

# London Borough of Enfield

## Draft Statement of Accounts

2021/22



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### EXECUTIVE DIRECTOR'S NARRATIVE REPORT

#### 1. INTRODUCTION

The Narrative Report provides information about Enfield, its main objectives and strategies and how the Council has used its resources in 2021-22 to achieve these. It provides a summary of the Council's performance and its financial position as outlined in the detailed core financial statements.

#### ENFIELD OVERVIEW AND EXTERNAL ENVIRONMENT

##### About Enfield

Enfield is about 12 miles by road from the centre of London. The authority covers an area of 8219 hectares (82.2 square kilometres, or 31.7 square miles). Enfield is the fifth largest London Borough by population, with an estimated population of 333,587 as at mid-2020. It is a diverse place, which has welcomed communities from across the world. In particular, it has large numbers of Cypriot, Greek, Turkish and Albanian residents.

Both male and female life expectancies are higher than the national average, while male life expectancy is also higher than the average for London. Health outcomes vary significantly across the borough. Some of our wards are amongst the most deprived in England, while others are relatively affluent.

Enfield is amongst the most deprived 25% of all districts in England and is the ninth most deprived of the 33 London boroughs. The Economic Inactivity rate is higher than regional and national averages, and household incomes are lower than the average for London. Social Housing supply in Enfield is also relatively low, while Private Sector housing costs remain challenging for people on average and below-average incomes. There is significant economic inequality between the wards on the east and west of the borough. The Council's housing and growth strategy – More and Better Homes for Enfield and the Enfield Poverty and Inequality Commission set out the Council's approach to addressing these inequalities.

Enfield has a dynamic business base and is market leading in certain sectors such as industrial, logistics and distribution. It has good links to the national motorway system with the north of the borough being bounded by the M25, accessed at junctions 24 and 25. It also has two trunk roads – the A10 (London to Cambridge) and A406 (London's North Circular Road). These sectors are not, on the whole, employers of high-value or high-quality jobs and therefore the Council's Economic Development Strategy is at the heart of the Council's Covid-19 recovery strategy.

Enfield Council is a unitary authority, having responsibility for a wide range of services. As one of the London boroughs it is also served by the Greater London Authority group, for transport, police and emergency services.

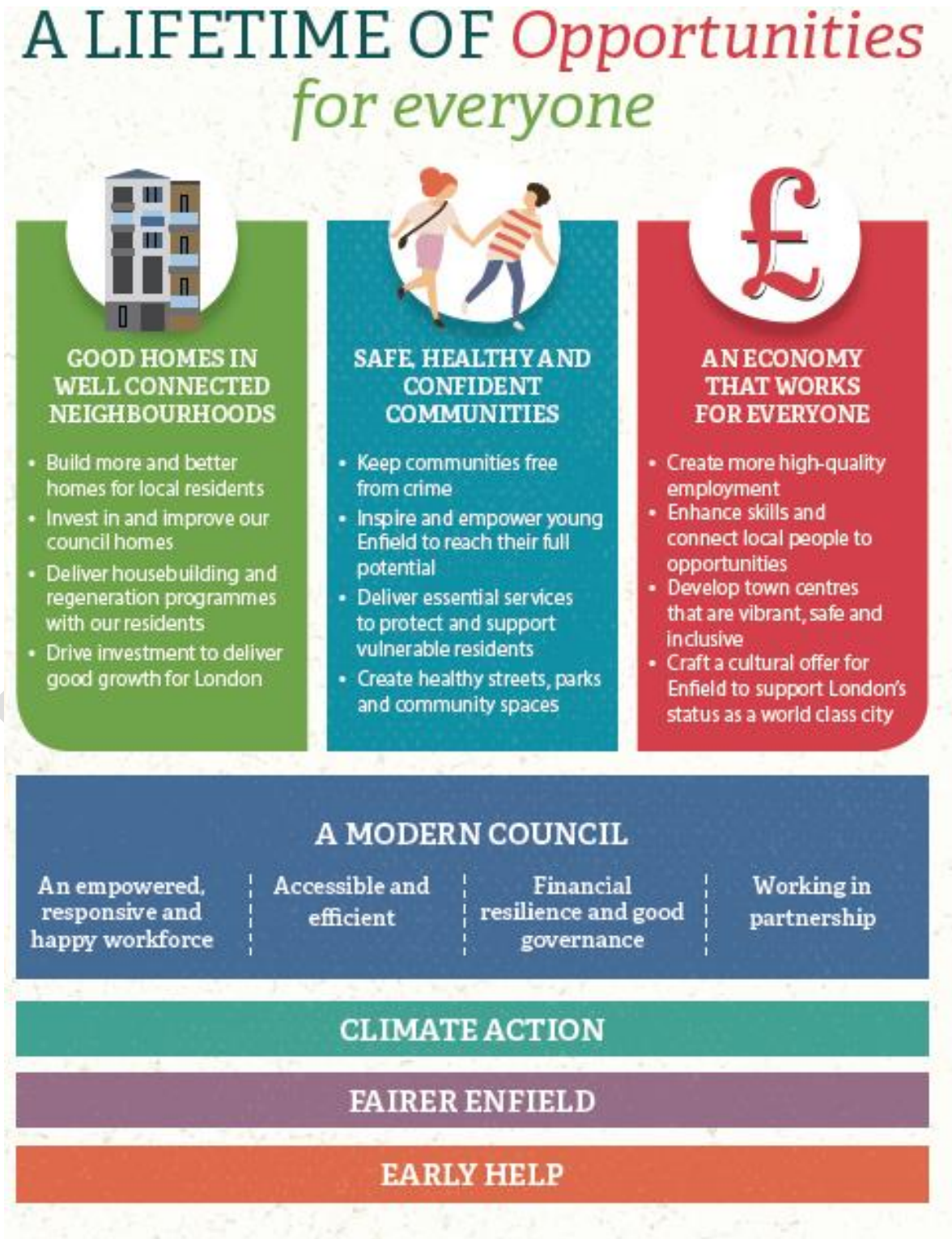
A copy of Enfield's borough profile can be found from the link below:

<https://www.enfield.gov.uk/services/your-council/borough-and-wards-profiles>

**Corporate Objectives & Corporate Plan**

Enfield Council’s plan sets out the ambitions to create a “Lifetime of Opportunities” for residents of the borough. The Corporate Objectives fall under three themes with four cross cutting themes that inform the work to deliver transformation in the Borough and help the Council make the right decisions, and which are key approaches for all three of the ambitions.

The Corporate Objectives and cross cutting themes are outlined in the diagram below.



A copy of the full Council Plan can be found here:

<https://new.enfield.gov.uk/services/your-council/enfield-council-plan-2020-to-2022-your-council.pdf>

The Council's revenue and capital budgets are focussed on delivering against these priorities. Section 4 below sets out how the Council has performed against this plan during 2021/22.

### **Workforce**

Enfield employs approximately 4,259 staff in full-time and part-time positions equating to 3,266 full-time employees (excluding schools). The shape and size of the Council remains stable and growth in the overall workforce reflects the overall decision to insource cleaning services and IWE. Organisational and workforce considerations remain a key and critical focus of the Council to ensure continued high-quality service delivery because of the outstanding calibre of its workforce.

The annual workforce report provides an update on key aspects of our progress, including information on the makeup of our workforce, recruitment, learning and development and pay. Data and information is provided on our organisational structure, starter, leaver and turnover, workforce diversity, sickness and absence and employee experience.

### **Current Environment**

The Council continues to operate in an environment of considerable uncertainty and financial challenge. Work strengthening financial resilience and sustainability has ensured the underlying budget is more robust and risk reserves have increased. However, there is ongoing significant risk and uncertainty due to the legacy impact of the Covid-19 pandemic, unprecedented new inflationary pressures, cost of living crisis and demographic pressures exceeding government funding levels.

The Council continues to respond to the Covid-19 crisis ensuring that the community is supported as effectively as possible in very challenging circumstances. This continues to have a financial impact but as experienced in 2020/21 and reported in the outturn position, the 2021/22 outturn impact of £42.356m was funded by Government grants. The impact of Covid-19 is anticipated to continue into 2022/23 and beyond. Therefore, the Covid-19 reserve has been strengthened by increasing the total to £15m to provide further resilience into 2023/24.

The key areas of pressure continue to be in the Council's demand driven services such as:

- Adult Social Care, specifically Older People and people with physical disabilities services;
- Special Educational Needs transport;
- Homelessness services, specifically the provision of Temporary Accommodation

Enfield continues to be in a challenging position as a consequence of the demographic make-up of the Borough with lower average wages than the London average and a large proportion of the population receiving benefits payments. As at December 2021 there is higher than average unemployment (both compared with London & National averages) in the Borough with 14,870 or 7.0% of the working age population out of work. The furlough scheme which had provided financial support throughout the pandemic finished at the end of September. This economic situation has had an impact on the Council's Collection Fund position with residents facing difficulties in paying Council Tax and a greater take up in the Council Tax Support scheme which weakens the Council's financial position through reduced tax income.

## Looking Forward

The Council, like other local authorities continues to operate in an environment of considerable uncertainty and financial challenge. Due to the work ensuring financial resilience and sustainability the underlying budget is more robust and risk reserves have increased.

The Council continues to respond to the Covid-19 crisis ensuring that the community is supported as effectively as possible in very challenging circumstances. This is expected to continue to impact the Council in 2022/23 and beyond.

In addition to the ongoing impact of the pandemic, new challenges are emerging including the cost of living crisis and the rapidly increasing inflation that the economy is experiencing. Key areas of pressure continue to be felt in the Council's demand driven services.

The position remains under continuous review and the Medium Term Financial Plan will also need to be updated to reflect the impact in 2023/24 and beyond.

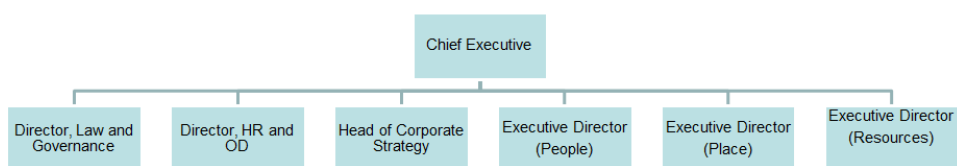
## 2. GOVERNANCE AND DECISION MAKING

The Council operates under a leader and Cabinet model for decision making. This means that Council elects the Leader, and the Leader appoints the other members of the cabinet. Each cabinet member holds a separate portfolio, such as housing, finance, or adult social care. Decisions may be delegated to the individual members, or taken by the cabinet as a whole and this detail is set out in the Council's constitution that can be found here:

<http://governance.enfield.gov.uk/ecCatDisplay.aspx?sch=doc&cat=252>

These decisions are scrutinised by Overview and Scrutiny committees, in addition there is a General Purposes Committee (which key focus is audit and risk) and a number of panels which are dedicated to scrutinise specific areas such as Children's Services. There are key decisions that can only be made by Council such as setting the Council's budget including Council Tax levels.

The Council's Senior Leadership Team structure is set out below:



There are a number of regulatory posts as follows: the Head of Paid Service is the Chief Executive, Monitoring Officer is held by the Director of Law and Governance and the role of Section 151 officer is held by the Executive Director Resources.

Our Annual Governance Statement (AGS) summarises the outcome of our review of the effectiveness of our system of internal control. The 2021/22 statement outlines that we are satisfied that we have robust systems and effective governance arrangements in place. Issues identified and planned actions are also outlined in the statement.

### 3. FINANCIAL PERFORMANCE

#### General Fund

The 2021/22 budget was set by Council in March 2021. The budget covers the day to day operational expenditure and income of the Council and is funded from a combination of government grants, council tax and business rate income, to a limited extent fees and changes and reserves. The agreed original budget included a prudent planned £3m contingency for unforeseen inflationary and democratic pressures.

Our budget for 2021/22 was set against a backdrop of considerable uncertainty and financial challenge. A net budget of £263m for 2021/22 was set by Council in March 2021, based on planned gross expenditure of £1.2bn. The budget included new savings of £7.7m and new income generation plans of £1.9m were agreed for 2021/22. Savings and income proposals agreed from previous years to be delivered in 2021/22 totalled £3.4m. As part of the aim to continue to place the budget in a more resilient position, the budget was developed alongside the Ten Year Capital Strategy and Capital programme 2021/22 to 2030/31 and the Ten Year Treasury Management Strategy 2021/22 to 2030/31.

The revenue outturn reported a balanced budget and strengthened financial position. Financial resilience is a key priority for Enfield and the final outturn position for 2021/22 demonstrates that, in the context of Covid-19 pandemic, the Council has maintained progress on the journey of establishing a robust and resilience financial position.

The General Fund Outturn including the impact of Covid-19, Government support and the Council's response was a favourable variance of £4.023m. In addition, the £3m corporate contingency was not required nor was the planned £1.927m use of reserves. This enabled £7.023m to be added to the Council's reserves, strengthening the Council's financial position going into 2022/23.

The Council continues to respond to the Covid-19 crisis ensuring that the community is supported as effectively as possible in very challenging circumstances. This continues to have a financial impact and totalled £42.344m which was funded by Government Grants. The impact of Covid-19 is anticipated to continue into 2022/23 and beyond. Therefore, the Covid-19 reserve has been strengthened by increasing the total to £15m to provide further resilience into 2023/24.

The key areas of pressure continue to be felt in the Council's demand driven services such as:

- i. Adult Social Care, specifically Older People and people with physical disabilities services,
- ii. Special Education Needs transport,
- iii. Homelessness services, specifically the provision of Temporary Accommodation

Other than the Collection Fund reserve, the Council's earmarked reserves have been strengthened.

The table following sets out the final position for each Council department specifying the underlying budget position (Net Variance Excluding Covid-19 column) and the impact of Covid-19. The detail for each department is set out in the Revenue Outturn. This reflects the improved outturn position to that reported to Cabinet in July 2022. The most significant change being that there was no top up or release of the Sundry Bad Debt Provision in the final accounts.

Department	Net Budget	Total Net Forecast Outturn Variance (exc. Covid-19 impact)	Flexible use of Capital Receipts	Covid-19 Total Impact	Total Net Forecast Variance incl. Covid-19 & In Year Savings	Covid-19 Funding / Collection Fund	Net Variance excl. Covid-19 & In year savings
Chief Exec	9.895	(0.114)	(0.061)	1.025	0.850	(1.025)	(0.175)
Adult Social Care and Public Health	79.062	1.038	0.000	10.815	11.853	(10.815)	1.038
Children & Families	44.469	(1.010)	(0.189)	3.691	2.492	(3.691)	(1.199)
Education	4.775	(0.293)	(0.057)	0.360	0.010	(0.360)	(0.350)
Place	32.413	(2.635)	0.000	16.860	14.225	(16.860)	(2.635)
Resources	31.770	1.818	(0.826)	9.517	10.509	(9.517)	0.992
<b>Service Net Costs</b>	<b>202.384</b>	<b>(1.196)</b>	<b>(1.133)</b>	<b>42.268</b>	<b>39.939</b>	<b>(42.268)</b>	<b>(2.329)</b>
Corporate Expenses	40.926	(1.606)	0.000	0.076	(1.530)	(0.076)	(1.606)
Minimum Revenue Provision	16.488	0.703	0.000	0.000	0.703	0.000	0.703
Bad Debt Provisions	0.791	(0.791)	0.000	0.000	(0.791)	0.000	(0.791)
<b>Net Expenditure</b>	<b>260.589</b>	<b>(2.890)</b>	<b>(1.133)</b>	<b>42.344</b>	<b>38.321</b>	<b>(42.344)</b>	<b>(4.023)</b>
<b>Expenditure financed by:</b>							
Business Rates	(94.241)	0.000	0.000	0.000	0.000	0.000	0.000
Council Tax	(133.108)	0.000	0.000	0.000	0.000	0.000	0.000
Other non-ring-fenced Government Grants	(31.125)	0.000	0.000	0.000	0.000	0.000	0.000
Reserves	(5.115)	0.000	0.000	0.000	0.000	0.000	0.000
<b>General Fund Financing</b>	<b>(3.000)</b>	<b>(2.890)</b>	<b>(1.133)</b>	<b>42.344</b>	<b>38.321</b>	<b>(42.344)</b>	<b>(4.023)</b>
Contingency	3.000	(3.000)	0.000	0.000	(3.000)	0.000	(3.000)
Risk Reserve	0.000	7.023	0.000	0.000	7.023	0.000	7.023
<b>Final Outturn Position</b>	<b>0.000</b>	<b>1.133</b>	<b>(1.133)</b>	<b>42.344</b>	<b>42.344</b>	<b>(42.344)</b>	<b>0.000</b>



## Housing Revenue Account (HRA)

The Statement of Accounts also includes the ring-fenced Housing Revenue Account (HRA), which is used for the provision of council housing. The HRA consists of expenditure on Council-owned housing, which is paid for by rental income. Since 2012 the HRA has been self-financing and operates to a thirty-year business plan. The Council has circa 10,400 Council Homes which generated income of £58.5m in rent in 2021/22. This income is ringfenced to the HRA and can only be used for Social Housing purposes.

