipts Pool	(1.2)	(1.4)
Other Contributions from the Capital Receipts Reserve	(0.5)	(0.4)
NET (INCREASE)/DECREASE BEFORE TRANSFERS TO OR FROM RESERVES	**(10.3)**	**3.5**
Transfers to earmarked reserves	9.7	0.9
(Increase) / decrease in year on the HRA balance	(0.6)	4.4
BALANCE ON THE HRA AT THE END OF THE CURRENT YEAR	**(13.5)**	**(9.1)**

1. HOUSING STOCK

The Council was responsible for managing a Housing Revenue Account stock of 10,528 properties at 31st March 2016 compared with a total of 10,700 properties at 31st March 2015. An analysis of the types of homes is shown below. The Council is also a freeholder of 4,700 leased homes that were previously sold to tenants under the right-to-buy legislation.

	31-Mar-16 Number of properties	31-Mar-15 Number of properties
Low-rise flats (up to 2 storeys)	1,491	1,506
Medium-rise flats (3 to 5 storeys)	3,527	3,578
High-rise flats (6 storeys and over)	2,332	2,395
Houses and bungalows	3,175	3,218
Multi-occupied	3	3
Total housing stock	**10,528**	**10,700**

The figures of 10,528 and 10,700 exclude three properties classified as Council Dwellings that are not owned by the Council in full. Two of these assets are jointly owned at 50% each and one at 25% by a third party. The impact this would have on the stated carrying value of Council Dwellings as at 31 March 2016 would be £78k (after applying the Social Housing Factor).

The movement between 10,700 in 2014/15 and 10,528 in 2015/16 is the result of 126 Right To Buy disposals, 63 properties being classified as surplus assets and 8 additions from previous surplus assets used to occupy double decants and 9 buybacks.

The Council also holds a number of vacant dwellings that are awaiting disposal or redevelopment at 31st March 2015 as follows:

	31 March 2015 Number of properties	31 March 2016 Number of properties
Surplus Properties:		
Alma Development	258	318
New Avenue Development	45	59
Ladderswood Estate	119	121
Newstead House	0	4
Total	**422**	**502**

The vacant possession value of Surplus assets as at 31 March 2016 was £28.2m (1 April 2015 £18.3m).

2. STOCK VALUATION

The open market value of the council's dwellings was £2,226m at 31st March 2016. The difference between this value and the existing use value £556.6m at 31st March 2016 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.

	2014/15 £m's	2015/16 £m's
Balance at 1 April	(8.5)	(12.8)
MRA for the year	(14.9)	(15.3)
Amount applied in the funding of expenditure on council dwellings during year	10.6	12.8
Balance at 31 March	**(12.8)**	**(15.3)**

4. REPAIRS & MAINTENANCE

	2014/15 £m's	2015/16 £m's
Balance brought forward	(1.6)	(2.9)
Expenditure for the year	12.1	9.0
Contribution to the Repairs Fund	(13.4)	(11.6)
Balance carried forward	**(2.9)**	**(5.5)**

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	1st April 2015 £m's	Acquisitions and Transfers £m's	Disposals/& Transfers £m's	Dep'n £m's	Net Revaluation £m's	31st March 2016 £m's
Council Dwellings	**490.7**	14.4	(8.8)	(13.8)	74.1	**556.6**
Other Land and Buildings	**34.2**	0.0	(0.2)	(1.5)	0.7	**33.2**
Vehicles, Plant and Equipment	**0.0**	0.0	0.0	0.0	0.0	**0.0**
Surplus Assets	**18.3**	5.7	2.0	0.0	2.2	**28.2**
Total Property, Plant & Equipment	**543.2**	**20.1**	**(7.0)**	**(15.3)**	**77.0**	**618.0**
Aerial Sites	**2.1**	0.0	0.0	0.0	0.7	**2.8**
Shops and Commercial	**23.0**	0.0	0.0	0.0	1.3	**24.3**
Investment Properties Held For Sale	**0.0**	0.0	0.0	0.0	0.0	**0.0**
Total Investment Properties	**25.1**	**0.0**	**0.0**	**0.0**	**2.0**	**27.1**
Intangible Assets	**0.0**	0.0	0.0	0.0	0.0	**0.0**
Assets Held For Sale	**0.0**	0.0	0.0	0.0	0.0	**0.0**
TOTAL	**568.3**	**20.1**	**(7.0)**	**(15.3)**	**79.0**	**645.1**

Capital expenditure in the year amounted to £40.7m consisting of:

Expenditure on	**£m's**
Works To Stock – General Works	29.4
Leaseholder Buy Backs	7.2
Grants to Vacate (GTV)	0.3
Buying Out Commercial and Residential Interests (Regeneration Projects)	3.8
Total	**40.7**
Funded by	
Developer contribution	0.5
Receipts In Advance Grants	0.1
Revenue Contribution	2.8
Other Capital Grants and Contributions	19.2
Capital Receipts	5.3
Major Repairs Reserve	12.8
Total	**40.7**

6. DEPRECIATION & IMPAIRMENT

	2014/15 £m's	2015/16 £m's
Depreciation		
Council Dwellings	13.5	13.8
Other Land and Buildings	1.4	1.4
Impairment and Downward Valuation		
Council Dwellings	16.2	13.1
Other Land and Buildings	0.0	0.0
Surplus Properties	4.9	4.5
REFCUS	0.0	1.3
	36.1	**34.1**

7. INVESTMENT PROPERTIES

	2014/15 £m's	2015/16 £m's
Rental Income from Investment Properties	(2.4)	(2.5)
Direct Operating Expenses arising from Investment Property	0.1	0.1
Net (gain)/loss from fair value adjustments	2.3	(2.0)
Net (Gain) / Loss	**0.0**	**(4.4)**

8. CONTRIBUTION FROM PENSIONS RESERVE

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

9. RENT ARREARS AND IMPAIRMENT OF DEBTS

Council tenants' rent arrears as at the 31st March 2016 were £2.814m compared to £3.048m at the 31st March 2015. The provision for impairment of debts was £1.326m (2014/15 £1.312m) and £0.265m (2014/15 £0.244m) was written off during the year.

In 2015/16 a contribution to the Impairment of debt of £265k was included in this balance (£244k 2014/15).

10. ALMO – Enfield Homes Ltd

The management of all the housing stock of the Council in 2014/15 was undertaken by Enfield Homes Ltd, an Arm's Length Management Organisation (ALMO) wholly owned by the Council. The management agreement was for five years and based on the review in 2013/14 the management agreement was extended until March 2015 when Enfield Homes ceased to operate and the management function was brought back in-house from 1st April 2015.

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. The Government made changes to the business rate and council tax benefit scheme which are explained in this section.

INCOME AND EXPENDITURE ACCOUNT	Note	2014/15 Council Tax £m's	2014/15 Business Rates £m's	2014/15 Total £m's	2015/16 Council Tax £m's	2015/16 Business Rates £m's	2015/16 Total £m's
INCOME							
Council taxpayers	1	(131.7)		**(131.7)**	(133.5)		**(133.5)**
Business ratepayers	2		(104.6)	**(104.6)**		(107.0)	**(107.0)**
Business Rate Supplement	3		(3.0)	**(3.0)**		(3.4)	**(3.4)**
		(131.7)	**(107.6)**	**(239.3)**	**(133.5)**	**(110.4)**	**(243.9)**
EXPENDITURE							
Council Tax Precepts, demands & surpluses:							
London Borough of Enfield demand		97.6		**97.6**	100.9		**100.9**
London Borough of Enfield surplus				**0.0**	5.0		**5.0**
Greater London Authority precept		26.5		**26.5**	27.1		**27.1**
Greater London Authority surplus				**0.0**	1.4		**1.4**
Business Rates Retention:							
Central Government			52.2	**52.2**		48.9	**48.9**
Greater London Authority			20.9	**20.9**		19.6	**19.6**
London Borough of Enfield			31.3	**31.3**		29.4	**29.4**
Cost of collection allowance			0.4	**0.4**		0.3	**0.3**
GLA Business Rate Supplement							
Payment to GLA			3.0	**3.0**		3.4	**3.4**
Bad and doubtful debts:							
Council Tax – Contribution to provision		3.8		**3.8**	3.1		**3.1**
Business Rates – Contribution to provision			1.5	**1.5**		1.4	**1.4**
Provision for business rate appeals			4.9	**4.9**		5.3	**5.3**
		127.9	**114.2**	**242.1**	**137.5**	**108.3**	**245.8**
(Surplus)/ Deficit for the year		**(3.8)**	**6.6**	**2.8**	**4.0**	**(2.1)**	**1.9**
COLLECTION FUND BALANCES							
Balance brought forward at 1 April	4	(4.0)	3.2	**(0.8)**	(7.8)	9.8	**2.0**
Surplus / (Deficit) for year		(3.8)	6.6	**2.8**	4.0	(2.1)	**1.9**
Balance carried forward at 31 March	3	**(7.8)**	**9.8**	**2.0**	**(3.8)**	**7.7**	**3.9**
Allocated to:							
London Borough of Enfield		(6.1)	2.9	**(3.2)**	(3.0)	2.3	**(0.7)**
Greater London Authority		(1.7)	2.0	**0.3**	(0.8)	1.5	**0.7**
Government		0.0	4.9	**4.9**		3.9	**3.9**
Balance carried forward at 31 March	3	**(7.8)**	**9.8**	**2.0**	**(3.8)**	**7.7**	**3.9**

1. COUNCIL TAX

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands estimated at 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income that the Council and its preceptors take from the Collection Fund for the forthcoming year and dividing this by the council tax base. This tax base represents the total number of properties in each band, adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts and estimated non-collectibles. The tax base calculation for 2015/16 is as follows:

BAND	Chargeable properties adjusted for discounts	Band D equivalent adjusted for estimated non-collection
A	1,565	1,534
B	4,511	4,421
C	19,118	18,736
D	26,497	25,196
E	20,561	20,150
F	11,529	11,298
G	8,967	8,788
H	1,623	1,591
	94,371	**91,714**

This basic amount of Council Tax for a Band D property, £1,395.34 including the GLA precept is multiplied by the proportion specified for the particular band to give an individual amount due.