The HRA general balance has decreased during 2021/22 to £3.2m from £9.9m in 2020/21. This is due to capital receipts, earmarked to fund capital expenditure, being lower than expected resulting in HRA revenue reserves being used to fund capital expenditure in 2021/22.

The total HRA Earmarked reserves stand at £3.4m, reflecting the need of the Council to put aside resources to fund its ambitious regeneration programme, to build 3,500 homes over the next 10 years, including the Joyce and Snells development.

## Dedicated Schools Grant (DSG)

The net Dedicated Schools Grant totalled £222.9m in 2021/22, of which £179.0m is directly passported to schools and the remainder is utilised for education costs. The Dedicated Schools Grant deficit in 2021/22 totalled £4.57m arising from High Needs cost pressures and is the first call on the 2022/23 grant. The cumulative DSG deficit, which as per statutory requirements is accounted for as a negative reserve on the balance sheet, at the end of 2021/22 is £12.618m.

## Reserves

The Council remains in a financially challenging position for 2022/23 with the on-going impact of the pandemic now combined with the cost of living crisis. Due to the work ensuring financial resilience and sustainability the underlying budget is in more robust and risk reserves have increased despite the challenges of Covid-19.

## Summary of Enfield's Usable Reserves

	31 March 2021	31 March 2022
	£m	£m
Risk Reserve	(21.006)	(25.890)
<b>MTFP Smoothing Reserves</b>		
COVID-19 Reserve	(10.433)	(15.000)
Balance Sheet Management	(3.040)	(3.331)
Collection Fund Equalisation Reserve	(24.396)	(13.628)
Housing Benefit Smoothing Reserve	(9.566)	(4.480)
Adult Social Care Smoothing Reserve	(3.697)	(3.697)
NLWA Reserve	(1.349)	(0.628)
<b>Subtotal MTFP Smoothing Reserves</b>	<b>(52.481)</b>	<b>(40.764)</b>
Capital Financing	(23.428)	(23.428)
Service Specific	(11.161)	(14.819)
Property	(2.101)	(1.372)
Grants & Other Contributions	(15.242)	(11.953)
<b>Sub total GF Usable Reserves</b>	<b>(125.419)</b>	<b>(118.226)</b>
Insurance	(7.022)	(7.022)
General Fund Balance	(13.949)	(13.949)
<b>GF Earmarked Reserves</b>	<b>(146.390)</b>	<b>(139.197)</b>
HRA Earmarked Reserves	(25.311)	(17.477)
Schools	0.242	0.387
<b>Total</b>	<b>(171.459)</b>	<b>(156.287)</b>

The Table below summarises the capital expenditure incurred and funding applied in 2021/22 compared to the approved programme. The capital outturn will result in some re-profiling of the capital programme which will impact on the 2022/23 and future years' budgets.

<b>Capital Expenditure</b>	<b>Projected £'000</b>	<b>Outturn £'000</b>
Bereavement Services	1,334	1,418
Community Safety	769	510
Corporate Buildings and Improvements	11,784	9,443
Council Dwellings	84,897	83,623
Housing Grants	1,911	2,390
Housing Regeneration Projects	45,624	41,809
IT Infrastructure and Programmes	4,604	2,385
Leisure and Culture	17	3
Parks and Open Spaces	2,801	2,505
Regeneration Projects	41,250	30,557
Schools and Educational Establishments	13,846	9,396
Transport and Environmental Schemes	16,430	14,368
<b>Total Capital Expenditure in 2021/22</b>	<b>225,267</b>	<b>198,407</b>
<b>Sources of Finance:</b>	<b>Projected £'000</b>	<b>Outturn £'000</b>
Capital Grants	63,419	50,986
Section 106 & CIL	3,238	2,858
Revenue Contribution	586	171
Capital Receipts	6,888	3,201
Major Repairs Allowance	13,629	17,321
Earmarked and Capital Reserves	25,240	25,106
Borrowing	112,267	98,764
<b>Total Capital Funding 2021/22</b>	<b>225,267</b>	<b>198,407</b>

The principal elements of expenditure for the 2021/22 capital programme were expenditure on improving, maintaining and regenerating council housing stock through the Housing Revenue Account (HRA), continuing investment in the Council's flagship regeneration scheme, Meridian Water, further investment in school buildings to help meet increasing demand and increased Special educational needs places.

## **Treasury and Capital Financing Requirement**

The increase in the Capital Financing Requirement (CFR) from £1,173m to £1,238m, or underlying need to borrow is a direct reflection of the Council's ambition to improve the lives of borough residents. The capital programme must be financed and all projects in the General Fund are designed to be repaid based on their asset lifespan. The Council's CFR is split £970m: £268m between the General Fund and the HRA respectively. As at 31 March 2022 the Council's debt was £1,015m, exclusive of interest, an increase of £85m from the previous year. Treasury cash balances increased from £35m to £96m. Consequently, net debt only grew from £895m to £919m, a change of £24m.

The Council had £96m in cash and cash equivalents at year-end, which had increased from £50m from the previous financial year. Holding high cash balances is a short-term situation and the Council will gradually run down these balances through spending on the capital programme to its preferred position of £25m cash in-hand rather than borrow unnecessarily.

During 2021/22 £75m was borrowed for the General Fund on a long-term basis at a very low rate. A further £35m short-term borrowing was undertaken from the Local Authority Market to support the Council's daily cashflow requirements. There are risks to increasing debt and that is why the Council established a £2bn debt ceiling for the entire organisation.

At the end of 2021/22, the Council still had £77m in the Capital Grants Unapplied Account, £22m in the Capital Receipts Reserve and £0.8m in the Major Repairs Reserve to finance capital. However, much of the £88m has strict conditions attached, meaning that it can only be used for certain projects.

The detailed Treasury outturn position was reported to Cabinet in July 2022, the link is below:

<https://governance.enfield.gov.uk/documents/s93124/Treasury%20Management%20Outturn%20Report%202021-22%20Cabinet%20v4.pdf>

## **Pension Liability**

The pension liability reflects the underlying long-term commitment that the Council has to pay for the retirement benefits owed to its Pension Fund members. The net pension liability decreased from £604.6m at 31 March 2021 to £447.0m as at 31 March 2022. The net asset statement represents the net worth (£1,357.5m) of the Fund as of 31<sup>st</sup> of March 2022.

## **Subsidiaries and Group Performance**

The Council has 3 wholly owned subsidiaries, Housing Gateway Limited (HGL), Lee Valley Heat Network Operating Company Ltd (trading as Energetik), and Enfield Innovations (EIL). In addition, the Council is part of a Joint Venture with HBL (Henry Boot Ltd) to regenerate Montagu Industrial Estate. The Council will record its share of Montagu in the Accounts as a joint venture.

The Council's group accounts consolidate all wholly owned active companies. However, note that for 2021/23, EIL was not an active company. EIL is no longer operational and the company winding up process will commence shortly.

The Council previously owned an Adult Social Care company, Independence and Wellbeing Enfield Ltd (IWE). IWE services and personnel transferred back in-house in June 2020, as the Council recognised that there were efficiencies from having a single social service structure in Adult Social Care. The company was formally dissolved on 1 June 2021 and undertook no trading activity within the financial year 2021-22.

HGL, the borough's largest company, purchases homes that can be entirely financed by the Local Housing Allowance, providing long-term affordable lets in the challenging local housing market. These homes are let to residents in need of temporary accommodation, resulting in savings to the Council's revenue budget. HGL is funded by loans and £5m of equity from the Council. The loan value to HGL is £120m and the underlying book value of the fixed assets totalled £147m at the end of 2020/21.

The Council's commitment to the climate change agenda is in part being delivered through investment in connections to low carbon energy such as the Energetik heat network. The company has successfully attracted grants and low-cost loans to support infrastructure into the borough. During 2021/22 Energetik continued with its planned infrastructure works, including commencement of construction of the Meridian Water energy centre. Energetik is funded by approved loans from the Council of up to £77m, of which £15m was drawn down on or before 31<sup>st</sup> March 2021, and £17.75m equity funding. It is supported by tangible fixed assets of £23m.

#### **4. NON-FINANCIAL PERFORMANCE**

##### **Delivering our Council Plan during 2021/22**

The [Enfield Council Plan](#), agreed by Cabinet in July 2020, sets out the vision for delivering a lifetime of opportunities for everyone in Enfield. The Plan shows the significant progress made over the previous two years and sets out the scale of our ongoing ambition to improve outcomes for everyone, in the context of huge financial challenges for local people, local businesses and organisations and local government.

During 2021/22, we have made significant progress in delivering on our three priority areas and implementing our cross cutting themes across all the Council does. An overview of progress and examples of outcomes achieved against each priority and theme are provided below.

##### **Good homes in well-connected neighbourhoods:**

- Housing Gateway Ltd (one of our two wholly owned subsidiaries) expanded its portfolio by 75 since 2020, bringing total to 614 properties, working towards the target of an additional 250 units by 2030
- Enfield Let (our ethical letting agency) launched in October 2020 and has a portfolio of 195 leased properties. This is part of Enfield's wider strategy to tackle homelessness and reform the private rented sector in the borough
- Launched the borough-wide additional Landlord licensing scheme for Houses in Multiple Occupation (HMO's) and the selective licensing scheme. Additional HMO licensing is a borough-wide scheme covering rented properties that are occupied by three or four unrelated people who form more than one household, are under one or more tenancies and share amenities such as kitchens or bathrooms. In 2021/22 we served a total of 199 enforcement notices against private sector landlords.
- Secured £170m from the Housing Infrastructure Fund to deliver rail and street works including a new rail station at Meridian Water (first 46 homes to complete in early 2023)
- 17.9 km of additional cycle lane has been installed in the borough since 2020. 12 School Streets trialled and made permanent

### **Safe, healthy and confident communities:**

- 4,529 secondary school students engaged in the Council-funded NEXUS programme in 2020/21, a community project run by the Behaviour Support Service which aims to connect the community for a better Enfield
- 712 young people participated in Summer University in 2021
- The fixed-term and permanent exclusion rate in Enfield Secondary Schools has decreased over last 3 years
- 91% of Enfield secondary schools were judged as good or outstanding, higher than London (88%) and national (76%) averages

### **An economy that works for everyone:**

- We distributed £12.6m of Additional Restrictions Grant funding, supporting 2,486 local businesses
- We supported 1,000 local SMEs with free membership to the Federation of Small Businesses
- Cultural activities across the borough and town centres including A month of Sundays, held in August 2021, which attracted close to 40,000 participants
- We continue to enable and maximise inward investment into the borough, with Netflix and Troubadour Theatres deciding to establish bases in Enfield, and Metaswitch growing its presence
- Creation of new workspaces including the 32,000sq ft Bloqs, the regeneration of Montagu industrial estate and Angel Yard in Edmonton
- Continued Investment in town centres, including the utilisation of £1.1m from Mayor of London's Good Growth Fund which we match funded to regenerate Angel Edmonton
- Action plans outlining how we will enhance our five major town centres published in January 2022
- Planning permission for Meridian Water Construction Skills Academy was granted in October 2021. The Academy will train up to 500 people per year

### **A Modern Council**

- We champion equality diversity and inclusion. In the Council, women earn £1.03 for every £1 that men earn. The median gender pay gap is -3.1% which compares favourably to other London councils
- In 2019/20 the median ethnicity pay gap at the Council was 3% higher than the national average but significantly lower than the London ethnicity pay gap (23.8%)
- In March 2022, the refreshed website (CMS) and customer relationship management (CRM) system went live. The new website provides improved accessibility and experience for users.
- We published our Smart Working Policy in 2021 which sets out our approach to flexible working
- Our "Build the Change" estate enhancement and utilisation programme continues, with the new Housing Hub opened in Edmonton Green Library in January 2022 and the modernising of the Civic Centre to reflect the new ways of working
- We put forward a balanced budget to Council in February 2023, including 0% increase in core Council Tax for 2022/23 financial year

## Climate Action

- Our [Climate Action Plan 2020](#) explains how we will become a carbon neutral organisation by 2030, and a carbon neutral borough by 2040
- In June 2021, we published our [Blue and Green Strategy](#) which sets out our 10-year strategy to protect, maintain and enhance the borough's network of blue and green assets. In autumn/ winter 2020, the first 50,000 trees have been planted as part of the Chase re-wilding project
- In 2020/21, Council emissions (Scope 1 & 2) fell by 19%
- We were awarded an A-rating by environmental data charity CDP for our sustainability and climate action work
- As of 2020/21 Energetik, our local energy company set up to supply heat and hot water to homes and businesses across North London, had 643 connected properties substantially outperforming its target of 343 properties It offers better value energy which is efficient, reliable and environmentally friendly

## Fairer Enfield

- We published our Fairer Enfield Equality, Diversity and Inclusion Policy in March 2021. The policy sets out eight specific and measures equalities objectives
- We continue to make progress on the 27 recommendations outlined in the Poverty and Inequality Commission
- We have developed a Food Action Plan in partnership with Enfield Food Alliance
- Our six staff network groups continue to play an important role in unlocking the potential of our diverse workforce and in helping to support staff to overcome challenges

## Early Help

- In March 2021, we published our [Early Help for All Strategy](#), which outlines how we will work with our communities and partners to help everyone in Enfield to be resilient, overcome challenges and lead happy and fulfilling lives
- Our Early Help Strategy was approved in March 2021. The strategy sets out our vision to work with our communities and partners to help everyone in Enfield to be resilient, overcome challenges and lead happy and fulfilling lives
- In December 2021, we were awarded funding from the Department for Education to scope out the delivery model for Family Hubs. We have applied for additional funding and expect to be notified of the outcome by Summer 2022

## 5. RISKS AND OPPORTUNITY

A risk management strategy is in place to evaluate risk, the likelihood and potential mitigations. The Risk Register is continually reviewed and considered at the General Purposes Committee meetings regularly. The key strategic risks for the upcoming year are set out below.

Risk	Mitigation
<p><b>Financial Resilience</b></p> <p>The financial climate continues to be a challenge for the Council, both in terms of service demand and financial restraints caused by wider economic circumstances and risks.</p> <p>The cumulative impact of the general economic conditions of the general economic conditions, inflation and construction price inflation, and interest rate rises require close monitoring of the budget and reviewing the medium term financial plan (MTFP) assumptions. In addition, the MRP technical consultation outcome has not yet been concluded and this has potential to further impact on the Council's financial resilience.</p>	<p>Financial Resilience remains a top priority.</p> <p>The MTFP will be reviewed with a focus on further strengthening the Council's long-term capital and balance sheet position, and the strength of its reserves. The Council has a £3m contingency annual budget and risk reserves of £20m.</p> <p>Further a review of the financial thresholds for capital projects is underway, the capital programme and a review of the financial model of Meridian Water due to be considered at October Cabinet.</p> <p>Preparation for the MRP outcome had been initiated earlier this year with a review of the current MRP policy; an assessment of the implications of changes by the Treasury advisors is being sought.</p>
<p><b>Fraud/Corruption</b></p> <p>If there are ineffective internal controls and governance arrangements in place this could lead to the Council being subjected to an incident of organised or high value fraud, bribery and/or corruption, resulting in financial and reputational loss.</p>	<p>An Anti-Fraud strategy and action plan is in place along with comprehensive anti-fraud policies. In addition, Fraud Awareness training is provided and there is regular reporting to EMT &amp; GPC in place. The Council engages qualified anti-fraud staff and continues to take a pro-active approach to minimising fraud.</p>
<p><b>Information Governance</b></p> <p>If there are inadequate security controls and/or staff training, then this could lead to a loss, corruption, disclosure or breach of data, resulting in reputational damage, legal action and/or fines due to non-compliance with Data Protection / GDPR / PCI legislation</p>	<p>The Council has invested in new management software for information requests, and this will be rolled out during the year.</p> <p>The Cyber Security function will implement a work plan to further enhance the Council's data security. This is reported to GPC twice a year.</p> <p>The Council policies and processes will be reviewed to ensure they remain good practice.</p>

Risk	Mitigation
<p><b>Duty of Care</b></p> <p>If the Council fails in its statutory duties to Adults &amp; Children within the borough, this could result in potential harm to individuals / families, potential legal challenges and reputational damage.</p>	<p>The Council has Safeguarding procedures and Policies in place. Relevant staff and volunteers have DBS checks. There are quality assurance processes in place, a comprehensive programme of internal audits and updates and reports are regularly provided to the Assurance Board. The Council continues to monitor, improve and implement best practice in our duty of care.</p>
<p><b>Loss of IT</b></p> <p>Failure of the Councils ICT and/or Digital systems (due to cyberattack, hardware failure etc.) will lead to a severe disruption of service delivery.</p>	<p>The Council has a Cyber Digital Remediation plan in place and provide training for staff to ensure the risks are understood. Regular audits are carried out to ensure systems and processes are fit for purpose. There is a resilient infrastructure in place along with a data recovery service. Continuous work programme is in place to embed a culture of best practice amongst our staff and a programme of upgrades is in place to further modernise our infrastructure.</p>
<p><b>Emergency Incident</b></p> <p>If there is a failure to respond adequately following a major incident within the borough that adversely affects residents / businesses, or the Council is subject to a significant event that causes business interruption and fails to respond adequately, then this could lead to significant financial loss, disruption of services and significant reputational damage.</p>	<p>Staff that are trained to respond along with additional staff volunteers to assist to Emergency incidents. Incident management policies are in place, Corporate and Departmental Business Continuity Plans are in place and all services have recently updated their plans. We continue to monitor and disseminate information from relevant agencies.</p>
<p><b>Housing</b></p> <p>If there is a failure to deliver the housing strategy, then this will result in an inadequate supply of social and private sector properties within the borough.</p>	<p>There is a Housing Strategy in place, with teams and resources in place to deliver. The strategy includes delivery of new homes and regeneration of existing estates. The Council has governance framework in place to monitor service delivery capacity among management and HR. The Housing Service continues to review policies to keep abreast of current climate and good practice.</p>



Risk	Mitigation
<p><b>Major Capital Projects</b></p> <p>If there is a failure of key schemes (Meridian Water, Electric Quarter, Joyce Avenue and Snells Park Estates, etc.) to regenerate the borough this will lead to a reputational damage and financial loss.</p>	<p>The Council has in place Boards with regular reporting to them as well as executive oversight of all major schemes along with risk registers for all major projects. Regular risk review for all major projects are undertaken and the Council continues to build in-house capacity to deliver these projects more resiliently. Robust procurement processes are in place. Close attention is given to recruitment and skills of staff and where necessary independent specialist expertise is utilised.</p>
<p><b>Trading companies</b></p> <p>If the Council's trading companies fail or perform poorly then this will result in significant reputational damage and financial loss.</p>	<p>Council members and officers are represented on all company Boards. Quarterly reporting of company performance against business plan targets takes place and there is requirement of an annual submission of company business plans. A separate risk register for each company have been developed to support risk monitoring. The Council continues to Review Public Interest Reports from other authorities and draw up action plans for Enfield, and this is shared with Assurance Board on a regular basis. An annual governance report to Cabinet covering all companies will be introduced for 2022-23, and independent strategic reviews will be conducted on the Council's wholly owned companies</p>
<p><b>Financial Management</b></p> <p>If the Council fails to maintain its financial controls and or has its Statement of Accounts (SOA) qualified, then it could suffer significant reputational damage with its partners (customers, residents, suppliers and public bodies). This is because the Statement of Accounts reflects that the Council is a 'going concern'.</p> <p>The Council Statement of Accounts for 2019/20 and 2020/21 audit has not been completed. The Council's accounts have been published on time however, the audit has been delayed through resourcing challenges in the external auditors and more latterly an unresolved national technical issue related to infrastructure assets valuations.</p>	<p>The General Purposes Committee receives regular updates on the progress of the accounts external audit and the improvements in the Council's processes. The Council has retained additional resources to expediate the Audit once this commences.</p> <p>In this context, assurance around the credibility of the finance function is sought from alternative sources including: internal reports and assessing LBE in light of these, the CIPFA FM independent review, external reviews such as our MRP policy (February 2022), training for all Housing and Finance colleagues on HRA financing (this was in response to public interest reports in other councils).</p> <p>A Finance Continuous Improvement Board is in place to monitor progress on these improvements.</p>

Risk	Mitigation
<p><b>Income Maximisation</b></p> <p>Income from council tax, rents, business rates, debt collections, invoices, grants, traded services, and commercial activities is not maximized.</p>	<p>The Council has a dedicated Commercial team focussed on supporting services on maximising income.</p> <p>Targets and KPI's are regularly monitored and benchmarking undertaken of other local authorities fees and charges.</p> <p>Further actions are underway to maximise income collection including a review of single person discount for Council Tax and a review of the business rate base in the borough.</p>

## 6. FORWARD LOOK

### Medium Term Financial Strategy

The Corporate Plan is linked to the budget through the Medium Term Financial Plan (MTFP) and the annual budget process. The Budget and MTFP forecasts the funding requirements for the Council's General Fund services and provides the mechanism to redirect limited resources to priorities. The Corporate Plan sets out the Council's financial objectives, which aim to "target resources smartly and reinvest income wisely to deliver excellent value for money and inequality" by:

- Continuing to make best use of all available financial resources and balance risks and opportunities;
- Ensuring effective governance is in place to support the efficient and smart delivery of our services;
- Maximising the procurement of services and assets to support local businesses and residents wherever possible.

The Council's 2022/23 Budget and Medium Term Financial Plan 2022/23 to 2026/27 was agreed in February 2022. The strategy set out the wider context for financial planning, including a budget gap of £45.6m for the period 2023/24 to 2026/27 and the actions being taken to address this challenging position.

As has been the case in recent years, the budget process has sought to protect the most vulnerable in the Borough with the reallocation of resources protecting Children's and Adults Social Care Services.

The Budget has been developed alongside the Ten Year Capital Strategy and Capital Programme 2022/23 to 2031/32 and the Ten Year Treasury Management Strategy 2022/23 to 2031/32.

With the backdrop of ongoing Covid-19 pressures and the emerging cost of living crisis, the Council committed to regular updates of the financial assumptions due to the financial challenge and uncertainty. An update was taken to the February 2022 meeting along with the 2022/23 Budget.

A link to the Council's Medium Term Financial Strategy is below:

<https://governance.enfield.gov.uk/documents/s82503/MTFS.pdf>

## Capital 2022/23 to 2031/32

The Ten Year Capital Strategy and Programme was agreed in February 2022, setting out investment of over £2.7bn funded from grant, capital receipts and borrowing. The key investments include Meridian Water, improvements to existing as well as new housing and Education. Overview on the strategy is carried out via the Capital Financing Board who consider the prioritisation of schemes and monitor the progress of high risk schemes.

## Treasury Management

The Council's Treasury Management Strategy Statement for the period 2022/23 to 2031/32, sets out the Council's strategy for ensuring that:

- Its capital investment plans are prudent, affordable and sustainable
- The financing of the Council's capital programme and ensuring that cash flow is properly planned
- Cash balances are appropriately invested to generate optimum returns having regard to security and liquidity of capital

The Council has high ambitions for the regeneration of the Borough and the Ten-Year Treasury Management Strategy supports the ten-year Capital Strategy in delivering such ambitions, and further gives greater visibility to the longer-term Capital Financing Requirement (CFR) of the Council's capital programme.

## 7. Basis of preparation and presentation

The Statement of Accounts summarises the financial performance for the financial year 2021/22 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 2021/22 has been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, which is based on International Financial Reporting Standards.

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 used 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 various reserves held by the Council which are analysed into usable and unusable reserves. It analyses the increase or decrease in net worth of the Council as a result of incurring expenses, gathering income and from movements in the fair value of the assets. It also analyses the movement between reserves in accordance with statutory provisions.
- **Comprehensive Income and Expenditure Statement (CIES)** – this statement brings together all the functions of the Council and summarises all the resources it has generated, consumed or set aside in providing services during the year. As such, it is intended to show the true financial position of the Council, before allowing for the concessions provided by statute to raise council tax according to different rules and the ability to divert particular expenditure to be met from capital resources.

- **Balance Sheet** – this records the Council’s year-end financial position. It shows the balances and reserves at the Council’s disposal, its long-term debt, net current assets or liabilities, and summarises information on the non-current assets held. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council can use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council cannot use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line ‘Adjustments between accounting basis and funding basis under regulations.
- **Cash Flow Statement** – this summarises the inflows and outflows of cash arising from transactions with third parties for both capital and revenue.
- **Notes to the Financial Statements** – the notes provide more detail about the items contained in the key financial statements, the Council’s Accounting Policies and other information to aid the understanding of the financial statements.
- **Housing Revenue Account (HRA)** – this records the Council’s statutory obligation to account separately for the cost of the landlord role in respect of the provision of Council Housing.
- **Collection Fund** – the Council is responsible for collecting Council Tax and local Business Rates.  
  
The proceeds of Council Tax are distributed to the Council and the Greater London Authority (GLA). Local Business Rates are distributed between the Council, the Government and the GLA. The Fund shows the income due and application of the proceeds.
- **Group Accounts** – these consolidate the accounts of the Council with its two subsidiary companies, Housing Gateway Ltd and Energetik.

**Independent Auditor's Report to The Members of London Borough of Enfield**

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## Statement of Responsibilities

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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 ensure that one of its officers has responsibility for the administration of those affairs. For this Council, that officer is Fay Hammond, the Executive Director of Resources
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- approve the Statement of Accounts

### The Executive Director of Resources' Responsibilities

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

In preparing this Statement of Accounts, the Executive Director of Resources has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Code

The Executive Director of Resources has also:

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

### Confirmation by the Executive Director of Resources

I confirm that this Statement of Accounts gives a true and fair view of:

- The Financial Position of the Authority as at 31 March 2022, and
- The Authority's Income and Expenditure for financial year 2021/22

Signed



**Fay Hammond**

**Executive Director of Resources**

**31 July 2022**

## Core Financial Statements

### Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost, for the year, of providing services in accordance with proper accounting practices, as set out in the CIPFA/LASAAC Code of Accounting Practice, rather than the amount to be funded from taxation.

2020/21			On its services the council spent:	Note	2021/22		
Gross Expenditure £'000s	Gross Income £'000s	Net Expenditure £'000s			Gross Expenditure £'000s	Gross Income £'000s	Net Expenditure £'000s
24,749	(9,039)	15,710	Chief Executive		16,612	(2,868)	13,744
23,908	(7,197)	16,711	Corporate		25,232	(3,059)	22,173
482,167	(349,066)	133,101	People		523,093	(366,380)	156,713
174,778	(104,853)	69,925	Place		164,922	(104,759)	60,163
315,829	(265,544)	50,285	Resources		315,206	(246,324)	68,882
72,434	(66,340)	6,094	Housing Revenue Account		58,101	(70,787)	(12,686)
<b>1,093,865</b>	<b>(802,039)</b>	<b>291,826</b>	<b>Total Cost of Services</b>		<b>1,103,166</b>	<b>(794,177)</b>	<b>308,989</b>
35,053	(22,829)	12,224	Other Operating Expenditure	3	69,142	(20,781)	48,361
59,306	(41,281)	18,025	Financing & Investment Income & Expenditure	4	61,876	(49,400)	12,476
0	(317,565)	(317,565)	Taxation & Non-Specific Grant Income		0	(357,159)	(357,159)
<b>1,188,224</b>	<b>(1,183,714)</b>	<b>4,510</b>	<b>Deficit on the Provision of Services</b>		<b>1,234,184</b>	<b>(1,221,517)</b>	<b>12,667</b>
			<b>Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services</b>				
		(47,990)	(Surplus) / Deficit on revaluation of non-current assets				(272,719)
		78,884	Remeasurement of the net defined pension liability	40			(207,901)
		<b>30,894</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>(480,620)</b>
		<b>35,404</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>(467,953)</b>

## Core Financial Statements

### Group Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

2020/21				2021/22		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
24,749	(9,039)	<b>15,710</b>	Chief Executive	16,612	(2,868)	<b>13,744</b>
22,070	(5,389)	<b>16,681</b>	Corporate	25,232	(3,059)	<b>22,173</b>
487,320	(356,892)	<b>130,428</b>	People	523,093	(366,380)	<b>156,713</b>
177,223	(107,702)	<b>69,521</b>	Place	163,760	(104,887)	<b>58,873</b>
315,759	(265,474)	<b>50,285</b>	Resources	302,288	(246,324)	<b>55,964</b>
69,617	(63,523)	<b>6,094</b>	Housing Revenue Account	56,430	(73,204)	<b>(16,774)</b>
<b>1,096,738</b>	<b>(808,019)</b>	<b>288,719</b>	<b>Total Cost of Services</b>	<b>1,087,415</b>	<b>(796,722)</b>	<b>290,693</b>
33,167	(22,249)	10,918	Other Operating Expenditure	69,142	(20,781)	48,361
59,949	(48,418)	11,531	Financing and Investment Income and Expenditure	62,351	(52,141)	10,210
0	(317,565)	(317,565)	Taxation and non-specific grant income	0	(357,159)	(357,159)
<b>1,189,854</b>	<b>(1,196,251)</b>	<b>(6,397)</b>	<b>Deficit on the Provision of Services</b>	<b>1,218,908</b>	<b>(1,226,803)</b>	<b>(7,895)</b>
		49	Group Tax	1,528		1,528
			Share of (surplus)/Deficit on Joint Venture			(7,416)
		<b>(6,348)</b>	<b>Deficit on the Provision of Services after Tax</b>			<b>(13,783)</b>
			<b>Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services</b>			
		(47,990)	(Surplus) / Deficit on revaluation of non-current assets	0	(272,719)	(272,719)
		78,884	Remeasurement of the net defined pension liability	(207,901)	0	(207,901)
		<b>30,894</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(480,620)</b>
		<b>24,546</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(494,403)</b>

## Core Financial Statements

### Movement in Reserves Statement (MiRS)

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.