(i) Local Council Tax Support Scheme changes
In 2013/14 the local government finance regime was changed with council tax benefits abolished and replaced by the local council tax support scheme. This is administered by Enfield and the Government's council tax support grant is accrued in the Comprehensive Income and Expenditure Statement and not the Collection Fund.

Analysis of Council Tax Impairment of debt

Council Tax Bad Debt Provision	2014/15 £m's	2015/16 £m's
Council Tax Provision for Impairment of debt B/forward	9.3	8.2
Amount written off	(4.9)	(3.2)
Contribution to Provision for Impairment of debt	3.8	3.1
Council Tax Bad Debt Provision	**8.2**	**8.1**

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 2015/16 the Government specified an amount of 48.0p for small businesses who qualify for rate relief and 49.3p 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. In previous years the total amount due less specific allowances were paid into the National Pool which was then redistributed back to councils based on the Government's formula grant allocations.

Enfield retains 30% of total collectable rates due. The remainder is distributed to Central Government (50%) and 20% to the Greater London Authority. These shares were estimated at the start of 2015/16 and paid to each body and charged to the Collection Fund. Variations between the estimated and actual income will create a surplus or deficit which is repaid or recovered from each body in the following year.

In 2013/14 the Government set a baseline for each council's expected business rate income that is uprated each year by the increase in the small business rates multiplier. The difference between the uprated baseline and actual retained business rates creates a top-up or tariff to ensure all authorities receive their uprated baseline amount. Enfield received a top-up of £35.3m in 2015/16 which is paid into the General Fund and not the Collection Fund.

In addition, authorities must meet the cost of appeals against the rateable values set by the VOA. This provision is charged and provided for in proportion to the preceptors shares (total £12.6m[9] 2015/16). Provision for appeals is in addition to the provision for bad debts set out below.

Local Business Rates Bad Debt Provision	**2014/15 £m's**	**2015/16 £m's**
Council Tax Provision for Impairment of debt brought forward	6.9	4.8
Amount written off	(3.6)	(1.1)
Contribution to Provision for Impairment of debt	1.5	1.4
Local Business Rates Bad Debt Provision	**4.8**	**5.1**

The total non-domestic rateable value for the area at the year-end was £259.1m (2014/15 £256.8m).

3. BUSINESS RATE SUPPLEMENT

Government legislation gives the Greater London Authority the power to levy an additional 2p Business Rate Supplement on London businesses as a contribution to the cost of the Crossrail scheme. As with national business rates, the Council collects the 2p business rates and pays the income over to the GLA. The total amount due for 2015/16 after reliefs and provisions was £3.4m.

[9] Enfield's share is £3.8m which is shown under the provisions in Note 23.

GLOSSARY OF TERMS

ACCRUALS	Amounts charged to the accounts for goods and services received during the year for which payments or transfers of economic benefit are expected to be made in the next or a subsequent reporting period. Amounts credited to the accounts for goods and services provided during the year for which payments or transfers of economic benefit are expected to be received in the next or subsequent reporting period.
ACTUARY	A specialised Professional who calculates projections for pensions and insurance purposes.
AMORTISE	To liquidate (a debt, such as a mortgage) by instalment payments, or payment into a sinking fund; or to write off an intangible asset by pro-rating the cost or income over the life of the related asset.
APPROPRIATION	The assignment of revenue to a specific purpose.
BALANCE SHEET	A formal statement the assets, liabilities and Reserves of the Council.
CAPITAL EXPENDITURE	Payments for the acquisition, replacement or enhancement of assets that are considered to be of benefit to the Council over a period of more than one year, e.g. buildings and land, vehicles and equipment. Payments of grants and financial assistance to third parties towards the cost of capital expenditure. Expenditure that is classified as capital following a ministerial direction, e.g. capitalised redundancy costs.
CAPITAL FINANCING REQUIREMENT (CFR)	The measure of the Council's underlying need to borrow in order to fund capital expenditure.
CAPITAL ADJUSTMENT ACCOUNT	This reserve includes amounts set aside from revenue, capital receipts and capital grants to fund capital expenditure and makes contributions in the Movement in Reserves Statement to offset net depreciation charges included in the Comprehensive Income and Expenditure Statement.
CAPITAL GRANTS	Grant received from Government departments, other statutory bodies and external parties to finance capital expenditure.
CAPITAL RECEIPTS	Income received from the sale of land, buildings and other capital assets.
COLLECTION FUND	A separate account that discloses the income and expenditure relating to Council Tax and National Non Domestic Rates.
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	A statement showing the net cost for the year of all the services for which the Council is responsible and how that cost has been financed from general government grants and income from local taxpayers.
CONTINGENT LIABILITY	A possible liability at the Balance Sheet Date to transfer future economic benefit to a Third Party, where the existence of the liability is subject to one or more future uncertain events that are outside the control of the Council
COUNCIL TAX	A local tax on domestic property values.

CREDITORS	Amounts owed by the Council for goods received or services provided but not yet paid for as at 31 March 2015.
DEBTORS	Amounts owed to the Council but not received at 31 March 2015.
DEPRECIATION	The consumption of an asset's economic value due to normal wear and tear and deterioration in the day to day provision of services.
EARMARKED RESERVES	Reserves set aside from revenue funding to meet future expenditure for specific purposes.
EXPENDITURE	Activity which has been charged to the Accounts. This includes payments physically made, creditors and capital charges such as depreciation and impairment
FUNDED SCHEME	A pension scheme that is supported by a fund of money, which is maintained at a level sufficient to meet all future liabilities under the scheme.
GENERAL FUND	A statutory account that summarises the cost of providing Council services. It excludes the provision of council housing.
GROSS EXPENDITURE	The total cost of providing a service or activity before taking into account income, e.g. from government grants or fees and charges.
HOUSING REVENUE ACCOUNT (HRA)	A statutory account maintained separately from the General Fund for the recording of income and expenditure relating to the provision of council housing.
IMPAIRMENT	Additional charges above normal depreciation representing the reduction in asset values arising from a fall in market values or deterioration/obsolescence.
INTEREST	The amount received or paid for the use of a sum of money when it is invested or borrowed
INCOME	The Inflow of resources to the Council which has been recognised and recorded in the accounts. This includes actual receipts, plus debtors
MATERIALITY	Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements (International Accounting Standards Board Framework). Materiality therefore relates to the significance of transactions, balances and errors contained in the financial statements. Materiality defines the **threshold** or cut off point after which financial information becomes relevant to the users. Information contained in the financial statements must therefore be complete in all material respects (both qualitative and quantities) in order for them to present a true and fair view of the affairs of the entity.
MINIMUM REVENUE PROVISION	The statutory minimum amount that the Council must charge to revenue to provide for the reduction in the Capital Financing Requirement.
NON-DOMESTIC RATES (NDR)	Also known as Business Rates, this is a flat rate in the pound set by Central Government and levied on businesses in the borough. The money is essentially collected by Enfield and then passed to Central Government, which reallocates the income to all councils in proportion to their population. Under the Localism Act, a Business

Rates Retention Scheme was introduced in April 2013, under which the Council gets to retain a proportion of new Business Rate Income, without having to pool to Central Government.

NET EXPENDITURE	Expenditure less income.
NON CURRENT ASSETS	Tangible and intangible assets that yield benefits to the Council and the services it provides for a period of more than one year.
PRECEPT	A charge on the Collection Fund by the Greater London Authority.
PRIOR YEAR ADJUSTMENT	An adjustment applicable to prior years arising from changes in accounting policies or from the correction of material errors.
PROVISION	An amount set aside for liabilities and losses, which are likely to be incurred, but where the exact amount and the date on which they will arise is uncertain.
PUBLIC WORKS LOANS BOARD	Central Government agency, which is used to fund local government borrowing.
REVENUE EXPENDITURE	Spending on day-to-day items including salaries and wages, premises costs, and supplies and services.
REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE	Expenditure of a capital nature not in connection with a Council-owned asset e.g. private sector renewal grants, Disabled Facilities Grants and funding for Voluntary Aided Schools.
REVENUE SUPPORT GRANT	The main grant paid by Central Government to the Council towards the cost of all its services.
RESERVES	The difference between cumulative income and cumulative expenditure. Reserves are resources available to the Council
SUPPORT SERVICES	These are services provided centrally in support of the corporate management of the Council and the delivery of front line services. They include financial, legal, HR, IT, property and general administrative support services.
UNFUNDED SCHEME	A superannuation scheme that is not supported by a fund of money.