	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance At 1 April 2020</b>	<b>(105,743)</b>	<b>(26,943)</b>	<b>(15,961)</b>	<b>(6,035)</b>	<b>(60,885)</b>	<b>(215,567)</b>	<b>(501,535)</b>	<b>(717,102)</b>
Total Comprehensive Income and Expenditure (CIES Page 26)	(10,993)	5,375	0	0	0	(5,618)	31,618	26,000
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 16)	(29,301)	(3,856)	9,901	(4,822)	(11,330)	(39,408)	48,812	9,404
(Increase)/Decrease In 2019/20	(40,294)	1,519	9,901	(4,822)	(11,330)	(45,026)	80,430	35,404
<b>Balance At 31 March 2021</b>	<b>(146,037)</b>	<b>(25,424)</b>	<b>(6,060)</b>	<b>(10,857)</b>	<b>(72,215)</b>	<b>(260,593)</b>	<b>(421,105)</b>	<b>(681,698)</b>
<b>GF and HRA Balance analysed over</b>								
Earmarked Reserves (Note 18)	(132,087)	(15,480)						
Balances not earmarked	(13,950)	(9,944)						
<b>Balance At 31 March 2021</b>	<b>(146,037)</b>	<b>(25,424)</b>						

	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance At 1 April 2021</b>	<b>(146,037)</b>	<b>(25,424)</b>	<b>(6,060)</b>	<b>(10,857)</b>	<b>(72,215)</b>	<b>(260,593)</b>	<b>(421,105)</b>	<b>(681,698)</b>
Total Comprehensive Income and Expenditure (CIES Page 26)	(24,138)	36,806	0	0	0	12,668	(480,620)	(467,952)
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 16)	26,723	(18,726)	5,292	(11,315)	(3,623)	(1,649)	1,649	0
(Increase)/Decrease In 2021/22	2,585	18,080	5,292	(11,315)	(3,623)	11,019	(478,971)	(467,952)
<b>Balance At 31 March 2022</b>	<b>(143,452)</b>	<b>(7,344)</b>	<b>(768)</b>	<b>(22,172)</b>	<b>(75,838)</b>	<b>(249,574)</b>	<b>(900,076)</b>	<b>(1,149,650)</b>
<b>GF and HRA Balance analysed over</b>								
Earmarked Reserves (Note 18)	(129,500)	(4,154)						
Balances not earmarked	(13,950)	(3,190)						
<b>Balance At 31 March 2021</b>	<b>(143,450)</b>	<b>(7,344)</b>						

## Core Financial Statements

### Group Movement in Reserves Statement

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

2021/22	LBE Usable Reserves	LBE Unusable Reserves	Total Authority Reserves	Usable Reserves of Subsidiaries	Unusable Reserves of Subsidiaries	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2020</b>	(215,567)	(501,535)	(717,102)	732		(716,370)
Opening Balance adjustment			-			
<b>Adjusted Opening Balance</b>	(215,567)	(501,535)	(717,102)	732	-	(716,370)
<b>Movement in Reserves during 2020/21:</b>						
Total comprehensive income and expenditure	4,510	30,894	35,404	(10,858)	-	24,546
Adjustments between accounting basis and funding basis under regulations	(49,536)	49,536	-		-	
(Increase)/decrease in year	(45,026)	80,430	35,404	(10,858)	-	24,546
<b>Balance at 31 March 2021</b>	(260,593)	(421,105)	(681,698)	(10,126)	-	(691,824)
<b>Movement in Reserves during 2021/22:</b>						
Total comprehensive income and expenditure	11,285	(480,620)	(469,335)	(25,068)	-	(494,403)
Adjustments between accounting basis and funding basis under regulations	(1,649)	1,649	-		-	-
(Increase)/decrease in year	9,636	(478,971)	(469,335)	(25,068)	-	(494,403)
<b>Balance at 31 March 2022</b>	(250,957)	(900,076)	(1,151,033)	(35,194)	-	(1,186,227)

## Core Financial Statements

### Consolidated Balance Sheet

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

Group	31-Mar-21		Note	31-Mar-22	Group
£'000s	£'000s			£'000s	£'000s
1,923,625	1,886,399	Property, Plant & Equipment	19	2,220,068	2,243,121
5,430	5,430	Heritage Assets	21	5,428	5,428
275,927	177,747	Investment Properties	21,24	198,671	345,697
28,515	21,626	Intangible Assets	21	16,267	23,798
9,703	55,825	Long-Term Investments	15	69,515	76,930
4,715	93,210	Long-Term Receivables	27	99,122	(36,605)
<b>2,247,915</b>	<b>2,240,237</b>	<b>Long Term Assets</b>		<b>2,609,071</b>	<b>2,658,369</b>
970	970	Assets Held for Sale	21	970	970
2,227	2,227	Inventories		2,664	2,664
144	144	Short-Term Investments	27	162	162
163,738	166,735	Short-Term Receivables	28	140,379	141,714
64,374	51,357	Cash & Cash Equivalents	29	97,980	114,757
<b>231,453</b>	<b>221,433</b>	<b>Current Assets</b>		<b>242,155</b>	<b>260,267</b>
(1,441)	(1,441)	Cash & Cash Equivalents Overdrawn	29	(1,495)	(1,495)
(31,491)	(31,064)	Short-Term Borrowing	27	(66,701)	(73,329)
(157,570)	(155,381)	Short-Term Payables	30	(158,857)	(172,559)
(4,009)	(4,009)	Short-Term Provisions	33	(3,993)	(3,993)
<b>(194,511)</b>	<b>(191,895)</b>	<b>Current Liabilities</b>		<b>(231,046)</b>	<b>(251,376)</b>
(30,486)	(30,458)	Other Long-Term Liabilities	35	(26,485)	(26,513)
(20,777)	(19,837)	Long-Term Provisions	33	(11,694)	(14,034)
(904,005)	(904,599)	Long-Term Borrowing	27	(954,048)	(954,048)
(604,576)	(604,576)	Pensions Liability	40	(446,967)	(446,967)
(33,189)	(28,607)	LT Capital Grants RIA	32	(31,336)	(39,472)
<b>(1,593,033)</b>	<b>(1,588,077)</b>	<b>Long Term Liabilities</b>		<b>(1,470,530)</b>	<b>(1,481,034)</b>
<b>691,824</b>	<b>681,698</b>	<b>Net Assets</b>		<b>1,149,650</b>	<b>1,186,226</b>
9,048	9,048	Accumulated Absences Account		8,474	8,474
(407,109)	(407,109)	Capital Adjustment account		(448,838)	(448,838)
25,701	25,701	Collection Fund Adjustment Account		(2,505)	(2,505)
604,576	604,576	Pensions Reserve	40	446,967	446,967
(653,576)	(653,576)	Revaluation Reserve		(908,170)	(908,170)
(7,793)	(7,793)	Deferred Capital Receipts Reserve		(8,623)	(8,623)
8,048	8,048	DSG Adjustment ACCT		12,618	12,618
<b>(421,105)</b>	<b>(421,105)</b>	<b>Unusable Reserves</b>	17	<b>(900,077)</b>	<b>(900,077)</b>
(72,215)	(72,215)	Capital Grants Unapplied Account		(75,838)	(75,838)
(10,857)	(10,857)	Capital Receipts Reserve		(22,172)	(22,172)
(13,950)	(13,950)	General Fund		(13,950)	(36,727)
(142,087)	(132,087)	GF Earmarked Reserves	18	(129,500)	(129,500)
(10,070)	(9,944)	HRA Balance		(3,190)	(16,989)
(15,480)	(15,480)	HRA Earmarked Reserves	18	(4,154)	(4,154)
(6,060)	(6,060)	Major Repairs Reserve	HRA4	(768)	(768)
<b>(270,719)</b>	<b>(260,593)</b>	<b>Usable Reserves</b>		<b>(249,572)</b>	<b>(286,148)</b>
<b>(691,824)</b>	<b>(681,698)</b>	<b>Reserves / Net Worth</b>		<b>(1,149,649)</b>	<b>(1,186,225)</b>

**Confirmation by the Chief Financial Officer**

I confirm that the statement of accounts presents a true and fair view of the financial position of the Council as at 31 March 2022 and its income and expenditure for the year then ended.



**Fay Hammond**  
Executive Director of Resources  
Section 151 Officer

**31 July 2022**

Draft

**Consolidated Cash Flow Statement**

The Cash Flow Statement shows the cash flows of the Council and the Group during the reporting period. The Statement shows how both have 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 and the Group have funded their operations from taxation and grant income or from the recipients of services provided. Investing activities refer to expenditure that contributes to future service delivery. Cash flows arising from financing activities refer to the raising and repayment of loans and other long-term liabilities.

2020/21	2020/21			2021/22	2021/22
Group	Council		Note	Council	Group
£'000	£'000			£'000	£'000
<b>6,348</b>	<b>(4,510)</b>	<b>Net Deficit on the provision of services</b>		<b>(12,667)</b>	<b>13,783</b>
128,660	135,356	Adjust to deficit on the provision of services for non-cash movements	41	163,709	177,029
(71,890)	(65,447)	Adjustments for items included in net deficit in the provision of services that are investing & financing activities.	44	(81,152)	(81,321)
<b>63,118</b>	<b>65,399</b>	<b>Net cash outflow/(inflow) from operating activities</b>		<b>69,890</b>	<b>109,491</b>
(84,599)	(61,496)	Investing activities	42	(104,431)	(147,068)
(36,425)	(63,101)	Financing activities	43	81,113	87,906
<b>(57,906)</b>	<b>(59,198)</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>46,572</b>	<b>50,329</b>
<b>120,839</b>	<b>109,114</b>	<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>49,916</b>	<b>62,933</b>
<b>62,933</b>	<b>49,916</b>	<b>Cash and cash equivalents at the end of the reporting period:</b>		<b>96,488</b>	<b>113,262</b>



**NOTE 1. Expenditure and Funding Analysis**

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

- Chief Executive
- People
- Place
- Resources
- Corporate

Draft

## Notes to the Core Financial Statements

2020/21				2021/22		
Net Expenditure Chargeable to General Fund and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES	Segment	Net Expenditure Chargeable to General Fund and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES
£'000	£'000	£'000		£'000	£'000	£'000
14,175	(1,535)	15,710	Chief Executive	13,126	(1,938)	15,064
(4,028)	(20,739)	16,711	Corporate	58,723	36,550	22,173
117,295	(15,806)	133,101	People	129,952	(22,664)	152,616
64,291	(5,634)	69,925	Place	(112,452)	(16,578)	(95,874)
46,473	(3,812)	50,285	Resources	226,025	(1,672)	227,697
(3,232)	(9,326)	6,094	Housing Revenue Account	(61,238)	(48,552)	(12,686)
<b>234,974</b>	<b>(56,852)</b>	<b>291,826</b>	<b>Net Cost of Service</b>	<b>254,136</b>	<b>(54,854)</b>	<b>308,990</b>
(273,749)	13,567	(287,316)	Other Operating Income and Expenditure	(255,149)	41,173	(296,322)
<b>(38,775)</b>	<b>(43,285)</b>	<b>4,510</b>	<b>Deficit/(Surplus)</b>	<b>(1,013)</b>	<b>(13,681)</b>	<b>12,668</b>
(132,686)			Opening General Fund & HRA Balance	(171,461)		
-			Opening balance adjustment	-		
(38,775)			In year surplus / (deficit)	(1,013)		
<b>(171,461)</b>			<b>Closing General Fund &amp; HRA Balance</b>	<b>(172,474)</b>		

The adjustments of £13.681m are explained below and further analysed in the table following.

### Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for other operating expenditure adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets. Financing and investment income and expenditure on the statutory charges for capital financing i.e. Minimum Revenue Provision (MRP) and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices. Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivables in the year to those receivables

## Notes to the Core Financial Statements

without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

### Adjustments Pension Benefits

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

### Other Adjustments

The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and business rates that was projected to be received at the start of the year and the income recognised according to the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

2020/21				Net Cost of Service		2021/22			
Adjustments for Capital Purposes	Adjustments for Pension Benefits	Other Adjustments	Total Adjustments	Segment	Adjustments for Capital Purposes	Adjustments for Pension Benefits	Other Adjustments	Total Adjustments	
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	
0	(1,268)	(267)	(1,535)	Chief Executive	0	(2,138)	200	(1,938)	
(19,661)	(1,078)	0	(20,739)	Corporate	31,869	51,407	(46,726)	36,550	
(291)	(6,239)	(9,276)	(15,806)	People	(4,799)	(13,069)	(4,797)	(22,665)	
68	(5,078)	(624)	(5,634)	Place	(6,101)	(10,990)	513	(16,578)	
0	(3,189)	(623)	(3,812)	Resources	0	(7,199)	5,527	(1,672)	
(7,875)	(1,292)	(159)	(9,326)	HRA	(21,761)	(3,657)	(23,134)	(48,552)	
<b>(27,759)</b>	<b>(18,144)</b>	<b>(10,949)</b>	<b>(56,852)</b>	<b>Net Cost of Service</b>	<b>(792)</b>	<b>14,354</b>	<b>(68,417)</b>	<b>(54,855)</b>	
39,964	(11,071)	(15,326)	13,567	Other Operating Income and Expenditure	77,417	(64,646)	28,402	41,173	
<b>12,205</b>	<b>(29,215)</b>	<b>(26,275)</b>	<b>(43,285)</b>	<b>Deficit/(Surplus)</b>	<b>76,625</b>	<b>(50,292)</b>	<b>(40,015)</b>	<b>(13,682)</b>	

**Notes to Expenditure Funding Analysis tables**

**Adjustments between Internal Reporting & Statutory Position**

These relate to

- i) Amounts transferred from earmarked reserves to Directorates - which were included in the movement on General Fund and HRA Balances reported internally but under the Code do not form part of the net cost of service in the CIES
- ii) In-year overspend on School Delegated Budgets which was included in the net cost of services in the CIES but not included in the General Fund outturn report to management. The DSG deficit has been transferred to an unusable reserve.
- iii) Net revenue income from investment properties which was included in the General Fund outturn report to management but excluded from the net cost of service in the CIES.

The movement in General Fund and HRA balances is analysed by subjective nature of income and expenditure in the tables below.

**NOTE 2. Expenditure and Income Analysed by Nature**

2020/21 £'000	Nature of Expenses	2021/22 £'000
352,535	Employee Related Expenses	419,939
727,907	Other Service Expenses	689,562
44,779	Depreciation & Amortisation	40,080
15,728	Impairment & Revaluation	11,133
34,322	Interest Payable & Similar Charges	20,950
7,540	Precepts & Levies	8,795
5,413	(Gain)/ Loss on disposal of non-current assets	43,726
<b>1,188,224</b>	<b>Expenditure Total</b>	<b>1,234,185</b>
(262,219)	Fees, Charges & Other Service Income	(263,285)
(12,162)	Interest & Investment Income	(15,381)
(183,690)	Income from Council Tax & Non-Domestic Income	(214,294)
(725,643)	Government Grants & Contributions	(728,557)
<b>(1,183,714)</b>	<b>Income Total</b>	<b>(1,221,517)</b>
<b>4,510</b>	<b>Deficit on Provision of Services</b>	<b>12,668</b>

**NOTE 3. Other Operating Income and Expenditure**

2020/21				2021/22		
Gross Expenditure	Gross Income	Net		Gross Expenditure	Gross Income	Net
£'000	£'000	£'000		£'000	£'000	£'000
1,365	0	1,365	Payments to Housing Capital Receipts Pool	1,365	0	1,365
7,540	0	7,540	Precepts and Levies	8,795	0	8,795
8,394	(13,198)	(4,804)	(Gain)/ Loss on disposal of non-current assets	58,982	(15,256)	43,726
7,537	0	7,537	Movement in fair value of surplus assets	0	0	0
0	0	0	Repayment of Right-to-Buy receipts	0	0	0
0	(9,631)	(9,631)	Other Operating Income	0	(5,525)	(5,525)
<b>24,836</b>	<b>(22,829)</b>	<b>2,007</b>	<b>Total</b>	<b>69,142</b>	<b>(20,781)</b>	<b>48,361</b>

**NOTE 4. Financing and Investment Income and Expenditure**

2020/21				2021/22		
Gross Expenditure	Gross Income	Net		Gross Expenditure	Gross Income	Net
£'000	£'000	£'000		£'000	£'000	£'000
20,094	0	20,094	Interest payable and similar charges	20,950	0	20,950
34,742	(23,674)	11,068	Net interest on the net defined pension liability	38,526	(26,182)	12,344
0	(4,072)	(4,072)	Interest Receivable and Similar Income	0	(3,943)	(3,943)
1,310	(8,090)	(6,780)	Income and Expenditure in relation to investment properties	355	(11,793)	(11,438)
0	(5,445)	(5,445)	Changes in fair value of investment properties	0	(7,483)	(7,483)
562	0	562	Other Investment Income and Expenditure	1,584	1	1,585
2,598	0	2,598	Derecognition of Investment Properties	461	0	461
<b>59,306</b>	<b>(41,281)</b>	<b>18,025</b>	<b>Total</b>	<b>61,876</b>	<b>(49,400)</b>	<b>12,476</b>

**NOTE 5. Taxation and Non-Specific Grant Income**

2020/21			2021/22	
£000	Taxation & Non-Specific Grant Income		£000	
(134,174)	Income from Council Tax		(139,622)	
(49,516)	Locally Retained Business Rates		(74,672)	
(84,517)	General Government Grants and Contributions		(80,616)	
(49,358)	Capital Grants and Contributions		(62,249)	
<b>(317,565)</b>	<b>Total</b>		<b>(357,159)</b>	

**NOTE 6. Grants credited to Taxation and Non-Specific Grant Income**

Grants, contributions and donations credited to the CIES are as follows:

(i)

2020/21 £'000	Non-Specific Revenue Grant Income	2021/22 £'000
	<b>Credited to Taxation and Non-Specific Grant Income</b>	
(1,777)	CIL Income	(2,859)
(11,874)	Covid-19 Business Rate Relief	(6,395)
(17,570)	Revenue Support Grant	(17,668)
(22,067)	Covid-19 LA Support Grant	(10,534)
(7,667)	Social Care Grant	(9,393)
0	Local CT Support Scheme	(6,266)
(6,676)	S31 Business Rates Grants	(5,995)
(33,034)	Local Restrictions Support Grants	(2,897)
(1,816)	Housin Benefit Administration Grant	(1,601)
(5,752)	Support for lost Sales, Fees and Charges	(1,528)
0	COVID Local Support Grant	(1,352)
(646)	New Homes Bonus	(608)
(647)	Council Tax Administration Grant	(695)
(5,342)	Local Tax Losses 2020-21 Grant	0
(2,683)	Other Grants & Contributions (under £1m each)	(15,722)
<b>(117,551)</b>	<b>Total Non-Specific Revenue Grant Income</b>	<b>(83,513)</b>

Of this total, £21.216m related to Covid grants. Details are in the table below.

2020/21 £'000	Covid Grants credited to Taxation and Non-Specific Grant Income	2021/22 £'000
(22,067)	Covid-19 General Grant	-
(5,752)	Support for lost Sales, Fees and Charges	(1,528)
(426)	Defra -LA Emergency Assistance Grant	-
(247)	BEIS -New Burdens Covid Grant	(444)
-	- Covid-19 Business Rate Relief	(6,395)
-	- Covid-19 LA Support Grant	(10,534)
-	- COVID Local Support Grant	(1,352)
-	- Self Isolation Payments Funding	(963)
<b>(28,492)</b>	<b>Total Non-Specific Covid Grant Income</b>	<b>(21,216)</b>

## Notes to the Core Financial Statements

(ii)

2020/21	Capital Grants and Contributions	2021/22
£'000		£'000
	Government Grants	
(3,991)	Building Council Homes for Londoners	(15,217)
0	Heat Networks Infrastructure Grant	(12,000)
(14,462)	School Condition Allocations	(9,876)
(12,066)	Housing infrastructure Fund	(7,721)
0	Rough Sleepers Accommodation Programme	(4,150)
(4,814)	Transport for London Grant	(2,867)
(3,708)	Disabled Facilities Grant	(2,183)
(2,008)	School Basic Need Grant	(1,318)
0	Better Care Fund	(1,265)
(3,819)	BEIS PS Decarbonisation Scheme	0
(4,490)	Other Capital Grants and Contributions	(5,652)
<b>(49,358)</b>	<b>Total Capital Grants and Contributions</b>	<b>(62,249)</b>

### **NOTE 7. Grant Income Credited to Services**

Grants, contributions and donations credited to the CIES are as follows:

2020/21		2021/22
£'000		£'000
(213,305)	Dedicated Schools Grant	(222,293)
(242,471)	Housing Benefit Subsidy	(219,519)
(17,290)	Public Health Grant	(17,531)
(14,560)	NCL CCG Section 75 Schemes	(15,050)
(11,381)	Adult Social Care Grant	(11,381)
(10,677)	Education Funding Agency- Learning & Skills Grant	(11,348)
(8,348)	Flexible Homelessness Grant	(10,800)
(8,923)	Pupil Premium Grant	(8,730)
(6,800)	PFI Grants	(6,800)
(4,098)	Contain Outbreak Management Fund (COMF)	(6,679)
(4,020)	Asylum Grant	(3,230)
(5,006)	Adult Social Care Infection Control Fund	(2,871)
(599)	ASC Rapid Testing Fund Phase 3 (21/22)	(2,848)
(2,974)	Discretionary Housing Payment	(2,357)
(2,450)	Universal Infant Free School Meals Grant	(2,277)
0	Household Support Fund	(1,855)
(2,125)	Community Testing Funding	(1,837)
0	ASC Workforce retention and recruitment	(1,623)
(5)	Holiday Activities and Food (HAF)	(1,474)
(699)	Rough Sleeper Initiative	(1,401)
(387)	LA Test and Trace Support Grant	(1,195)
(1,095)	Troubled Families Grant	(1,112)
(1,345)	Covid Catch Up Premium	(969)
(1,373)	Transport for London	(757)
(5,706)	Teachers Pension Grant (new 19/20)	(601)
(1,901)	Teachers Pay Grant (new 18/19)	(213)
(1,371)	COVID-19 Winter Grant Scheme	(178)

## Notes to the Core Financial Statements

(5,897)	COVID-19 Hardship Fund	0
(2,486)	Local Authority Discretionary Grant Fund	0
(1,181)	Next Steps Accommodation Programme	0
(13,295)	Other Grants and Contributions (under £1m)	(13,691)
<b>(591,768)</b>	<b>General Government Grants</b>	<b>(570,620)</b>

Of the total of £570.620m, £18.171m related to Covid grants. Details are in the table below.

2020/21 £'000	Covid grants included in this note are as follow:	2021/22 £'000
(4,098)	Contain Outbreak Management Fund (COMF)	(6,679)
(5,006)	ASC Infection Control Fund	(2,871)
(599)	ASC Rapid Testing Fund	(1,855)
(2,125)	Community Testing Funding	(1,837)
(649)	ASC Workforce retention and recruitment	(1,623)
(387)	LA Test and Trace Support Grant	(1,195)
(1,345)	Covid Catch Up Premium	(969)
(479)	Self Isolation Payments Funding	(963)
0	COVID 19 National Testing Programme	(608)
0	Recovery Premium Funding	(521)
(206)	Reopening High Streets Safely Fund	(378)
(671)	Support for CEV individuals	(275)
(1,371)	COVID-19 Winter Grant Scheme	(178)
0	Protect and Vaccinate	(175)
(822)	Culture Recovery Fund 2nd Round	(163)
(5,897)	COVID-19 Hardship Fund	0
(1,181)	Next Steps Accommodation Programme	0
(2,486)	LA Discretionary Grant Fund	0
(207)	Local Authority Compliance & Enforcement Grant	0
(120)	Protect Plus	0
(18)	Other Covid Grants under £100,000	(462)
<b>(27,667)</b>	<b>Total Service-Specific Covid Grant Income</b>	<b>(20,752)</b>

The Council has received several grants and contributions that have yet to be recognised as income as they have conditions outstanding as at 31 March 2022. These are detailed in Notes 31 and 32.

### **NOTE 8. Dedicated Schools' Grant**

The Council's expenditure on schools is funded primarily by grant money 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 2021/22 are as follows:



## Notes to the Core Financial Statements

	Central expenditure	Individual schools' budget	Total
Final DSG for 2021/22 before academy and high needs recoupment			370,882
Academy and high needs figure recouped for 2021/22			148,005
Total DSG after academy and high needs recoupment for 2021/22			222,878
Plus: Brought forward from 2020/21			-
Less: Carry-forward to 2022/23 agreed in advance			-
<b>Agreed initial budgeted distribution in 2021/22</b>	<b>42,925</b>	<b>179,953</b>	<b>222,878</b>
In year adjustments	(585)	-	(585)
<b>Final budget distribution for 2021/22</b>	<b>42,340</b>	<b>179,953</b>	<b>222,293</b>
Less: Actual central expenditure	47,805		47,805
Less: Actual ISB deployed to schools		179,058.30	179,058
Plus: Local authority contribution for 2021/22	-	-	-
<b>In Year Carry-forward to 2022/23</b>	<b>(5,465)</b>	<b>895</b>	<b>(4,570)</b>
Plus/Minus: Carry-forward to 2022/23 agreed in advance			-
Carry-forward to 2022/23			-
DSG unusable reserve at the end of 2020/21			(8,048)
Addition to DSG unusable reserve at the end of 2021/22			(4,570)
Total of DSG unusable reserve at the end of 2021/22			(12,618)
<b>Net DSG position at the end of 2021/22</b>			<b>(12,618)</b>

DSG, 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) 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 2022 were in a £0.387m deficit position (£0.1m deficit position, 31 March 2021). Under regulations, the deficit has been reversed out through the MiRS and is being held in the Dedicated Schools Grant Reserve.

### **NOTE 9. Material Items of Income and Expenditure**

The Council received £105.1m (2020/21: £159.5m) of COVID monies in the year, of which £27.2m (2020/21: £81.5m) represented transfer payments with the residual £77.9m (2020/21: £68.2m) being revenue.

The Council recognised £57.2m (2020/21: £62.1m) against £90.2m (2020/21: £66.2m) of expenditure, reflecting the fact that £4.3m (2020/21: £8.5m) of COVID Grant monies were held in reserve and, £67.5m of COVID monies including £27.2m transfer payments were received and carried over from 2020/21.

At 31 March 2022, there were £1.3m (2020/21: £9.9m) of debtors £28.2m (2020/21: £15.8m) in creditors and none (2020/21: £4.4m) were held in reserve in relation to these monies. There were also £24.8m (2020/21: £23.7m) and £12.9m (2020/21: Nil) of transfer payments treated as creditors and receipts in advance respectively. Of these monies held as creditors at 31 March 2022, £18.3m was expected to be repaid back to Central Government in 2022/23.

## Notes to the Core Financial Statements

### **NOTE 10. 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 this information is shown in the table below. Further details can be found at this link to the [Council Website](#)

2020/21		2021/22
£'000		£'000
655	Basic allowances	671
306	Special responsibility allowances	317
<b>961</b>	<b>Total</b>	<b>988</b>

### **NOTE 11. Senior Officers' Remuneration**

**Senior Employees' Earnings.** Taxable remuneration, expense allowances and employers pension contributions in respect of Senior Employees is detailed below. Officers' names are not required to be declared if their salary is under £150,000.

Senior Employee Designation	Year	Taxable Pay	Performance Related Pay	Pension Contribution	Total
		£	£	£	£
<b>Ian Davies</b> <b>(Chief Executive)</b>	2021/22	211,878	-	-	<b>211,878</b>
	2020/21	206,679	-	-	<b>206,679</b>
<b>Tony Theodoulou</b> <b>(Executive Director of People - Note 1)</b>	2021/22	166,659	-	-	<b>166,659</b>
	2020/21	164,196	-	-	<b>164,196</b>
<b>Sarah Cary</b> <b>(Executive Director of Place)</b>	2021/22	166,659	-	33,665	<b>200,324</b>
	2020/21	164,196	-	39,703	<b>203,899</b>
<b>Fay Hammond</b> <b>Director of Resources</b> <b>(Note 2)</b>	2021/22	151,508	-	-	<b>151,508</b>
	2020/21	143,301	-	13,438	<b>156,739</b>
<b>Director of Law &amp; Governance</b> <b>(Note 3) and (Note 4)</b>	2021/22	117,930	-	-	<b>117,930</b>
	2020/21	125,875	1,103	-	<b>126,978</b>
<b>Dudu Sher-Arami</b> <b>Director of Public Health</b> <b>(Note 4)</b>	2021/22	134,814	-	27,232	<b>162,046</b>
	2020/21	112,720	794	26,910	<b>140,424</b>
<b>Ray James -</b> <b>Executive Director of Health, Housing</b> <b>&amp; Adult Social Care - External</b> <b>Secondment - Left Dec 2020 (Note 5)</b>	2020/21	234,850	2,542	-	<b>237,392</b>

**Note 1:** The Executive Director of People fulfils the statutory roles of Director of Children's Services and Director of Adult Social Services.

**Note 2:** This post fulfils the statutory role of s151 Officer.

**Note 3:** This post fulfils the statutory role of Monitoring Officer.

**Note 4:** The Director of Law left at the end of 2021/22 and an interim Director of Law started in post on 7 February 2022. The total costs incurred for the interim for 2021/22 was £13,039.

**Note 5:** This is a statutory role

**Note 6:** Ray James, The Executive Director of Health and Adult Social Care was seconded to NHS England in October 2017. For 2020/21 his total remuneration of £235k includes compensation for loss of office, with £139k being recharged to NHS England (including on costs).

## Notes to the Core Financial Statements

### **NOTE 12. Other Employees with Remuneration over £50,000**

**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.

2020/21			Taxable Remuneration Band	2021/22		
Non Schools	Schools	Total		Non Schools	Schools	Total
86	146	232	£50,000 - £54,999	144	109	253
50	114	164	£55,000 - £59,999	62	82	144
107	47	154	£60,000 - £64,999	117	39	156
28	33	61	£65,000 - £69,999	22	19	41
28	26	54	£70,000 - £74,999	35	13	48
29	17	46	£75,000 - £79,999	38	13	51
9	14	23	£80,000 - £84,999	9	10	19
9	4	13	£85,000 - £89,999	8	2	10
6	3	9	£90,000 - £94,999	16	3	19
2	5	7	£95,000 - £99,999	3	5	8
3	3	6	£100,000 - £104,999		0	0
1	3	4	£105,000 - £109,999		2	2
1	3	4	£110,000 - £114,999	2	1	3
2	-	2	£115,000 - £119,999	2	0	2
1	-	1	£120,000 - £124,999	0	1	1
4	1	5	£125,000 - £129,999	7		7
3	-	3	£130,000 - £134,999	2		2
-	-	-	£135,000 - £139,999	0	1	1
-	-	-	£140,000 - £144,999	-	-	
-	-	-	£145,000 - £149,999	-	-	
-	-	-	£150,000 - £154,999	1		1
-	-	-	£155,000 - £159,999	-	-	-
-	-	-	£160,000 - £164,999	-	-	-
-	-	-	£165,000 - £169,999	2	-	2
-	-	-	£170,000 - £179,999	-	-	-
-	-	-	£175,000 - £179,999	-	-	-
-	-	-	£180,000 - £184,999	-	-	-
-	-	-	£185,000 - £189,999	-	-	-
1	-	1	£190,000 - £194,999	-	-	-
-	-	-	£195,000 - £199,999	-	-	-
-	-	-	£200,000 - £204,999	-	-	-
-	-	-	£205,000 - £209,999	-	-	-
-	-	-	£210,000 - £215,999	1		1
<b>370</b>	<b>419</b>	<b>789</b>	<b>Totals</b>	<b>471</b>	<b>300</b>	<b>771</b>

The above figures include severance payments to staff whose employment was terminated in the financial year. They exclude remuneration for the most senior officers, whose details are shown in Note 11.

**NOTE 13. 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.

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 2021/22 and 2020/21 were as follows:

2020/21					2021/22			
No. of Redundancies	No. of Other Departures	Total No. of Exit Packages by Band	Total Cost of Exit Packages by Band £'000	Exit Package Cost Band (including special payments)	No. of Redundancies	No. of Other Departures	Total No. of Exit Packages by Band	Total Cost of Exit Packages by Band £'000
25	13	38	231	£0 - £20,000	40	40	80	650
10	2	12	302	£20,000 - £40,000	14	5	19	590
5	1	6	239	£40,000 - £60,000	2	2	4	183
2	-	2	150	£60,000 - £80,000	1	-	1	62
3	-	3	260	£80,000 - £100,000	-	-	-	-
5	2	7	643	£100,000 - £150,000	-	-	-	-
3	-	3	636	Over £150,000	-	-	-	-
<b>53</b>	<b>18</b>	<b>71</b>	<b>2,461</b>	<b>Total</b>	<b>57</b>	<b>47</b>	<b>104</b>	<b>1,485</b>

In addition to the 71 terminations in 2020/21 totalling £2,460,505 there were 4 redundancies which occurred in previous years where capital early retirement costs were finalised and paid in 2020/21. These costs amounted to £32,915.

**NOTE 14. External Audit Costs**

The Council has incurred the following costs in relation to the audit of the statement of accounts:

2020/21		2021/22
£'000		£'000
132	Fees payable to the External Auditors with regard to external audit services carried out by the appointed auditor for the year	132
56	Fees payable in respect of other services provided by external auditors during the year relating to 18/19 Audit	61
67	Fees payable in respect of other services provided by external auditors during the year relating to 19/20 Audit	150
-	Fees payable in respect of Teacher's Pension audit	19
<b>255</b>	<b>Full Year Audit Cost Total</b>	<b>362</b>

**NOTE 15. Related Parties and Group Structure**

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

**Central Government**

Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). The principal grants received from Central Government are set out in Note 32.