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 main regulations governing the operation of the scheme during the year were the Superannuation Act 1972, the Local Government Pension Scheme (Members, Contributions and Benefits) Regulations 2007, Local Government Pension Scheme (Administration) Regulations 2008 and the Local Government Pension Scheme (Transition) Regulations 2008.

In addition the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 covers the investment aspects of the funds.

The introduction of the new LGPS 2014 Scheme on the 1 April 2014 came into effect under the Local Government Pension Scheme Regulations 2013 covering new arrangements for membership, contributions and benefits and the administration of the Scheme.

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

Employee contributions are determined by central government and up until 31 March 2014 were between 5.5% and 7.5% based on pensionable pay. From the 1 April 2014 the employee contribution rates now applying are between 5.5% and 12.5% of pensionable pay. Employer rates are set by the Fund Actuary every 3 years following a valuation of the assets and liabilities of the Fund, with the next valuation due to take place as at 31 March 2016.

The last such valuation was as at 31 March 2013. Current employer contribution rates can be found in the Statement to the Rates and Adjustments Certificate in the Enfield Fund Annual Report 2015/16. While individual rates were set for each employer, the average rate for the Fund is 20.9%.

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

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

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

FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2016	Note	2015/16 £000s	2014/15 £000s
Contributions and benefits			**Re-stated**
- Contributions receivable	**2**	43,338	40,452
- Transfers in	**3**	1,038	1,072
		44,376	**41,524**
- Benefits payable	**4**	(36,184)	(34,464)
- Payments to and on account of leavers	**5**	(612)	(2,125)
		(36,796)	**(36,589)**
Net additions from dealings with members		**7,580**	**4,935**
Management expenses	**6**	**(9,391)**	**(8,283)**
Returns on investments			
- Investment income	**7**	9,582	9,318
- Taxation	**8**	(186)	(74)
- Changes in market value	**9**	20,571	107,575
Net returns on investments		**29,967**	**116,819**
Net change in assets available for benefits during the year		28,156	113,471
Opening net assets brought forward at 1 April		888,155	774,684
Net assets carried forward as at 31 March		**916,311**	**888,155**

The 2014/15 Fund Account has been re-stated to show the full cost of management fees where costs have been included in market of assets this allows comparison with 2015/16.

NET ASSETS STATEMENT AS AT 31 MARCH 2016	Notes	2016 £000s	2015 £000s
Investment assets		893,553	881,409
Investment liabilities		(14,585)	(15,333)
	9	**878,968**	**866,076**
Cash deposits		36,781	19,070
Other investment balances		1,758	2,445
	9	**917,507**	**887,591**
Current assets	**14**	446	731
Current liabilities	**15**	(1,642)	(167)
Net assets available to fund benefits as at 31 March		**916,311**	**888,155**

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

James Rolfe
Director of Finance,
Resources and Customer Services
29th September 2016

Signed

Cllr Mary Maguire
Chair of Audit & Risk Management Committee
29th September 2016

Notes to the Pension Fund Financial Statement – index

1. Statement of accounting policies

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 financial statements summarise the Fund's transactions for the 2015/16 financial year and its position at year-end as at 31 March 2016. The accounts have been prepared in accordance with the CIPFA *Code of Practice on Local Authority Accounting in the United Kingdom 2015/16* which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

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

Accounting Policies

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

h) 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.
- Where actual costs are not allocated to Fund level an estimation process has been applied.

i) 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 31 March 2016. Pooled investment vehicles are stated at the bid price as quoted by the relevant fund managers, which reflect the underlying investments. In the case of single priced pooled investment vehicles, the closing single price is used as the best estimate of fair value.

- **Unquoted investments**

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

- **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).

- **Investment income**

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

- **Overseas investments**

Investments held in foreign currencies have been converted into sterling at the rate ruling on 31 March 2016.

- **Pooled investment vehicles**

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

- **Foreign currency transactions**

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End of year spot market exchange rates are used to value cash balances in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period. Where appropriate, investments held in foreign currencies have been valued on the relevant basis and translated into Sterling at the rate ruling on 31 March 2016.

- **Cash and cash equivalents**

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

Financial liabilities
The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the Net Assets Statement on the date the Fund becomes party to the liability. From this date, any gains or losses arising from changes in fair value of the liability are recognised by the Fund. Financial liabilities are recognised on the Net Asset's Statement when the Fund becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost.

Financial Assets
Financial assets are recognised on the Net Asset Statement when the Fund becomes a party to the contractual provisions of a financial instrument. Financial assets are classified into two types:

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

- fair value through profit or loss - assets that are held for trading.

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

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

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

Level 3 investments

Adam Street Partners (ASP)

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

The audit of ASP involves tests of internal control to enable the external auditor (KPMG) to issue an unqualified opinion of those financial statements. No auditing or SEC regulatory rules over investment advisors in the United States require any additional work or reporting on internal controls, nor does their audit work performed extend to any time period beyond the date of the audited financial statements. Thus, there is no report from ASP auditors regarding internal control procedures. For funds held with the Enfield portfolio there have been no material changes in internal controls subsequent to the audit date and the procedures performed in valuing the funds' investments have been applied consistently quarter by quarter.

Arcus
Our Infrastructure manager when measuring the value of the assets within the portfolio in the following way:-

- Alpha Trains –Discounted Cash Flow (DCF)
- Angel Trains – Discounted Cash Flow (DCF)
- Brisa – Discounted Cash Flow (DCF)
- Euroports – Discounted Cash Flow (DCF)
- Forth Ports – Discounted Cash Flow (DCF)
- Shere – Earnings Before Interest, taxes Depreciation, and amortization(EBITDA) multiple based on recent market transactions

The methodology used to value investments is set out below. All unlisted investments are categorised as level1 in the fair value hierarchy. The Partnership does not currently prepare an AAF01/06 report, or any similar report in this nature. The General Partner, Acrus European Infrastructure Fund GP LLP, is fully authorised and regulated by the Financial Conduct Authority (FCA) of the UK. As such, they are obligated to operate in accordance with the Senior Management Arrangements, System & Controls" requirements of the FCA, which has a strong investigative powers to ensure compliance. Arcus has operated in full compliance with these requirements without any breaches to date.

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

1. Applying an EBITDA multiple using comparable multiples reflected in the market valuations of quoted companies or

recent transactions used for valuing underlying investments which are operating companies.

2. A capitalisation rate using comparable capitalisation rates from recent property transactions, applied to the net rental

income of the underlying investment for investment properties.

3. Applying either of the above methodologies, as appropriate, to forecast income and a forecast multiple or rate, and then recognising a proportion of the future expected profit using either a discounted cash flow with an appropriate discount rate or a time-weighted proportion under a variation of the percentage-of-completion method.

As an additional safeguard the Fund limits investment in Level 3 investments to 5% of Fund Value for each manager.

2. Contributions receivable

Summary	**2015/16 £000s**	**2014/15 £000s**
Employees' contributions	10,009	9,848
Employers' contributions	33,329	30,604
	43,338	**40,452**

Contributions are further analysed as follows:

a. Employees' contributions- Analysed by employees' status:

	2015/16 £000s	**2014/15 £000s**
London Borough of Enfield	8,886	8,359
Scheduled Bodies	1,072	1,433
Admitted Bodies	51	56
	10,009	**9,848**

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

	2015/16 £000s	**2014/15 £000s**
London Borough of Enfield	30,776	26,791
Scheduled Bodies	2,364	3,629
Admitted Bodies	188	184
	33,329	**30,604**

c. Employers' contributions – analysed by types of contributions:

	2015/16 £000s	**2014/15 £000s**
Employers' normal contributions	23,493	23,036
Employers' deficit contributions	7,184	7,131
Employers' other contributions	2,652	437
	33,329	**30,604**

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.

***3.* Transfers from other funds**

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

	2015/16 £000s	**2014/15 £000s**
Individual transfers	1,038	1,072
Bulk transfers	-	-
	1,038	**1,072**

4. Benefits payable

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

By category	2015/16 £000s	2014/15 £000s
Pensions	(27,967)	(26,367)
Lump sum retirement/death benefits	(8,217)	(8,097)
	(36,184)	**(34,464)**

Pensions by employer:	2015/16 £000s	2014/15 £000s
Enfield	(26,557)	(25,038)
Scheduled	(1,223)	(1,153)
Admitted	(187)	(176)
	(27,967)	**(26,367)**

Lump sum retirement/death benefits by employer:	2015/16 £000s	2014/15 £000s
Enfield	(8,236)	(7651)
Scheduled	-	(349)
Admitted	-	(97)
	(8,236)	**(8097)**

5. Payments to and on account of leavers

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

	2015/16 £000s	2014/15 £000s
Transfers to other schemes	(511)	(2,053)
Contribution refunds	(101)	(72)
	(612)	**(2,125)**

6. Management expenses

	2015/16 £000s	2014/15 £000s (restated)
Administration expenses	788	624
Oversight and governance	326	472
Investment management expense see note 6a	8,277	7,187
	9,391	**8,283**

6a. Investment management expenses

	2015/16 £000s	2014/15 £000s (restated)
Management fees invoiced	1,261	1,179
Fees within unit price	6,706	5,811
Custody fees	18	18
Transaction costs	147	132
Other costs	145	47
	8,277	**7,087**

7. Investment income

	2015/16 £000s	2014/15 £000s
Fixed interest and index linked securities	4,577	4,441
Equities and unit trusts	3,541	3,395
Property unit trusts	1,125	1,256
Interest on cash and other	339	226
	9,582	**9,318**

8. 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.

9. Investment assets

Asset Class	Market value 1 April 2014	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Fees & Charges deducted from Market value	Change in market value on investments	Market value 31 March 2015
	£000s	£000s	£000s	£000s	£000s	£000s
Fixed income securities & ILB	**135,092**	15,663	(11,730)		12,121	**151,146**
Derivatives	**13**	1,361	(884)		(586)	**(96)**
Equities	**119,315**	48,145	(45,827)		17,764	**139,397**
Equity - unit trusts	**209,028**	-	(20,000)	(674)	39,070	**227,424**
Property unit trusts	**53,367**	-	(105)	(320)	7,042	**59,984**
Property	**-**	12,548	-	(100)	71	**12,519**
Private equity	**36,539**	8,551	(8,003)	(684)	8,721	**45,124**
Infrastructure fund	**12,504**	171	(711)	(150)	5,466	**17,280**
Alternative investments	**180,277**	40,418	(19,256)	(3,883)	15,742	**213,298**
	746,135	**126,857**	**(106,516)**	**(5,811)**	**105,411**	**866,076**
Cash and deposits	**37,499**				2,164	**19,070**
Other investment balances	**(8,539)**					**2,445**
Investment assets	**775,095**				**107,575**	**887,591**

Asset Class	Note	Market value 1st April 2015	Purchases at cost and derivative payments	Sales proceeds & derivative receipts	Fees & Charges deducted from Market value	Change in market value on investments	Market value 31st March 2016
		£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Fixed income securities & ILB	**9a**	**151,146**	11,329	(7,086)	-	(3,747)	**151,642**
Derivatives	**9b**	**(96)**	130,178	(129,700)		(582)	**(200)**
Equities	**9c**	**139,397**	57,060	(50,025)	-	(4,075)	**142,357**
Equity - unit trusts	**9d**	**227,424**	-	-	(621)	(313)	**226,490**
Property unit trusts	**9e**	**59,984**	-	-	(347)	5,121	**64,758**
Property	**9f**	**12,519**	-	(6,547)	(150)	1,102	**6,924**
Private equity	**9g**	**45,124**	6,137	(8,893)	(745)	5,456	**47,079**
Infrastructure fund	**9h**	**17,280**	70	(6,519)	(171)	7,013	**17,673**
Alternative investments	**9i**	**213,298**	27,000	(23,620)	(4,672)	10,239	**222,245**
		866,076	**231,774**	**(232,390)**	**(6,706)**	**20,214**	**878,968**
Cash and deposits	**9j**	**19,070**				357	36,781
Other investment balances	**9k**	**2,445**					1,758
Investment assets		**887,591**				**21,291**	**917,507**

9a. Total fixed income securities

	2016 £000s	2015 £000s
Fixed interest securities	72,258	72,239
Index linked securities	79,384	78,907
	151,642	**151,146**

Fixed interest securities

	2016 £000s	2015 £000s
Government securities – UK	2,525	5,552
Government securities – overseas	6,727	2,414
Corporate bonds – UK	60,636	64,273
Corporate bonds – overseas	2,370	-
	72,258	**72,239**

Index linked securities

	2016 £000s	2015 £000s
Government securities – UK	76,884	75,541
Government securities – overseas	2,276	3,077
Corporate bonds	224	289
	79,384	**78,907**

9b. Derivative contracts

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

A summary of derivatives held is set out below:

	2016 £000s	2015 £000s
Assets		
Futures	13	33
Forward foreign exchange currency contracts	14,372	15,204
	14,385	**15,237**
Liabilities		
Futures	(5)	(120)
Forward foreign exchange currency contracts	(14,580)	(15,213)
	(14,585)	**(15,333)**
Net assets		
Futures	8	(87)
Forward foreign exchange currency contracts	**(208)**	(9)
	(200)	**(96)**

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

				Values at 31 March 2015		
Number of contracts		**Notional cost £000s**	**Expiration date**	**Asset £000s**	**Liability £000s**	**Net asset/ (liability) £000s**
Futures long						
36	USA	4,467	June 2015	31	-	31
17	Germany	2,200	June 2015	2	-	2
Total futures long		**6,667**		**33**	**-**	**33**
Futures short						
-51	UK	(6,158)	June 2015	-	(120)	(120)
Total futures short				**-**	**(120)**	**(120)**
Total futures				**33**	**(120)**	**(87)**

				Values at 31 March 2016		
Number of contracts		**Notional cost £000s**	**Expiration date**	**Asset £000s**	**Liability £000s**	**Net asset/ (liability) £000s**
Futures long						
20	USA	2,422	30 June 2016	1		1
16	USA	2,093	21 June 2016		(5)	(5)
3	USA		21 June 2016	5		5
Total futures				**6**	**(5)**	**1**
Futures short						
-21	UK	(2,549)	28 June 2016	4	-	4
-11	USA	(1,902)	21 June 2016	3	-	3
Total futures short				**7**	**-**	**7**
Total futures				**13**	**(5)**	**8**

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

				Values at 31 March 2015	
Number of contracts	**Amortised cost** £000's	**Currency**	**Asset £000s**	**Liability £000s**	**Net asset £000s**
2	1,457	Euro	1,424	(1,457)	(33)
9	11,775	Sterling	11,775	(11,815)	(40)
2	1,945	Dollar	2,005	(1,941)	64
	15,177		**15,204**	**(15,213)**	**(9)**

				Values at 31 March 2016	
Number of contracts	**Amortised cost** £000's	**Currency**	**Asset £000s**	**Liability £000s**	**Net asset £000s**
1	283	Brazilian Real	283	(282)	1
1	273	Sterling	275	(273)	2
8	12,378	Euro	12,379	(12,558)	(179)
4	1,431	US Dollar	1,435	(1,467)	(32)
	14,365		**14,372**	**(14,580)**	**(208)**

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

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

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

9c. Equities

	2016 £000s	**2015 £000s**
UK equities	42,861	35,410
Europe	20,224	26,060
North America	54,077	64,436
Japan	9,228	9,743
Pacific (excluding Japan)	9,960	3,748
Emerging markets	6,007	-
	142,357	**139,397**

9d. Equity unit trusts

	2016 £000s	**2015 £000s**
UK	9,130	9,495
World	209,205	208,938
Emerging markets	8,155	8,991
	226,490	**227,424**

9e. Property unit trusts

	2016 £000s	**2015 £000s**
Commercial/industrial	62,529	57,958
Venture property	2,229	2,025
	64,758	**59,983**

9f. Property

	2016 £000s	**2015 £000s**
Opportunistic property	6,924	12,519
	6,924	**12,519**

The Fund has made a £20 million commitment to Brockton Property III Fund. £13.1 million remains uncommitted.

9g. Private equity
Investments in private equity funds are valued based upon the underlying investments within each fund. It is less easy to trade private equity than quoted investments. Therefore, when the assets are realised the amount received may not necessarily be the amount that they are valued at and any difference could be significant.

The Pension Fund has made 13 annual subscriptions into a private equity fund of funds manager. The Fund's total commitment to these funds is $130 million (£90.4 million) of which $38.6 million (£27 million) remains uncommitted with $57.2 million (£39.8 million) being already distributed back to the Fund.

9h. Infrastructure fund

In June 2007 the Pension Fund made a €22 million (£16.0 million) investment in the Arcus European Infrastructure Fund.

9i. Alternative Investments

	2016 £000s	2015 £000s
UK equity long short fund	55,915	51,183
Events Driven fund	55,958	57,162
Global macro fund	16,817	40,626
Inflation opportunities	35,497	33,515
Absolute bond fund	30,789	30,812
Multi- strategy	27,269	-
	222,245	**213,298**

9j. Cash & cash equivalents

	2016 £000s	2015 £000s
Deposits held by fund managers	36,781	19,070
	37,781	**19,070**

9k. Other investment balances

	2016 £000s	2015 £000s
Debtors		
Dividends and Interest receivable	1,987	1,867
Tax recoverable	464	550
Amounts receivable on pending sales	362	422
Receivable for foreign exchange	49	-
	2,862	**2,839**
Creditors		
Amounts due on pending purchases	(715)	-
Investment management fees	(325)	(252)
Payables for foreign exchange	(49)	-
Other payables	-	(120)
Other investment expenses	(15)	(22)
	(1,104)	**(394)**
Total other investment balances	**1,758**	**2,445**

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

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

Manager	Mandate	Market Value as at 31 March 2016 £000s	%	Market Value as at 31 March 2015 £000s	%
Trilogy	Global equities	116,708	12.7	119,931	13.5
Blackrock	Aquila world index	101,462	11.1	100,675	11.3
Western Asset	Bonds	84,444	9.2	84,649	9.5
MFS	Global equities	73,099	8.0	72,183	8.1
Blackrock	Index linked bonds	70,476	7.7	69,875	7.9
Lansdowne	Equities long/short	55,915	6.1	51,183	5.8
Adam Street Partners	Private equity	47,079	5.1	45,124	5.1
				-	