**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 2021/22 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.

## Group Structure

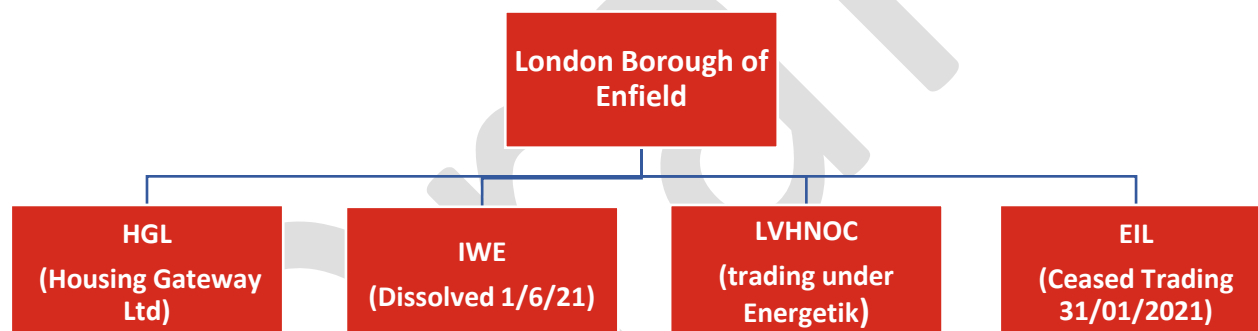
For a variety of legal, regulatory and service delivery reasons, local authorities may conduct their activities through other legal entities that fall under their ultimate control. For this reason, the financial statements of the local authority alone do not in themselves, present a full picture of its economic activities or financial position, which is why it is necessary to produce Group Accounts.

The Group Account statements, notes and disclosures have been juxtaposed next to their equivalent single entity figures in order to aid the reader's understanding. The Council's single entity accounts substantially reflect the substance of the Group for most notes, and so new notes for the Group have only been published where they are materially different.

The Council has 4(2021: 5) companies (2 of which are active). Independence and Wellbeing Enfield Limited was dissolved on 1 June 2021 and it is planned that EIL which is currently dormant will also be dissolved later this year. (Enfotec) is dormant. These companies were set up to meet the Council's strategic objectives as an authority. It also has 2 other significant ventures.

Each company is 100% owned by the Council (parent body). All companies have been consistently consolidated into the group accounts by line-by-line analysis with intercompany transactions, balances and cash flows eliminated.

### 2020/21 Structure



The Council has both loans and equity investment in its subsidiaries. Its investments are noted below:

### The Council's Investment in its Subsidiaries

2021/22	Subsidiary	Accounting Valuation Basis	Fair Value Level	2020/21
£'000				£'000
44,758	HGL (Loans)	Amortised Cost	2	45,796
4,906	HGL (Equity)	Fair Value through Profit & Loss (FVPL)	3	4,897
1,363	LVHN (Loans)	FVPL	3	1,792
4,798	LVHN (Equity)	FVPL	3	17,030
<b>55,825</b>	<b>Total</b>			<b>69,515</b>

As at 31 March 2022 the Council held long-term investments in two of its wholly owned subsidiaries: HGL and LVHN.

With respect to HGL the investment has arisen as a result of advancing loans to HGL where the rate of interest charged is below that of market rates for comparable organisations. Soft loan accounting for these loans has resulted in a long-term investment being created. Total nominal loans of £127.4m was outstanding nominal loan at 31 March 2022 of which £45.8m was classified as a long-term equity investment as a result of a difference between amortised cost valuation and cash basis valuation.

The Council did not make any further equity share purchase in HGL during 2021/22 financial year. The existing equity share holding (£5.0m) was valued at £4.9m based on a perceived level of risk in accordance with fair value accounting. The equity investment has been valued by discounting the investment amount at an appropriate discount rate that reflects the credit quality of HGL and the annual average UK money market rate.

Regarding LVHN long-term investment, total nominal loans of £15.2m were advanced as at 31st March 2022, of which £1.8m were deemed to be an "investment in subsidiary" under proper accounting practice that is valued on a fair value through the profit & loss accounting basis. The accounting basis recognises the company being an innovative start-up company, which by their very nature are deemed to be of a higher business risk. The equity has arisen on the capital loans that have been advanced at sub-market rates and the difference between cash value of the loans and amortised cost value.

During 2021/22 the Council purchased a further £12.8m equity share purchase in LVHN and bringing the total nominal equity investment in LVHN to £17.8m. The proceeds have been used for capital purposes. In accordance with Fair Value accounting this equity share is valued at £17.0m based on a perceived level of risk as noted in the above paragraph. The equity has been valued by discounting the investment amount at an appropriate discount rate that reflects the credit quality of LVHN and the annual average UK money market rate.

The difference between the nominal equity investment and fair value holding of the equity investment is an impairment charge to the Comprehensive Income & Expenditure Statement (CIES). Since the equity proceeds have been used for capital purposes the impairment charge has been reversed out of the CIES and into the Capital Adjustment Account.

### **Housing Gateway Limited (HGL)**

HGL was formed in March 2014 with the purpose of acquiring properties to increase the availability of value for money social housing for Enfield residents and to discharge the Council's statutory duties for homelessness. HGL commenced trading in financial year 2014/15. During 2021/22 the Board of Directors included non-executive directors Councillor Tim Leaver and Peter Nwosu and Officers Jayne Middleton-Albooye (Head of Legal Services) and Joanne Drew (Director of Housing & Regeneration). As at 31 March 2022, HGL had outstanding loan balances of £127.4m (2021: £122.0m) with the Council and received in-year net loan advances of £5.4m (2021: £3.6m).

The Council restructured its financing arrangements in 2020/21 to simplify them for HGL. Outstanding loans as at 31 March 2020 were merged into a single 75 year Annuity Loan at a 2.5% interest rate, which is at lower than market rates (soft loan). The impact of that meant that £44.8m of the loan was considered to be the Council's investment in the subsidiary, as it represented the benefit of the interest rate.

Subsequent to this, the Council purchased a £5.0m equity share in HGL and the proceeds have been used for capital purposes. In accordance with Fair Value accounting this equity share is valued at £4.9m based on a perceived level of risk.

**Lee Valley Heating Network Operating Company (LVHNOC)/Energetik**

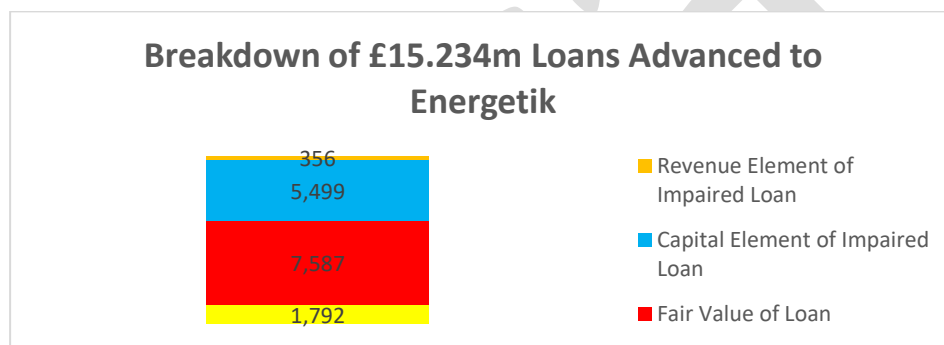
In 2011, the Council set up New River Services Ltd with the Board made up of Councillors and Senior Officers. The Company provided a legal platform to enable the Council to trade its services with other public bodies on a commercial basis. The Company was renamed Lea Valley Heat Network Ltd in June 2013 and is also known commercially as Energetik. The Company began trading in 2016/17.

During 2021/22, the Management Board included Mrs C Clare, Mr I Guest, Mr M King, Cllr Ergin Erbil and Dr T Groth. As at 31 March 2022 Energetik had outstanding loans with the Council of £15.2m (2021: £13.0m), a growth of £2.2m (2021: £1.5m) over the previous year. The company also had accrued interest of £162k (2021: £0.4m) outstanding on loan balances as at 31 March 2021 and this is included on the Council's balance sheet within the current assets value.

During 2021/22 the Council injected £12.8m (2021: £5.0m) equity into Energetik. In accordance with Fair Value accounting this equity share is valued at £4.8m based on a perceived level of risk as noted in the above paragraph.

Similar to HGL, £1.3m are deemed to be an "investment in subsidiary" under proper accounting practice that is valued on a fair value through the profit & loss accounting basis. The accounting basis recognises the company being an innovative start-up company, which by its very nature is deemed to be of a higher risk. Furthermore, there is an impairment of £4.8m to the loan, which is split £0.4m to revenue and £3.4m to capital, which is reversed out of the General Fund to the Capital Adjustment Account. The loan is reviewed annually for possible impairments

**Breakdown of Loan to LVHN/Energetik**



**Enfield Innovations Limited (EIL)**

EIL ceased trading on 31/01/2021 and is in the process of being wound down.

**Independence and Wellbeing Enfield (IWE) Ltd**

IWE commenced trading in September 2016 with the purpose of providing Adult Social Care Services for the people of Enfield. The last remaining director was Mr B Nagra. Unfortunately, it proved not to be as financially advantageous as anticipated and it ceased trading at the end of June 2020. The gain on taking on their assets and liabilities is reflected in note 3 to these accounts. The company was dissolved on 1 June 2021.

**Associates**

**Enfield Norse Limited**

The Council previously owned 40% of shares in Enfield Norse but a decision was made to wind up the company in 2020/21. This was due to a borough led decision to insource cleaning and maintenance services, in line with Corporate objectives of operating services inhouse, where it offered best value to the Council.



**Joint Venture**

**Montagu 406 Regeneration LLP**

The Council has entered into a 50:50 Joint Venture with Henry Boot Construction Ltd to redevelop the Montagu Industrial Estate. Montagu 406 Regeneration LLP was incorporated on the 1 February 2018 and the Joint Special Purpose Vehicle agreement signed on 22 February 2018. T

In 2020/21, LBE granted the lease for Phase 1 land valued at £6.160m in Montagu's books and there was a further £1.234m spent on construction costs and professional fees. The company has completed the development of Phase 1 with most units let and starting to generate income.

**Meridian Water**

This is not a separate entity but the Council's flagship development project. All assets are contained directly within the single entity's financial accounts.

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## Notes to the Core Financial Statements

### **NOTE 16. Adjustments Between Accounting Basis and Funding Basis Under Regulations**

The resources available to the Council in any financial year and the expenses that are charged against those resources are specified by statute (the Local Government Act 2003 and the 2003 Regulations). Where the statutory provisions differ from the accruals basis used in the Comprehensive Income and Expenditure Statement, adjustments to the accounting treatment are made in the Movement in Reserves Statement (MiRS) so that usable reserves reflect the funding available at the year-end. Unusable reserves are created to manage the timing differences between the accounting and funding bases. The material adjustments are:

Expense	Accounting Basis in CIES	Funding Basis in MiRS	Adjustment Account
Property, plant and Equipment	Depreciation and revaluation/impairment losses	Minimum revenue provision (MRP) to cover historical cost determined in accordance with the 2003 Regulations	Capital Adjustment Account
Intangible Assets	Amortisation and impairment	MRP to cover historical cost determined in accordance with the 2003 Regulations	Capital Adjustment Account
Investment Properties	Movements in fair value	MRP to cover historical cost determined in accordance with the 2003 Regulations	Capital Adjustment Account
Revenue Expenditure Funded from Capital under Statute	Expenditure incurred in 2021/22	MRP to cover historical cost determined in accordance with the 2003 Regulations	Capital Adjustment Account
Capital Grants and Contributions	Grants that became unconditional in 2021/22 or were received in 2021/22 without conditions	No credit	Capital Grants Unapplied Reserve (amounts unapplied at 31 March 2022)  Capital Adjustment Account (other amounts)
Pensions Costs	Movements in pensions assets and liabilities (see Note 32)	Employer's pensions contributions payable and direct payments made by the Council to pensioners for 2021/22	Pensions Reserve
Council Tax	Accrued income from 2021/22 bills	Demand on the Collection Fund for 2021/22 plus share of estimated surplus for 2020/21	Collection Fund Adjustment Account
Business Rates	Accrued income from 2021/22 bills	Budgeted income receivable from the Collection Fund for 2021/22 plus share of estimated surplus for 2020/21	Collection Fund Adjustment Account
Dedicated Schools Grant	Expenditure incurred in 2021/22 to be met from Dedicated Schools Grant	Expenditure incurred up to the amount receivable for 2021/22	Dedicated Schools Grant Adjustment Account
Holiday Pay	Projected cost of untaken leave entitlements at 31 March 2022	No charge	Accumulated Absences Adjustment Account

## Notes to the Core Financial Statements

2020/21	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Unusable Reserves £'000	Corresponding Unusable Reserve
<b>Adjustments to Revenue Resources</b>							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement differ from increases / decreases in revenue for the year calculated in accordance with statutory requirements:							
· Pensions costs	(27,920)	(1,292)	0	0	0	29,212	Pensions Reserve
· Council tax & business rates	(22,818)	0	0	0	0	22,818	Collection Fund Adjustment Account
· Schools deficit	(8,048)	0	0	0	0	8,048	Dedicated Schools Grant Reserve
· Holiday pay	(2,742)	(159)	0	0	0	2,901	Accumulated Absences Account
· Capital expenditure	(609)	(8,894)	(16,089)	(14,168)	(44,427)	84,187	Capital Adjustment Account
<b>Capital and Revenue Financing</b>	0	0	0	0	0	0	
Resources set aside for capital financing	18,235	7,894	8,315	24,069	33,097	(91,610)	Capital Adjustment Account
Use of capital receipts for revenue purposes	(1,587)	(1,365)	2,952	0	0	0	
Transfer to and from deferred capital receipts	6,060	(40)	0	0	0	(6,020)	Deferred capital Receipts reserve
<b>Total adjustments</b>	<b>(39,429)</b>	<b>(3,856)</b>	<b>(4,822)</b>	<b>9,901</b>	<b>(11,330)</b>	<b>49,536</b>	

2021/22	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Unusable Reserves £'000	Corresponding Unusable Reserve
<b>Adjustments to Revenue Resources</b>							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement differ from increases / decreases in revenue for the year calculated in accordance with statutory requirements:							
· Pensions costs	(46,635)	(3,657)	0	0	0	50,292	Pensions Reserve
· Council tax & business rates	28,206	0	0	0	0	(28,206)	Collection Fund Adjustment Account
· Schools deficit	(4,570)	0	0	0	0	4,570	Dedicated Schools Grant Reserve
· Holiday pay	536	38	0	0	0	(574)	Accumulated Absences Account
· Capital expenditure	12,995	(41,232)	(19,747)	(12,177)	(42,068)	102,229	Capital Adjustment Account
<b>Capital and Revenue Financing</b>							
Resources set aside for capital financing	37,324	26,660	5,934	17,469	38,445	(125,832)	Capital Adjustment Account
Use of capital receipts for revenue purposes	(1,133)	(1,365)	2,498	0	0	0	
Transfer to and from deferred capital receipts	0	830	0	0	0	(830)	Deferred capital Receipts reserve
<b>Total adjustments</b>	<b>26,723</b>	<b>(18,726)</b>	<b>(11,315)</b>	<b>5,292</b>	<b>(3,623)</b>	<b>1,649</b>	

## Notes to the Core Financial Statements

### **NOTE 17. Unusable Reserves**

The tables below summarise the unusable reserves as disclosed in the Balance Sheet:

Adjustments between Accounting and Funding Basis 2020/21						
Unusable Reserves	Opening Balance 1 April 2020	Other Comprehensive Income and Expenditure	Adjustments to Revenue Resources	Capital and Revenue Financing	Other Movements	Closing Balance 31 March 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Revaluation Reserve	(666,311)	(47,990)	45,814	-	14,911	(653,576)
Capital Adjustment Account	(528,164)	-	241,781	(122,210)	1,484	(407,109)
Collection Fund Adjustment Account	900	-	24,801	-	-	25,701
Dedicated Schools Grant Reserve	0	-	8,048	-	-	8,048
Accumulated Absences Account	6,100	-	2,948	-	-	9,048
Pensions Reserve	583,300	(7,936)	29,212	-	-	604,576
	0	(1,633)	(6,160)	-	-	(7,793)
<b>Total</b>	<b>(604,175)</b>	<b>(57,559)</b>	<b>346,444</b>	<b>(122,210)</b>	<b>16,395</b>	<b>(421,105)</b>
Adjustments between Accounting and Funding Basis 2021/22						
Unusable Reserves	Opening Balance 1 April 2021	Other Comprehensive Income and Expenditure	Adjustments to Revenue Resources	Capital and Revenue Financing	Other Movements	Closing Balance 31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Revaluation Reserve	(653,576)	(272,719)	-	-	18,125	(908,170)
Capital Adjustment Account	(407,109)	-	84,073	(125,832)	30	(448,838)
Collection Fund Adjustment Account	25,701	-	(28,206)	-	-	(2,505)
Dedicated Schools Grant Reserve	8,048	-	4,570	-	-	12,618
Accumulated Absences Account	9,048	-	(574)	-	-	8,474
Pensions Reserve	604,576	(207,901)	50,292	-	-	446,967
Deferred Capital Receipts Reserve	(7,793)	-	(830)	-	-	(8,623)
<b>Total</b>	<b>(421,105)</b>	<b>(480,620)</b>	<b>109,325</b>	<b>(125,832)</b>	<b>18,155</b>	<b>(900,077)</b>

**NOTE 18. 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 2021 £'000	Net Transfers 2021/22 £'000	31 March 2022 £'000
<b>General Fund</b>			
01 – Risk + MTFP Smoothing Reserves	(73,487)	6,833	(66,654)
02 - Capital Financing	(23,428)	-	(23,428)
03 - Service Specific	(11,161)	(3,658)	(14,819)
04 – Insurance	(7,022)	-	(7,022)
05 – Property	(2,101)	729	(1,372)
06 - Grants & Other Contributions	(15,241)	3,289	(11,952)
07 – Schools	242	145	387
<b>Sub Total</b>	<b>(132,198)</b>	<b>7,338</b>	<b>(124,860)</b>
08 – Non-earmarked General Fund Balance	(13,950)	-	(13,950)
<b>Total General Fund Reserves</b>	<b>(146,148)</b>	<b>7,338</b>	<b>(138,810)</b>
<b>Housing Revenue Account</b>			
09 - Grants & Other Contributions	(323)	(311)	(634)
10 – Insurance	(15,045)	12,401	(2,644)
11 – Property	<b>(15,368)</b>	<b>12,090</b>	<b>(3,278)</b>
<b>Sub Total</b>	<b>(9,943)</b>	<b>6,753</b>	<b>(3,190)</b>
12 – Non-earmarked HRA Balance	<b>(25,311)</b>	<b>18,843</b>	<b>(6,468)</b>
<b>Total HRA Reserves</b>	<b>(323)</b>	<b>(311)</b>	<b>(634)</b>
<b>Total Revenue Reserves</b>	<b>(171,459)</b>	<b>26,181</b>	<b>(145,278)</b>

A brief description of significant **General Fund** Earmarked Reserves is below.

**Risk + MTFP Smoothing Reserves**

These reserves are kept aside to smooth out the ebbs and flows of the Collection Fund and the timing of savings delivery (Risk Reserve, Adult Social Care Smoothing Reserve and COVID reserve).

**Capital Financing**

The Capital Financing Reserves (MRP, Interest, NLWA and SALIX) are maintained to manage the timing of the capital financing flows of the authority.

**Service Specific**

These reserves are put aside to fund one-off items of spending. They are reviewed annually, especially in light of Covid-19 to determine whether they still remain necessary.

**Insurance Reserve**

This reserve is set aside for potential although not absolutely quantifiable liabilities with respect to Insurance.

**Property Reserve**

These are kept aside to meet contractual commitments and to meet potential liabilities in relation to building works.

### **Grants & Other Contributions**

These reserves are grant monies for which the Council has met the conditions but not the restrictions and so cannot utilise the resources. This includes the Covid-19 Grant from Central Government.

### **Schools**

Following a change in regulation, the DSG overspend on the Schools Budget has been reversed by the Movement in Reserves Statement into an unusable Dedicated Schools Grant Reserve, leaving the School Balances' deficit as the sole reserve in this category.

### **General Fund Balance**

This balance is the unallocated balance, which represents the working capital of the authority and to manage emergency situations. It is not anticipated to be utilised except in extreme emergencies.

**Housing Revenue Account** Reserves include:

### **Grants & Other Contributions**

These reserves are grant monies for which the Council has met the conditions but not the restrictions and so cannot utilise the resources. The only Grant currently in this category is a Home Building Capacity Fund.

### **Insurance**

Similar to the General Fund, the HRA maintains a small but important Insurance Reserve

### **Property**

The Council's Housing Estate has significant needs to form repairs and spend on capital works and this is the reserve where these resources are maintained.

### **Housing Revenue Account Balance**

This reserve is similar in function to the General Fund Balance.

Notes to the Core Financial Statements

**NOTE 19. Property, Plant and Equipment**

Balances as at 31 March 2021	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation	683,333	631,654	40,425	335,815	61,345	253,461	70,110	2,076,143
Accumulated Depreciation	0	(8,135)	(28,121)	(153,488)	0	0	0	(189,744)
<b>Carrying Amount</b>	<b>683,333</b>	<b>623,519</b>	<b>12,304</b>	<b>182,327</b>	<b>61,345</b>	<b>253,461</b>	<b>70,110</b>	<b>1,886,399</b>

Owned	683,333	577,343	12,304	162,888	61,345	253,461	70,110	1,820,784
PFI	0	46,176	0	19,439	0	0	0	65,615
<b>Carrying Amount</b>	<b>683,333</b>	<b>623,519</b>	<b>12,304</b>	<b>182,327</b>	<b>61,345</b>	<b>253,461</b>	<b>70,110</b>	<b>1,886,399</b>

Movement in Carrying Amount	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets**	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>As at 1 April 2020</b>	<b>658,417</b>	<b>617,896</b>	<b>17,885</b>	<b>176,173</b>	<b>60,663</b>	<b>218,417</b>	<b>39,251</b>	<b>1,788,702</b>
Additions	24,737	10,679	656	17,455	682	39,251	43,665	137,125
Revaluation increases / (decreases) recognised in Revaluation Reserve	36,891	10,199	0	0	0	900	0	47,990
Revaluation increases / (decreases) recognised in the CIES	(19,280)	(9,430)	0	0	0	7,537	0	(21,173)
Depreciation	(10,931)	(7,147)	(6,237)	(12,942)	0	0	0	(37,257)
Disposals and Decommissioning	(3,194)	(9,673)	0	0	0	(3)	0	(12,870)
Reclassifications	(3,307)	4,949	0	1,641	0	(10,941)	7,658	0
Reclassifications (to) / from Investment Property and Surplus Assets	0	6,046	0	0	0	(1,700)	(20,464)	(16,118)
<b>As at 31 March 2021</b>	<b>683,333</b>	<b>623,519</b>	<b>12,304</b>	<b>182,327</b>	<b>61,345</b>	<b>253,461</b>	<b>70,110</b>	<b>1,886,399</b>

## Notes to the Core Financial Statements

Balances as at 31 March 2022	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation	781,806	668,495	42,832	350,221	61,948	435,346	90,430	2,431,078
Accumulated Depreciation	(35)	(9,866)	(34,394)	(166,715)	0	0	0	(211,011)
<b>Carrying Amount</b>	<b>781,770</b>	<b>658,629</b>	<b>8,438</b>	<b>183,506</b>	<b>61,948</b>	<b>435,346</b>	<b>90,430</b>	<b>2,220,068</b>

Owned	781,770	610,863	8,438	165,281	61,948	435,346	90,430	2,154,077
PFI	0	47,766	0	18,224	0	0	0	65,991
<b>Carrying Amount</b>	<b>781,770</b>	<b>658,629</b>	<b>8,438</b>	<b>183,506</b>	<b>61,948</b>	<b>435,346</b>	<b>90,430</b>	<b>2,220,068</b>

Movement in Carrying Amount	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>As at 1 April 2021</b>	<b>683,333</b>	<b>623,519</b>	<b>12,304</b>	<b>182,327</b>	<b>61,345</b>	<b>253,461</b>	<b>70,110</b>	<b>1,886,399</b>
Additions	47,691	13,543	2,409	14,410	602	33,594	45,976	158,226
Revaluation increases / (decreases) recognised in Revaluation Reserve	112,799	36,987	0	0	0	134,104	0	283,889
Revaluation increases / (decreases) recognised in the CIES	(56,556)	(4,744)	0	0	0	22,255	0	(39,045)
Depreciation	(11,341)	(9,235)	(6,274)	(13,232)	0	0	0	(40,082)
Disposals and Decommissioning	(17,075)	(36)	0	0	0	(430)	(618)	(18,159)
Reclassifications	22,921	(438)	0	0	0	(1,025)	(25,023)	(3,565)
Reclassifications (to) / from Investment Property and Surplus Assets	0	(980)	0	0	0	(6,612)	0	(7,592)
Other Movements in Depreciation	(1)	13	0	0	0	0	(16)	(4)
<b>As at 31 March 2022</b>	<b>781,770</b>	<b>658,629</b>	<b>8,438</b>	<b>183,506</b>	<b>61,948</b>	<b>435,346</b>	<b>90,430</b>	<b>2,220,068</b>



## Notes to the Core Financial Statements

\*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. Meridian Water represents £200m of the net book value in 2019/20 and £245m in 2020/21.

### **NOTE G1 Group Property, Plant and Equipment**

Within the consolidation of the group accounts, £37.0m of Investment Properties are reclassified as PPE because they are used for operational purposes within the group. So rather than an extensive table of movements (which are materially the same as the single entity's accounts), the following table should help illuminate the content of PPE.

	31 March 2021	31 March 2022
	£'000	
Council's PPE	1,886,399	2,220,068
Reclassified from Investment Property (HGL)	32,004	0
Reclassified from Investment Property (Social Care)		-
HGL	156	0
LVHN	5,066	23,053
EIL		-
IWE		
<b>Total</b>	<b>1,923,625</b>	<b>2,243,121</b>

### **NOTE 20. Capital Commitments**

The Council has entered into a number of contracts for the construction or enhancement of property, plant and equipment. Significant contractual commitments at 31 March 2022 total £88.1m (£59.7m as at 31 March 2021). Details are below.

31 March 2021	Schemes	31 March 2022
£000		£000
	Customer Experience & Change	25
	Digital Data & Technology	183
507	Education	4,992
3,521	Environment & Operations	1,778
45,049	HRA	38,229
9,697	Meridian Water	38,308
880	Property & Economy	4,582
<b>59,654</b>	<b>Total</b>	<b>88,098</b>

## Notes to the Core Financial Statements

### **NOTE 21. Movement in Investment Property, Heritage Assets, Intangible Assets and Assets Held for Sale**

Balances as at 31 March 2021	Investment property	Heritage Assets	Assets Held for Sale	Intangible Assets
	£'000	£'000	£'000	£'000
Cost or Valuation	177,747	5,430	970	50,083
Accumulated Depreciation	-	-	-	(28,457)
<b>Carrying Amount</b>	<b>177,747</b>	<b>5,430</b>	<b>970</b>	<b>21,626</b>

Movement in Carrying Amount	Investment property	Heritage Assets	Assets Held for Sale	Intangible Assets
	£'000	£'000	£'000	£'000
<b>As at 1 April 2020</b>	158,782	5,319	5,900	26,112
Additions	-	111	255	3,036
Revaluation increases / (decreases) recognised in Revaluation Reserve	-	-	-	-
Revaluation increases / (decreases) recognised in the CIES	5,445	-	-	-
Depreciation	-	-	-	(7,522)
Disposals and Decommissioning	(2,598)	-	(5,185)	-
Reclassifications	-	-	-	-
Reclassifications (to) / from Investment Property and Surplus Assets	16,118	-	-	-
<b>As at 31 March 2021</b>	<b>177,747</b>	<b>5,430</b>	<b>970</b>	<b>21,626</b>

## Notes to the Core Financial Statements

Balances as at 31 March 2022	Investment property	Heritage Assets	Assets Held for Sale	Intangible Assets
	£'000	£'000	£'000	£'000
Cost or Valuation	198,671	5,428	970	23,777
Accumulated Depreciation	-	-	-	(7,510)
<b>Carrying Amount</b>	<b>198,671</b>	<b>5,428</b>	<b>970</b>	<b>16,267</b>

Movement in Carrying Amount	Investment property	Heritage Assets	Assets Held for Sale	Intangible Assets
	£'000	£'000	£'000	£'000
<b>As at 1 April 2021</b>	177,747	5,428	970	21,626
Additions	5,881	0	0	2,151
Revaluation increases / (decreases) recognised in Revaluation Reserve	-	-	-	-
Revaluation increases / (decreases) recognised in the CIES	7,483	-	-	-
Depreciation	-	-	-	(7,510)
Disposals and Decommissioning	(31)	0	0	-
Reclassifications	-	-	(0)	-
Reclassifications (to) / from Investment Property and Surplus Assets	7,592	-	-	-
<b>As at 31 March 2022</b>	<b>198,671</b>	<b>5,428</b>	<b>970</b>	<b>16,267</b>

**NOTE 22. Non-Current Assets Valuation**

The Council carries out a programme that ensures that all property, plant and equipment required to be measured at current value is revalued at least every five years.

Valuations have been undertaken on behalf of the Council by external valuers having specialised knowledge in particular property types.

- Housing stock Sanderson Weatherall
- Green belt property Knight Frank LLP
- Retail portfolios Spencer Craig Partnership Limited
- All other property Avison Young

All property has been valued as at 31 March 2022.

The valuations of land and buildings have been carried out in accordance with the methodologies and bases for estimation set out in the professional standards in the Red Book of the Royal Institution of Chartered Surveyors (RICS). Valuations of vehicles, plant, furniture and equipment are based on cost prices.

The following table demonstrates the year of valuation of the various categories of the Council's non-current assets, where applicable.

Notes to the Core Financial Statements

Revaluations	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Investment property	Heritage	Assets Held for Sale	Intangible Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Carried at Historical / Depreciated Historical Cost</b>	-	433,296	42,832	350,221	61,948	-	90,430	-	5,430	970	23,777	<b>1,008,904</b>
<b>Valued at current value as at:</b>												
31 March 2022	770,636	235,200	-	-	-	435,348	-	198,672	-	-	-	1,639,854
31 March 2021	683,333	227,139	-	-	-	246,650	-	177,747	-	-	-	<b>1,334,869</b>
31 March 2020	-	-	-	-	-	-	-	-	-	-	-	-
31 March 2019	-	-	-	-	-	-	-	-	277	-	-	<b>277</b>
31 March 2018	-	-	-	-	-	-	-	-	3,575	-	-	<b>3,575</b>
<b>Total Cost or Valuation</b>	<b>683,333</b>	<b>641,959</b>	<b>40,425</b>	<b>334,122</b>	<b>61,345</b>	<b>265,178</b>	<b>59,365</b>	<b>177,747</b>	<b>5,430</b>	<b>970</b>	<b>50,083</b>	<b>2,319,957</b>

## Notes to the Core Financial Statements

### **NOTE 23. Surplus Assets**

These assets are recorded at fair value and are classified according to the level of observable inputs, as per RICS and CIPFA guidance.

For all valuations as at 31st March 2022, the level of observable inputs were all deemed to be Level 2. This includes the value of the Meridian Water assets.

2020/21	Level 2						
	31 March 2020	Transfers In	Transfers Out	Additions	Disposals	Fair Value Movements	31 March 2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Land	200,000	-	(1,640)	39,253	-	7,387	245,000
Buildings	-	-	-	-	-	-	-
	<b>200,000</b>	<b>-</b>	<b>(1,640)</b>	<b>39,253</b>	<b>-</b>	<b>7,387</b>	<b>245,000</b>

2021/22	Level 2						
	31 March 2020	Transfers In	Transfers Out	Additions	Disposals	Fair Value Movements	31 March 2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Land	245,000	-	-	33,594	-	156,406	435,000
Buildings	-	-	-	-	-	-	-
	<b>245,000</b>	<b>-</b>	<b>0</b>	<b>33,594</b>	<b>-</b>	<b>156,406</b>	<b>435,000</b>

### **NOTE 24. Investment Properties**

The fair value of the Council's investment property is measured annually at each reporting date. For 2021/22 the fair value for investment properties has been certified by RICS qualified valuers (Knight Frank, Spencer Craig, Sanderson Weatherall & Avison Young) 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.