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

Manager	Mandate	Market Value as at 31 March 2016 £000s	%	Market Value as at 31 March 2015 £000s	%
Fixed Income & derivatives		**154,919**		**154,524**	
Western Asset	Bonds	84,443	54.5%	84,649	54.8
Blackrock	Index Linked Bonds	70,476	45.5%	69,875	45.2
Equities		**146,419**		**144,120**	
Trilogy	Global equities	116,708	79.7%	119,931	83.2
International Public Partnerships	Direct holding	29,711	20.3%	24,189	16.8
Equities unit trusts		**226,525**		**227,458**	
Blackrock	Aquila UK	9,130	4.0%	9,494	4.2
Blackrock	Aquila World index	101,499	44.8%	100,675	44.3
Blackrock	Aquila Emerging markets	8,155	3.6%	8,991	3.9
MFS	Global equities	73,099	32.3%	72,183	31.7
Lazard	Global equities	34,642	15.3%	36,116	15.9
Property		**74,988**		**74,770**	
RREEF	Property Venture 3	5,534	7.4%	4,292	5.7
Blackrock	Property	34,203	45.6%	32,289	43.2
Brockton	Opportunistic	6,924	9.2%	12,519	16.8
Legal and General	UK property	28,327	37.8%	25,670	34.3
Private equity		**47,079**		**45,124**	
Adam St Partners	Private equity	47,079	100.0%	45,124	100
Infrastructure		**17,673**		**17,280**	
Arcus	Infrastructure Fund	17,673	100.0%	17,280	100
Alternatives		**222,245**		**214,298**	
Lansdowne	Equities Long/short	55,915	25.2%	51,183	23.9
Avenue	Event driven	-	-	1,000	0.5
York Capital	Event driven	14,842	6.7%	16,614	7.8
Blue Crest	Global macro	-	-	22,787	10.6
Brevan Howard	Global macro	16,817	7.6%	17,839	8.3
M&G	Inflation opportunities	35,497	16.0%	33,515	15.6
Insight	Absolute bonds	30,789	13.9%	30,812	14.4
Davidson Kempner	Global macro	21,317	9.6%	20,413	9.5
Gruss	Global macro	19,799	8.9%	20,135	9.4
CFM	Multi-strategy	27,269	12.3%	-	
		27,658		**10,016**	
Enfield	Cash	27,660	100.0%	10,016	100
		917,507		**887,591**	

12. Analysis of investment assets over UK & overseas assets

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

2015	UK £000s	Overseas £000's	Total £000's
Fixed income securities & ILB	138,305	12,841	151,146
Derivative contracts	(96)	-	(96)
Equities	35,410	103,987	139,397
Equity - unit trusts	9,495	217,929	227,424
Property unit trusts	72,503	-	75,503
Private equity	-	45,124	45,124
Infrastructure fund	-	17,280	17,280
Alternative investments	84,698	128,600	213,298
	340,315	**525,761**	**866,076**

Note: Investments custodian overseas are shown as overseas assets.

13. Analysis of investment assets quoted & unquoted assets

2016	Quoted assets £000's	Unquoted assets £000's	Total £000's
Fixed income securities & ILB	151,642	-	151,642
Derivative contracts	(200)	-	(200)
Equities	142,357	-	142,357
Equity - unit trusts	226,490	-	226,490
Property	-	71,682	71,480
Private equity	-	47,079	47,079
Infrastructure fund	-	17,673	17,673
Alternative investments	86,704	135,541	222,245
	606,993	**271,975**	**878,968**

2015	Quoted assets £000's	Unquoted assets £000's	Total £000's
Fixed income securities & ILB	151,146	-	151,146
Derivative contracts	-	(96)	(96)
Equities	139,397	-	139,397
Equity - unit trusts	227,424	-	227,424
Property	-	72,503	72,503
Private equity	-	45,124	45,124
Infrastructure fund	-	17,280	17,280
Alternative investments	30,812	182,486	213,298
	548,779	**317,297**	**866,076**

14. Current assets

	2016 £000s	2015 £000s
Contributions due from employers	175	305
Contributions due from members	79	122
Payment of retirement grant in advance	130	-
	384	**427**
Cash balance	62	304
	62	**304**
Total current assets	**446**	**731**

15. Current liabilities

	2016 £000s	2015 £000s
Death benefits	(88)	(78)
London Borough of Enfield	(1,518)	(55)
Audit fee	(25)	(25)
Other	(11)	(9)
	(1,642)	**(167)**

16. Debtors & creditors– IFRS format

To comply with International Financial Reporting Standards the creditors and debtors (including investment balances) are summarised as follows:

Debtors	2016 £000s	2015 £000s
External managers		
Other entities and individuals	2,862	2,839
Administering Authority		
Other entities and individuals	384	427
Total Debtors	**3,246**	**3,266**

Creditors	2016 £000s	2015 £000s
External managers		
Other entities and individuals	(1,104)	(394)
Administering Authority		
Other entities and individuals	(36)	(112)
Local authority	(1,606)	(55)
Total Creditors	**(2,746)**	**(561)**

17. Financial Instruments

a. Classification of financial instruments

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

	2015/16			2014/15		
Investment type	**Designated at Fair Value £000s**	**Loans & Receivables £000s**	**Financial Liabilities at amortised cost £000s**	**Designated at Fair Value £000s**	**Loans & Receivables £000s**	**Financial Liabilities at amortised cost £000s**
Financial Assets						
Fixed income	151,642			151,146		
Derivative contracts	14,385			15,237		
Equities	142,357			139,397		
Equity - unit trusts	226,490			227,424		
Property	71,682			72,503		
Private equity	47,079			45,124		
Infrastructure	17,673			17,280		
Alternatives	222,245			213,298		
	893,553	**-**	**-**	**881,409**	**-**	**-**
Cash		36,843			19,070	
Other investment balances		2,862			2,839	
Debtors		384			731	
Financial Assets	**893,553**	**40,089**	**-**	**881,409**	**22,640**	**-**
Financial Liabilities						
Derivative contracts	(14,585)			(15,333)		
Other investment balances			(1,104)			(394)
Creditors			(1,642)			(167)
Financial Liabilities	**(14,585)**	**-**	**(2,746)**	**(15,333)**	**-**	**(561)**
Net Assets	**878,968**	**40,089**	**(2,746)**	**866,076**	**22,640**	**(561)**

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 2016 £000's	**31 March 2015* £000s**
Fair value	20,214	104,974
Loans and receivables	357	2,164
	20,571	**107,138**

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.

*restated

	Carrying value and fair value 31 March 2016 £000s	Carrying value and fair value 31 March 2015 £000s
Financial Assets		
Fair value	893,553	881,409
Loans and receivables	40,089	22,640
Total financial assets	**933,642**	**904,049**
Financial liabilities		
Fair value	(14,585)	(15,333)
Financial liabilities measured at amortised cost	(2,746)	(561)
Total financial liabilities	**(17,331)**	**(15,894)**
	916,311	**888,155**

d. Valuation of financial instruments carried at fair value

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

Level 1

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

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

Level 2

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

Level 3

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

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

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

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

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

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

Values at 31 March 2016	Quoted market price Level 1 £000s	Using observable inputs Level 2 £000s	With significant unobservable inputs Level 3 £000s	Total £000s
Financial assets				
Fair value	298,999	511,064	73,905	**893,553**
Total financial assets	**298,999**	**511,064**	**73,905**	**878,553**
Financial Liabilities				
Fair value	-	(14,585)	-	**(14,585)**
Total financial liabilities	**-**	**(14,585)**	**-**	**(14,585)**
Net financial assets	**298,999**	**496,479**	**73,905**	**878,968**

Values at 31 March 2015	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 (restated)	290,542	513,239	74,923	**881,409**
Total financial assets	290,542	513,239	74,923	**881,409**
Financial Liabilities				
Fair value	-	(15,333)	-	**(15,333)**
Total financial liabilities	**-**	**(15,333)**	**-**	**(15,333)**
Net financial assets	**290,542**	**497,906**	**74,923**	**866,076**

18. Nature and extent of risks arising from financial instruments

Risk and risk management

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

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

The management of risk is a key objective of the Fund and is part of the ongoing decision making process for the Pension, Policy & Investmnet 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.

b. Other price risk

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

Price risk is managed by constructing a diversified portfolio of investments traded on various markets. The Pension Board regularly reviews its asset allocation policy and seeks to diversify the assets that it holds. Diversification helps to ensure that the Fund has a balance of investments which offer different levels of risk and return. Pooled Funds are used where these represent the most efficient means of investing in an asset class. The breakdown between managers and asset class can be seen in Note 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 (+/-) 2015/16	Potential market Movements (+/-) 2013/14
Equities	6%	9.2%
UK bonds	4%	7.1%
Overseas bonds	4%	7.1%
Index linked	4%	5.0%
Pooled property	5%	5.0%
Alternatives*	4%	3.8%
Cash and cash equivalents	0%	0.0%

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

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

Asset Type Investment portfolio assets:	Balance at 31 March 2016 £000s	Change	Value on increase £000s	Value on decrease £000s
Equities & private equity	415,674	6%	+24,940	-24,940
UK bonds	63,161	4%	+2,435	-2,435
Overseas bonds	9,097	4%	+364	-364
Index linked	79,384	4%	+3,175	-3,175
Property	71,480	5%	+3,574	-3,574
Alternatives & infrastructure	239,918	4%	+9,597	-9,597
Cash and cash equivalents	36,781	0%	-	-
Other investment balances	1,757	0%	-	-
Derivatives (Net)	(200)	0%	-	-
Total assets available to pay benefits	**917,052**		**+44,085**	**-44,085**

Asset Type Investment portfolio assets:	Balance at 31 March 2015 £000s	Change	Value on increase £000s	Value on decrease £000s
Equities & private equity	411,945	9.2%	+37,899	-37,899
UK bonds	69,826	7.1%	+4,958	-4,958
Overseas bonds	2,414	7.1%	+171	-171
Index linked	78,906	5.0%	+3,945	-3,945
Property	72,503	5.0%	3,625	-3,625
Alternatives & infrastructure	230,578	3.8%	+8,762	-8,762
Cash and cash equivalents	19,070	0.0%	-	-
Other investment balances	2,445	0.0%	-	-
Derivatives (Net)	(96)	0.0%	-	-
Total assets available to pay benefits	**887,591**		**+59,360**	**-59,360**

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

c. Interest rate risk

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

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

The Fund’s direct exposure to interest rate movement as at 31 March 2016 and 31 March 2015 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

	31 March 2016 £000s	31 March 2015 £000s
Cash deposits	36,781	19,070
Cash balances	62	304
Fixed interest securities	151,642	151,146
Total	**188,485**	**170,520**

d. Interest rate risk - sensitivity analysis

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

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

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

Asset Type	Carrying amount as at 31 March 2015	Change in year in the net assets available to pay benefits +100 bps	-100 bps
	£000s	£000s	£000s
Cash deposits	19,070	+191	-191
Cash balances	304	+3	-3
Fixed interest securities	151,146		
Total	**170,520**	**+194**	**-194**

e. Currency risk

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

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

The following table summarises the Fund's fair value exposure to assets denominated in currencies other than pound sterling as at 31 March 2016 and as at the previous period end.

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

Currency Exposure	Asset Value as at 31 March 2015 £000s	Value on 5% increase £000s	Value on 5% decrease £000s
Brazilian Real	10	+1	-1
Danish Krone	985	+49	-49
Euro	59,823	+2,991	-2,991
Hong Kong Dollar	3,335	+167	-167
Japanese Yen	9,855	+493	-493
Mexican peso	385	+19	-19
New Taiwan Dollar	566	+28	-28
Swedish Krona	689	+34	-34
Swiss Franc	6,508	+326	-326
US Dollar	156,753	+7,838	-7,838
Total currency exposure	**238,909**	**+11,946**	**-11,946**

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

f. Credit risk

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

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

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

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

A majority of the assets of the Fund are held by the Custodian, 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	2016 £000s	2015 £000s
Cash (current Assets)			
HSBC	AA-	62	304
		62	**304**
Cash deposits (Investment assets)			
HSBC	AA-	43	82
Goldman Sachs money market fund	AAAm	27,929	10,188
Blackrock money market fund	AAAm	35	35
Cash held by fund managers and custodian	AA-	8,774	8,765
Investment cash		**36,781**	**19,070**
Total		**36,843**	**19,374**

g. Liquidity risk

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

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

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

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

19. Related party transactions

The Fund is administered by the London Borough of Enfield. The Council is also the single largest employer of members of the pension fund and contributed £30.9 million to the Fund in 2014/15 (£26.8 million in 2014/15). Consequently there is a strong relationship between the Council and the Pension Fund.

At year end the Pension Fund owed the London Borough of Enfield (£1,518k) ((£55k) in 2014/15). This was paid in May 2016.

Scheduled and admitted bodies owed the Fund £254k (£427k in 2014/15) from employer & employee contributions All payments received before 19th April 2016.

The Council incurred administration costs, it also pays for pensioners payments on behalf of the Fund. These costs are consequently reimbursed by the Fund.

During the year, no member or Council Officer with direct responsibility for pension fund issues had undertaken any declarable material transactions with the Pension Fund. Each member of the Pension Board is required to declare their interests at meetings.

The Council has decided that Councillors should not be allowed to join the LGPS scheme and receive pension benefits from the Fund.

Councillor Taylor a member of the Pension Board, is also a Governor of Capel Manor, a Scheduled body.

Councillor Simon wife is a pensioner within the Fund, and holds a contingent interest in the Fund.

No allowances are paid to Members directly in respect of the Pensions Board. The Chair of the Pension Board however, 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 2015 these employees time spent on Pension Fund related activities:

Isabel Britain – Assistant Director of Finance (0.1 estimated full- time equivalent- fte)
Julie Barker – Head of Exchequer (0.20 estimated full- time equivalent- fte)
Paul Reddaway - Head of Finance – Treasury (0.75 estimated full- time equivalent fte)

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

Paragraph 3.9.4.3 of the Code exempts local authorities from the key management personnel disclosure requirements of IAS 24, on the basis that the disclosure requirements for officer remuneration and members' allowances detailed in section 3.4 of the Code (which are derived from the requirements of Regulation 7 (2) – (4) of the Accounts and Audit (England) Regulations 2011) satisfy the key management personnel disclosure requirements of paragraph 16 of IAS 24. The disclosures required by Regulation 7 (2) – (4) of the Accounts and Audit (England) Regulations 2011 can be found in the main accounts of the l Borough of Enfield. The Director of Finance, Resources & Customer Services fulfils the definition of the key management personnel responsible for the Pension Fund.

20. Actuarial position

Introduction

The Scheme Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the London Borough of Enfield Pension Fund (the Fund) is able to meet its liabilities to past and present contributors and to review employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed as at 31 March 2013 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 2013 showed that the funding ratio of the Fund had increased since the previous valuation with the market value of the Fund's assets at that date (of £731.2M) covering 85% of the liabilities allowing, in the case of current contributors to the Fund, for future increases in pensionable pay.

The valuation also showed that the aggregate level of contributions required to be paid by participating employers with effect from 1 April 2014 is:

- 15.6% of pensionable pay. This is the rate calculated as being sufficient, together with contributions paid by members, to meet the liabilities arising in respect of service after the valuation date.

  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 2014, amounting to £8.0M in 2014/15, and increasing by 3.9% p.a. thereafter.

In practice, each individual employer's position is assessed separately and contributions are set out in Aon Hewitt Limited's report dated 28 March 2014 (the "actuarial valuation report"). In addition to the contributions shown above, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement. Different approaches adopted in implementing contribution increases and individual employers' recovery periods are set out in the actuarial valuation report.

The valuation was carried out using the projected unit actuarial method for most employers and the main actuarial assumptions used for assessing the funding target and the contribution rates were as follows.

Discount rate for periods in service Scheduled and subsumption bodies Orphan bodies	 5.5% p.a. 5.2% p.a.
Discount rate for periods after leaving service Scheduled and subsumption bodies Orphan bodies	 5.5% p.a. 3.9% p.a.
Rate of pay increases	3.9% p.a.
Rate of increase to pension accounts	2.4% p.a.
Rate of increases to pensions in payment (in excess of Guaranteed Minimum Pension)	2.4% p.a.

The assets were valued at market value.

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

The valuation results summarised above are based on the financial position and market levels at the valuation date- 31 March 2013. As such the results do not make allowance for changes which have occurred subsequent to the valuation date.

The actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2014 to 31 March 2017 were signed on 28 March 2014. Contribution rates will be reviewed at the next actuarial valuation of the Fund as at 31 March 2016.

This Statement has been prepared by the current Actuary to the Fund, Aon Hewitt Limited, for inclusion in the accounts of the Fund. It provides a summary of the results of their actuarial valuation which was carried out as at 31 March 2013. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

This Statement must not be considered without reference to the formal actuarial valuation report which details fully the context and limitations of the actuarial valuation.

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

The actuarial valuation report as at 31 March 2013 is available from:

Paul Reddaway
Head of Finance
London Borough of Enfield Civic Centre
PO Box 54
Silver Street
Enfield
EN1 3XF

21. Actuarial position in accordance with International Financial Reporting Standards

IAS 26 requires the "actuarial present value of the promised retirement benefits" to be disclosed, which is the IAS 26 terminology for what IAS 19 refers to as the "defined benefit obligation".

The information set out below relates to the actuarial present value of the promised retirement benefits in the Fund which is part of the Local Government Pension Scheme. The Fund provides defined benefits, based on members' Final Pensionable Pay.

The results at as 31 March 2013, together with the 2010 figures are shown in the table below. The corresponding fair value of Fund assets is also shown in order to show the level of surplus or deficit within the Fund when the liabilities are valued using IAS 19 assumptions.

Actuarial present value of promised retirement benefits

Fair value of assets

	31 March 2013 £m	31 March 2010 £m
Fair value of net assets	**731.2**	**571.9**
Actuarial present value of promised retirement benefits	**(1,050.4)**	**(966.3)**
Deficit in the Fund as measured for IAS26 purposes	**(319.2)**	**(394.4)**

Assumptions

The latest full triennial valuation of the Fund's liabilities was carried out as at 31 March 2013. The principal assumptions used by the Fund's independent qualified actuaries were:

	31 March 2013 (% p.a.)	31 March 2010 (% p.a.)
Discount rate	**4.4**	**5.5**
RPI inflation	**3.4**	**3.9**
CPI inflation	**2.4**	**3.0**
Rate of increase to pensions in payment*	**2.4**	**3.9**
Rate of increase to deferred pensions*	**2.4**	**3.9**
Rate of general increases in salaries**	**3.9**	**5.4**

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

***In addition, for the same age related promotional salaries scales as used at the actuarial valuation of the Fund, as at the appropriate*.

Principal demographic assumptions

Base table: Males	31 March 2013	31 March 2010
	Standard SAPS normal health light amounts (S1NMA_L)	Standard SAPS normal health light amounts (S1NMA_L)
Scaling to above base table rates **	100%	100%
Allowance for future improvements*	CMI 2012 with a long term rate of improvement of 1.5%	In line with CMI 2009 with long term improvement of 1.25% p.a.
Future lifetime from age 65 (currently aged 65)	24.3	23.7
Future lifetime from age 65 (currently aged 45)	26.4	25.5

Base table: Females	31 March 2013	31 March 2010
	Standard SAPS normal health light amounts (S1NFA_L)	Standard SAPS normal health light amounts (S1NFA_L)
Scaling to above base table rates **	80%	80%
Allowance for future improvements	CMI 2012 with a long term rate of improvement of 1.5%	In line with CMI 2009 with long term improvement of 1.25% p.a.
Future lifetime from age 65 (currently aged 65)	27.5	26.5
Future lifetime from age 65 (currently aged 45)	29.8	28.5

* A rating of x years means that members of the Fund are assumed to follow the mortality pattern of the base table for an individual x years older than them. The ratings shown apply to normal health retirements. ** The scaling factors shown apply to normal health retirements.

Commutation

31 March 2013	31 March 2010
Each member was assumed to surrender pension on retirement, such that the total cash received including any accrued lump sum from pre 2008 service is 70% of the permitted maximum	Each member is assumed to exchange 30% of the maximum amount permitted, of their past service pension rights on retirement, for additional lump sum. Each member is assumed to exchange 75% of the maximum amount permitted, of their future service pension rights on retirement, for additional lump sum.

Changes in benefits during the accounting period

There have been no changes in benefits during the accounting period. No allowance has been made in our calculations for the new Scheme benefits accruing from 1 April 2014.

Key risks associated with reporting under IAS 26

Volatility of results

Results under IAS 26 can change dramatically depending on market conditions. The defined benefit obligation is linked to yields on AA-rated corporate bonds, while a significant proportion of the assets of the Scheme are invested in equities. Changing markets in conjunction with discount rate volatility will lead to volatility in the funded status of the pension fund.

Choice of accounting assumptions

The calculation of the actuarial present value of the promised retirement benefits involves projecting future cash-flows from the Fund many years into the future. This means that the assumptions used can have a material impact on the surplus / deficit. As such, the Administering Authority should ensure that it understands the reasoning behind the assumptions adopted and are comfortable that they are appropriate.
Furthermore, the Administering Authority should bear in mind that, as required by the accounting standard, the assumptions (with the exception of the discount rate) have been set so that they represent a best estimate of future experience from the Fund. In practice future experience within the Fund may not be in line with the assumptions adopted. This means that the liabilities shown in this report only represent one view of the future and the true position could be different from those shown. For example members could live longer than foreseen or inflation could be higher or lower than allowed for in the calculations.

Sensitivity of results to key assumptions

In order to understand the magnitude of the possible volatility in the balance sheet position and to understand which assumptions are most important in determining the size of the liabilities, it is helpful to understand how sensitive the results are to key assumptions.

GMP equalisation

The Government intends that GMPs will be equalised in due course. At present it is not appropriate to allow for this in the accounts because the methodology for implementing the equalisation is uncertain. However, once the methodology is clarified, the defined benefit obligation will increase and it is likely that the associated cost will need to be recognised through the profit and loss account. As such, a risk exists as to the magnitude of the impact of equalising GMPs.

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

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

23. Contingent liability

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

24. Additional voluntary contributions (AVCs)

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

	Opening Balance at 01-Apr-15* £000s	**Contributions & Transfers £000s**	**Sums Paid Out £000s**	**Investment Return £000s**	**Closing Balance at 31 March 2016 £000s**
With profits cash accumulation	**940**	208	(120)	31	**1,059**
Deposit fund statement	**665**	279	(188)	4	**760**
Discretionary fund	**418**	119	(91)	(4)	**442**
	2,023	**606**	**(399)**	**31**	**2,261**

* (Figures exclude the final bonus £278k).

25. Membership

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

Organisations participating in the Enfield Pension Fund include:

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

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

Scheduled bodies:
Capel Manor College
Enfield Homes (transferred back to LB of Enfield 1st April 2015)
Hadley Academy
Enfield Academy
Aylward Academy
Cuckoo Hall Academy
Nightingale Academy
Kingsmead Academy
Enfield Grammar School Academy
Enfield Heights Academy
Ark John Keats Academy
Meridian Angel Primary School
Heron Hall Academy
Kingfisher Hall Academy
Woodpecker Hall Academy
Admitted bodies:
Sodexo Limited
Enfield Voluntary Groups
NORSE
Metropolitan Support Trust
Fusion Lifestyle (previously Enfield Leisure)
Kier Group Services
Outward Housing
Admitted bodies with no active members
Fitzpatrick
Birkin Services
Churchill
Hughes Gaidner
Equion Facilities Management

As at the 31 March 2016 the Fund Membership was 19,191 compared to 18,282 at 31 March 2015 . This is analysed below:

	31 March 2016	31 March 2015 (restated)
Current Members	7,550	7,783
Retired Members	4,591	4,675
Deferred Members	4,829	4,914
Frozen/Undecided	1,861	910
	19,191	**18,282**

The current members total includes Fund members where they have multiple jobs. Each job is shown as a separate member. The number of total current members is 6,561.

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.

26. Post balance sheet event

Following the EU referendum on 23rd June and the decision to come out of EU has created uncertainty and volatility in financial markets. This is likely to result in a period of lower absolute returns for growth assets.

The cost of the Funds depends largely on the scheme design, longevity, inflation and investment returns. The first two factors are unaffected by Brexit. It remains to be seen how Brexit will impact inflation and future investment returns in the long term

Independent auditor's report to the members of the London Borough of Enfield 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 2016 under the Local Audit and Accountability Act 2014. The pension fund financial statements comprise the fund account, the net assets statement and the related notes. The framework that has been applied in the preparation of the pension fund financial statements is the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16. This report is made solely to the members of London Borough of Enfield in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in the Statement of Responsibilities of Auditors and Audited Bodies within Chapter 2 of the Code of Audit Practice published by the National Audit Office in April 2015. Our work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the 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 pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the pension fund financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Opinion on pension fund financial statements
In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the London Borough of Enfield Pension Fund during the year ended 31 March 2016 and the amount and disposition of the fund's assets and liabilities as at 31 March 2016, other than the liabilities to pay pensions and other benefits after the end of the scheme year; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and applicable law.

Opinion on other matters
In our opinion, the information given in the Introduction for the financial year for which the financial statements are prepared is consistent with the pension fund financial statements.

BDO LLP

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

Ipswich, UK
30th September 2016

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

LONDON BOROUGH OF ENFIELD
ANNUAL GOVERNANCE STATEMENT 2015/16

Scope of Responsibility

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

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

The Purpose of the Governance Framework

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

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

The governance framework has been in place at the Council for the year ended 31 March 2016 and up to the date of approval of the annual report and statement of accounts.

The Governance Framework

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

Vision and Priorities

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

The Council's Business Plan sets out the strategic aims which together with the vision will be delivered using other plans and strategies for key areas of work. The vision and strategic aims are supported by the Council's values (*one team, customer first, achieving excellence and empowering people*), which were developed through consultation with staff.

Full details of the Council's vision and progress against the strategic aims can be viewed on the Council's website via the link https://new.enfield.gov.uk/

Performance Management

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

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

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

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

The Constitution

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

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

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

Full details of the Council's Constitution can be viewed on the Council's website via the link https://new.enfield.gov.uk/

Compliance with relevant Laws and Regulations, internal policies and procedures

The Council's financial management arrangements conform to the requirements of the *CIPFA Statement on the Role of the Financial Officer in Local Government (2010)* and their assurance arrangements conform to the governance requirements of the *CIPFA Statement on the Role of the Head of Internal Audit (2010)*.

The Council has a number of statutory posts including the Chief Executive, who is the designated Head of Paid Service, the Director of Finance, Resources & Customer Services undertakes the Section 151 officer role (Local Government Act 1972) and the Assistant Director Legal & Governance is the designated Monitoring Officer. To meet requirements under the Children Act 2004 and the Local Authorities (Social Services) Act 1970, the Director of Children's Services and Director of Health, Housing & Adult Social Care are the designated Director of Children's Services and Director of Adult Social Services respectively.

Arrangements for discharging these functions are detailed in the Council's Constitution, which can be viewed via the link https://new.enfield.gov.uk/

The Council also has a number of policies in place such as the Counter Fraud Strategy, which includes the counter fraud and corruption policy statement, Whistleblowing Policy, Anti-Money Laundering policy, Contract Procedure Rules and Pay Policy, which are kept under regular review and updated as necessary.

Monthly Monitoring Officer's Meetings, chaired by the Chief Executive, provide a well-established and effective process for reviewing and monitoring governance, internal control and other compliance issues.

The Councillor Conduct Committee implements the relevant requirements of Section 28 of the Localism Act 2011. These include ensuring high standards of conduct and arrangements for dealing with allegations that a councillor or co-opted member has failed to comply with the members' Code of Conduct.

Audit & Risk Management Committee

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

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

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

Overview & Scrutiny Committee

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

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

Risk Management

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

Counter Fraud including Whistleblowing

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

These policies are reviewed regularly and apply to all employees, Members and contractors of the Council.

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

Communication and Engagement

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

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

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

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

Partnerships and Change / Transformation Management

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

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

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

The Council is working in partnership with organisations such as PwC and Microsoft to deliver the Enfield 2017 programme.

Another key transformation programme is the Meridian Water project. This is one of the biggest regeneration programmes in the United Kingdom and one of the largest housing developments in London. 16,000 jobs and 10,000 homes will be created on this flagship £3.5billion development. The Council is working in partnership with organisations such as Barratt London, the master developer for the project, and SEGRO to deliver this project.

Members / Senior Officers Training and Development

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

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

Review of Effectiveness

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

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

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

Through the monthly Monitoring Officer's 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 are also reported on a regular basis to the Audit & Risk Committee who may request officers to attend with a view to challenging them on improvements made in that area.

The Corporate Risk Strategy has been reviewed and updated. Key updates are an inclusion of a risk appetite section, guidance on monitoring, reviewing and reporting risks, and a description of the impact criteria for each risk category. In addition to quarterly review of risk registers, the Risk Manager meets with senior management bi-annually to discuss key risks affecting their areas and provide challenge, support and training, where necessary, on the management of such risks.

The Internal Audit Annual Report provides the opinion of the Head of Internal Audit & Risk Management, based on the work undertaken by the Internal Audit team during 2015/16. This states that the arrangements for risk management, internal control and governance provide **Reasonable assurance** that material risks, which could impact upon the achievement of the Council's services or objectives, are being identified and managed effectively.

Significant Governance Issues

The areas identified for improvement during 2015/16 are detailed in the table below.

Area of Focus	Progress (as at June 2016)	Status
Welfare Reform Implementation of Universal Credit: Uncertainty over impact of replacement of Housing Benefits by the Universal Credit from 2013 to 2017 Localism of Council Tax Benefit: The Local Council Tax Support Scheme was agreed in January 2015 with no changes to the previous scheme. Whilst council tax collection has been achieved in accordance with budgeted collection rates, there has been an increase in council tax hardship requests.	The first phase of Universal Credit implementation went live in Enfield in July 2015 and reforms have progressed smoothly whilst the Council has been transforming. The increase in Council tax hardship requests have been met from use of discretionary payments and emergency support.	This risk is considered to be adequately managed.
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.	Demand for housing remains an issue with more than 3000 households in temporary accommodation. As Enfield has continued to offer relatively cheap housing compared to other London boroughs, some of the supply has been used by other boroughs to meet their needs for temporary accommodation However, the rate of increase in cost has been slowed as measures to increase supply, such as Housing Gateway and Enfield Innovations, have kicked in.	This remains an area of significant risk for 2016/17
Transformation and change The Council's Enfield 2017 team is leading transformation across the Council to enable the Council to deliver services in new and more efficient ways.	Significant reductions in staff have delivered cost savings and IT investment has been delivered, but there is still more to be done to embed the technology across	This remains an area of significant risk for 2016/17

Area of Focus	Progress (as at June 2016)	Status
As the Council continues to experience reduced resources, increased demands on services and new and innovative forms of delivery, there is a need to ensure that the Council's control environment remains robust, proportionate and is as efficient and effective as possible, which will include moving to a greater use of automated rather than manual based controls.	transformed services.	
Care Act 2014 A plan is in place to ensure delivery of elements of the Act that need to be implemented by April 2016. New duties around welfare will require the introduction of prevention activities and communications. There is still uncertainty around Central Government's requirements, but research has already begun to understand Enfield's situation in preparation for the changes.	Stock- take submissions have shown progress in implementing new requirements. Part II of the Act, relating to the implementation of financial requirements, has been deferred, but there is still work to be done to ensure that additional requirements for carers are widely understood across the community.	This risk is considered to be adequately managed.
NHS Enfield Clinical Commissioning Group (CCG) Financial Pressures Enfield CCG continues to experience significant financial pressures from funding formula damping, acute sector activity and associated Trust business plan assumptions. The key risks are that greater pressure will be placed on Adult Social Care budgets to support early discharge from hospital, greater service levels to prevent hospital admissions and transfer of continuing care funded clients to the Council.	During 2015/16, the CCG was placed under directions, and subject to NHS England oversight. The Council has sought to manage potential transferral of risk through ongoing engagement and monitoring of risk registers. Marginally increased funding has been secured for 2016/17 through the Better Care Fund.	This remains an area of significant risk for 2016/17
Children and Families Act 2014		

Area of Focus	Progress (as at June 2016)	Status
Adoption reforms have been implemented, training has been completed and the Department continues to work towards implementing special educational needs and disabilities (SEND) changes. Enfield Council was selected as a national pilot and has secured £100k from the Department for Education (DfE) to assist with implementing some aspects of the assessment process reforms.	Plans have been developed for a London-wide adoption service. Proposals will need to be agreed by Cabinet by October 2016. With regard to SEND, grant has been made available for local authorities and a CQC/Ofsted inspection of SEND services is due on 27 June.	This remains an area of significant risk for 2016/17
Regeneration The Council has set an ambitious programme for regeneration, for which budgets have been agreed. The programme includes Meridian Water, School Expansion and Cycle Enfield projects. Rising costs of building works and dependency on third party project management could jeopardise the delivery of some of this programme within budget constraints.	A permanent Assistant Director (Regeneration) is in post, to oversee the regeneration programme and enable key regeneration projects to be pulled together. This will ensure a consistent approach to contract close on the Meridian Water master developer. A housing delivery board, chaired by the Director of Regeneration & Environment will ensure consistency of delivery and early identification of key risks. An internal audit of the Meridian Water governance arrangements during 2015/16, to follow-up management action taken since the 2014/15 audit, found that all agreed actions had been fully implemented.	This remains an area of significant risk for 2016/17
Child Protection The Ofsted inspection of the Schools & Children's Services Department took place during February 2015 and achieved a 'good' overall outcome. This recognised the positive impact of high staff retention. Service reviews are being undertaken as part of Enfield 2017, revisiting systems, practices and processes, and looking at integration. This aims to make better use of IT to improve process efficiencies and avoid duplication. However, this also	Turnover has increased and therefore, the number of agency staff has increased, but the Council's Children's Services continue to have one of the highest retention rates in London. A key head of service has been involved in all transformation work streams to mitigate risks to service delivery. Key areas of impact have been raised with the Strategic Design Board	This remains an area of significant risk for 2016/17

Area of Focus	Progress (as at June 2016)	Status
brings a risk of increased turnover and costs especially if the need to use agency staff arises.		
Lea Valley Heat Network (LVHN) The Council continues to have on-going dialogue with the North London Waste Authority (NLWA, with a view to minimising the environmental impact of the heat supply. A timetable has been drawn up linking agreement to the future Development Consent Order (DCO) application.	Dialogue with the NLWA has reached final stages. Should a heat supply agreement not be reached, alternative strategies have been modelled, and the Development Consent Order application has been submitted by NLWA	This remains an area of significant risk for 2016/17.

Whilst generally satisfied with the effectiveness of corporate governance arrangements and the internal control environment, as part of continuing efforts to improve, the following additional matters have been identified for focus in 2016/17.

Governance & Control Risk Area	Comments
Youth Justice Reforms	As part of a review of youth justice, it has been recommended that young offenders should serve their sentences in secure schools rather than youth prisons. Smaller, local, secure schools would draw on educational and behavioural expertise to rehabilitate children and give them the skills they need to thrive on release. The final report will be published in July 2016, and could have significant implications for the Council.

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

Signed:

Leader of the Council

Signed

Chief Executive

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

Opinion on the Council's financial statements

We have audited the financial statements of London Borough of Enfield for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014. 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, Collection Fund Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the members of London Borough of Enfield in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in the Statement of Responsibilities of Auditors and Audited Bodies within Chapter 2 of the Code of Audit Practice published by the National Audit Office in April 2015. Our work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the Statement of Responsibilities, the Director of Finance, Resources and Customer Services is responsible for the preparation of the Statement of Accounts, which comprises the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that 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 Council's and the Group'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 the financial and non-financial information in the Narrative Report and Annual Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of London Borough of Enfield as at 31 March 2016 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Opinion on other matters

In our opinion, the information given in the Narrative Report and Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We have nothing to report in respect of the following other matters which the Code of Audit Practice (April 2015) requires us to report to you if:

- we have been unable to satisfy ourselves that the Annual Governance Statement is misleading or inconsistent with other information that is forthcoming from the audit;
- we issue a report in the public interest;
- we designate under section 24 of the Local Audit and Accountability Act 2014 any recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

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

Respective responsibilities of the Council and auditor

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 20 of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the National Audit Office.

We report if significant matters have come to our attention which prevent us from concluding that the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the National Audit Office in November 2015, as to whether in all significant respects, the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

The National Audit Office has determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion published by the National Audit Office in November 2015, 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 2016.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack. We are satisfied that this matter does not have a material effect on the financial statements or on our value for money conclusion.

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to conclude on objections to the accounts received from local government electors. We are satisfied that these matters do not have a material effect on the financial statements or on our value for money conclusion.

BDO LLP

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

Ipswich, UK
30th September 2016

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