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

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

2020/21		2021/22
£'000		£'000
69,523	Land	77,127
57,118	Commercial Units	60,662
30,908	Shops	31,900
20,198	Other	28,983
<b>177,747</b>	<b>Total</b>	<b>198,672</b>

## Notes to the Core Financial Statements

The following items are included in the investment property lines in the CIES and Balance Sheet:

2020/21 £'000		2021/22 £'000
(8,090)	Rental and Service Charge Income from Investment Property	(14,901)
1,310	Related Operating Expenses	355
5,445	Changes in Fair Value	(7,483)
<b>(1,335)</b>	<b>Net (gain)/loss</b>	<b>(22,029)</b>

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, except for a number of covenants and other contractual restrictions attached to the rural estate that do not have a material impact on fair value. The movement in the fair value of investment properties over the year is summarised above.

Market conditions for these asset types are such that the levels of observable inputs are significant leading to the majority of the properties being categorised at Level 2 in the fair value hierarchy. This is because the Council's shops and residential properties are assessed with readily available market data with the vast majority of professional judgement calls in relation to that market data. However, the Council's rural estate relies on confidential information of private sales and detailed reviews of covenants, contracts and legislative terms and conditions of various agricultural Acts and are Level 3 valuations.

There were no transfers between any of the three levels during 2021/22 or the preceding year.

The breakdown of the Level 3 Properties for 2020/21 and 2021/22 is as follows

2020/21	Land £'000	Commercial Units £'000	Other £'000	Total £'000
<b>Opening Balances</b>	<b>33,611</b>	<b>5,614</b>	<b>188</b>	<b>39,413</b>
Opening Balance adjustment	(6,571)	-	(126)	(6,697)
<b>Adjusted Opening Balance</b>	<b>27,040</b>	<b>5,614</b>	<b>62</b>	<b>32,716</b>
Additions	-	-	-	0
Disposals	-	-	-	0
Unrealised Gains/Losses	(701)	421	(32)	(312)
<b>Closing Balances</b>	<b>26,339</b>	<b>6,035</b>	<b>30</b>	<b>32,404</b>

2021/22	Land £'000	Commercial Units £'000	Other £'000	Total £'000
<b>Opening Balances</b>	<b>26,339</b>	<b>6,035</b>	<b>30</b>	<b>32,404</b>
Additions	0	-	-	0
Disposals	-	-	(30)	(30)
Unrealised Gains/Losses	895	108	-	1,003
<b>Closing Balances</b>	<b>27,234</b>	<b>6,143</b>	<b>0</b>	<b>33,377</b>

## Notes to the Core Financial Statements

### **NOTE G2 Group 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, except for the Rural Estate, which was assessed at Level 3. There were no transfers between any of the three levels during 2021/22 or the preceding year.

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

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

	31-Mar-21	31-Mar-22
	£'000	£'000
<b>Balance at the start of the year</b>	<b>242,724</b>	<b>275,927</b>
Capital expenditure	9,378	17,295
Write out of disposals	(1,644)	(31)
Nets gains/(losses) from fair value adjustments	5,976	12,910
Transfers:	-	-
From Property, Plant and Equipment	19,493	39,596
To Property, Plant and Equipment	-	-
From Assets Under Construction	-	-
<b>Balance at the end of the year</b>	<b>275,927</b>	<b>345,697</b>

### **NOTE 25. Intangible Assets**

The Council's intangible assets comprise only internally generated software, whose cost is amortised over a three to five year period.

Movements in the carrying value over the year are summarised in note 21



## Notes to the Core Financial Statements

### **NOTE 26. Capital Expenditure and Capital Financing**

2020/21		2021/22
£'000		£'000
<b>1,109,230</b>	<b>Opening Capital Financing Requirement</b>	<b>1,172,759</b>
	<b>Capital Investment</b>	
137,681	Property, Plant and Equipment	158,226
-	Investment Properties	5,881
3,036	Intangible Assets	2,151
255	Assets Held for Sale	-
-	Long Term Investment	-
4,352	Revenue Expenditure Funded from Capital Under Statute (REFCUS)	10,900
111	Heritage Assets	-
16,355	Companies Investment	21,250
<b>161,790</b>	<b>Total Capital Investment</b>	<b>198,408</b>
	<b>Sources of Finance</b>	
(8,315)	Capital Receipts	(5,934)
(38,028)	Government Grants and Contributions	(58)
(24,069)	HRA Major Repairs Reserve	(17,469)
(7,489)	Direct Revenue Contributions	(25,374)
(14,446)	Minimum Revenue Provision	(15,674)
(4,779)	Repayment of Loans	(840)
(3,540)	Decrease in PFI Contract Liabilities	(3,600)
297	Adjustment for impairment of Companies Equity Share	526
2,108	Adjustment for impairment of Energetik loan	1,061
<b>(98,261)</b>	<b>Total Sources of Finance</b>	<b>(67,362)</b>
<b>1,172,759</b>	<b>Closing Capital Financing Requirement</b>	<b>1,303,805</b>
63,529	Increase in underlying need to borrow	131,046
<b>63,529</b>	<b>Increase in Capital Financing Requirement</b>	<b>131,046</b>

## Notes to the Core Financial Statements

### **NOTE 27. Financial Instruments**

A financial instrument is a contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity. Non-contractual transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

#### **Financial Instruments - Assets**

The financial assets disclosed in the Balance Sheet are analysed in the table below by basis of valuation:

31 March 2021		31 March 2022	
Long-term	Short-term	Long-term	Short-term
£'000	£'000	£'000	£'000
<b>Fair Value through Profit or Loss</b>			
<b>Debtor</b>			
6,781	-	7,587	-
<b>Amortised Cost</b>			
<b>Debtor</b>			
-	-	-	-
77,253	-	81,604	-
	144	-	162
63	-	-	-
-	47,797	-	139,514
1,462	-	1,451	-
7,651	-	7,651	-
-	51,357	-	97,707
<b>93,210</b>	<b>99,298</b>	<b>98,293</b>	<b>237,383</b>
<b>Total</b>			

The Council has entered into a 50:50 Joint Venture with Henry Boot Construction Ltd to redevelop the Montagu Industrial Estate. Montagu 406 Regeneration LLP was incorporated on the 1 February 2018 and the Joint Special Purpose Vehicle agreement signed on 22 February 2018. The company is currently dormant pending the commencement of trading. The Council has transferred land to Montagu 406 Regeneration LLP to support the development of the estate. The land was valued at £6.16m and a long-term debtor has been created on the balance sheet.

Cash and cash equivalents increased by £46.4m. Most of this increase related to cash balances that were held in Money Market Funds; Call Accounts and Bank (net increase of £47.9m) as a result of grants received at the end of the financial year as well as borrowing undertaken in March 2022. There was a reduction of £1.6m in Cash advances to LBE schools to support school cashflow. A high-level summary of change is provided below.

## Notes to the Core Financial Statements

2020/21		2021/22	Change
£'000	Cash and Cash Equivalents movement	£'000	£'000
14,000	Money Market Funds	95,000	81,000
21,536	Call Accounts	640	(20,896)
(7,002)	Cash In Transit	(9,357)	(2,355)
9,971	Bank	151	(9,820)
12,852	School Loans	11,273	(1,579)
<b>51,357</b>	<b>Cash and Cash Equivalents</b>	<b>97,707</b>	<b>46,350</b>

As at 31<sup>st</sup> March 2022 Loans advanced to HGL were valued on a cash basis at £127.4m and were categorised as soft loans, i.e. loans that are issued at sub-market interest rate. However, of this valuation, and in accordance with soft loan accounting, £45.8m was categorised as a long-term investment and is deemed as equity. Equity investments are not classed as a financial instrument and are considered outside of this note. The equity investment has arisen due to a difference between amortised cost valuation and cash basis valuation.

Although there was a net change of £5.4m in the nominal loan balance for HGL, the value of the element that is classified as a long-term debtor loan changed by £4.4m from £77.3m to £81.6m. £6.0m of new loans were raised during the year and £0.6m of loan capital was repaid. Subsequently the new loan has had an impact on the soft loan accounting resulting in an increase of £1.0m of equity investment being created within HGL (from £44.8m to £45.8m) as a result of a difference between amortised cost valuation and cash basis valuation. A high-level reconciliation is shown below.

2020/21	2020/21		2021/22	2021/22
HGL	LVHN		HGL	LVHN
£'000	£'000	Company Loan Accounting	£'000	£'000
118,394	11,502	Opening loan balance (cash basis)	122,012	12,950
4,700	1,655	New loans advanced in year	6,000	2,500
(1,082)	(207)	Loans repaid in year	(612)	(216)
<b>122,012</b>	<b>12,950</b>	<b>Closing nominal loan balance (cash basis)</b>	<b>127,400</b>	<b>15,234</b>
(44,759)	(1,363)	Value of long-term investment (Equity) that has risen upon soft loan accounting	(45,796)	(1,792)
0	(4,806)	Loan Impairment	0	(5,855)
<b>77,253</b>	<b>6,781</b>	<b>Value of long-term debtor loans</b>	<b>81,604</b>	<b>7,587</b>

Loans advanced to LVHN were valued on a cash basis as at £15.2m as at 31<sup>st</sup> March 2022 and were also categorised (in part) as soft loans. New loans of £2.5m were advanced by the Council to LVHN and £0.2m of loan capital was repaid by LVHN to the Council. In accordance with soft loan accounting, £1.8m was categorised as a long-term investment and is deemed as equity. The Council impairs loans advanced to LVHN as a prudent assessment of the inherent business risk of lending to an organisation that does not yet have large cash inflows and will be substantially dependent on events in the medium-term future. The total value of the LVHN loan impairment as at 31<sup>st</sup> March 2022 was £5.9m. The net change in the nominal loan balance for LVHN was £2.2m, the value of the element that is classified as a long-term debtor loan changed by £1.0m from £6.8m to £7.6m.

## Notes to the Core Financial Statements

### Financial Instruments - Liabilities

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

31 March 2021			31 March 2022	
Long-term	Short-term		Long-term	Short-term
£'000	£'000		£'000	£'000
<b>Amortised Cost</b>				
<b>Borrowings</b>				
(904,599)	(25,501)	Principal	(954,048)	(61,051)
-	(5,563)	Accrued interest	0	(5,651)
<b>Creditors</b>				
(5,167)	(1,199)	PFI - Highlands School	(3,847)	(1,320)
(10,304)	(979)	PFI - Street lighting	(9,172)	(1,132)
(14,843)	(1,420)	PFI - Starksfield & Refurbishment	(13,322)	(1,520)
(145)	-	Finance leases	(145)	0
-	(88,525)	Trade creditors	0	(84,794)
-	(1,441)	<b>Cash and Cash Equivalents</b>	0	(1,495)
<b>(935,058)</b>	<b>(124,628)</b>	<b>Total</b>	<b>(980,534)</b>	<b>(156,963)</b>

During the reported financial year the Council had repaid short-term principal debt of £25.5m. This was mainly comprised reclassified long-term PWLB debt (£22.6m) that was due during the year. As at 31<sup>st</sup> March 2022 short term debt was valued at £61.1m, which consisted of reclassified long-term debt and is due in 2022/23 financial year, consisting mainly of PWLB debt (£23.5m) and Local Authority borrowing (£35.0m). There were no changes in contract terms for financial instrument liabilities during the reported period.

#### Soft Loans made by the Council

A soft loan is where the rate of interest charged is below that of market rates for comparable organisations and the Council has made material soft loans to two subsidiaries, HGL and LVHN.

For HGL, of the total £127.4m outstanding nominal loan, proper accounting practice requires that £45.8m is deemed to be "investment in the subsidiary" and this is detailed in Note 15. It represents the benefit of the reduced interest rate.

For LVHN, the valuation has been more complex due to it being an innovative start-up company, which by their very nature are deemed to be of a higher business risk. Of the total £15.2m outstanding nominal loan, proper accounting practice required that £1.8m be deemed to be investment in subsidiary, £7.6m as debtor, with the balance (£5.9m) being a prudent assessment of the inherent business risk of lending to an organisation that does not yet have large cash inflows and will be substantially dependent on events in the medium-term future. The basis of the fair value valuation is an assessment of the recoverable amounts in the case of a default, and then taking the probability of default happening, estimated by means of standard industry benchmarks. Full movements on loans, and their recognition on the balance sheet, are given below.

## Notes to the Core Financial Statements

2020/21			2021/22	
HGL	LVHN		HGL	LVHN
£'000	£'000		£'000	£'000
<b>Total Loans (nominal values)</b>				
118,394	11,502	Opening Balance	122,012	12,950
4,700	1,655	New Loans Granted	6,000	2,500
(1,082)	(207)	Loans Repaid	(612)	(216)
<b>122,012</b>	<b>12,950</b>	<b>Closing Balance of nominal loans</b>	<b>127,400</b>	<b>15,234</b>
<i>... of which:</i>				
-	5,964	Loans at Market Rates	0	5,961
122,012	6,986	Loans at Sub-Market Rates	127,400	9,273
<b>122,012</b>	<b>12,950</b>		<b>127,400</b>	<b>15,234</b>
<b>Loans are shown on the Balance Sheet as:</b>				
77,253	-	Debtors at Amortised Cost	81,604	0
-	6,781	Debtors at Fair Value	0	7,587
<b>77,253</b>	<b>6,781</b>	<b>Total</b>	<b>81,604</b>	<b>7,587</b>
(44,759)	(6,169)	Difference to nominal loan value	(45,796)	(7,647)
44,759	1,363	Loan element classified as investment in subsidiary (Equity) and not deemed as a financial instrument	45,796	1,792
-	4,438	Impairment charged to Capital Adjustment Account (Cumulative)	0	5,499
-	368	Impairment charged to CIES (Cumulative)	0	356
-	-	<b>Soft Loan Reconciliation Total</b>	<b>0</b>	<b>0</b>

### Expected Credit Loss Model

Under IFRS 9 the Council is required to undertake an annual impairment assessment of qualifying financial assets for expected credit losses occurring over the lifetime of the asset. Accordingly, at 31 March 2022 the Council had advanced loans of £15.2m to LVHN, but the loans on the Balance Sheet were valued at £9.4m (inclusive of the Equity investment). The residual amount of £5.9m has been charged to the CIES over the last four years as an impairment charge, of which £5.5m has been reversed to the Capital Adjustment Account, as these were capital charges associated with loans used for capital purposes. As the loans are reviewed annually, impairments may be reversed in the future. The loan schedule has remained at the original nominal amount, all principal payments to date have still been received to date and the Council expects the entire loan to be repaid in full, with interest.

The Council has also assessed the HGL loans under IFRS 9 for an expected credit loss allowance provision. As at 31<sup>st</sup> March 2022 there was no requirement to set aside a provision to cover twelve months expected credit losses for HGL as the assessment had proved the impact to be immaterial. Any such losses, should they occur as evidenced in the IFRS 9 assessment, would be absorbed by Council balances.

### Financial Instruments - Gains and Losses

The gains and losses recognised in the surplus or deficit on the provision of services in relation to financial instruments consist of the following items:

2020/21		2021/22
£'000	Net (gains)/losses on:	£'000
(1,844)	Financial Assets at Fair Value in Profit and Loss	(25)
-	- Financial Assets at Amortised Cost	0
-	- Financial Liabilities at Amortised Cost	0
(3,627)	Interest Revenue	(3,970)
28,038	Interest Expense	27,539
<b>22,567</b>	<b>Total</b>	<b>23,544</b>

The £0.03m credit against Financial assets at fair value in profit and loss relates the credit impairment assessment of the LVHN loans. The credit has arisen due to the amount of impairment that has been reversed back to General Fund balances upon credit assessment of the loans and relates to the revenue elements of the loan. Loans advanced to LVHN are used for capital and revenue purposes. Both revenue and capital categorised loans are impaired, with capital impairment being reversed out of the Comprehensive Income & Expenditure Statement and into the Capital Adjustment Account. Impairment associated with revenue loans is charged directly to the General Fund and impacts on Council balances.

### Financial Instruments - Fair Values

The Council's financial instrument assets are all classified and carried in the Balance Sheet at amortised cost except for the loans to LVHN, which are held at fair value through profit and loss. This note provides a comparison of those valuations with fair values estimated by calculating the net present value of the remaining contractual cash flows at 31st March using the following methods and assumptions:

- Borrowings of the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans (Public Works Loan Board (PWLB) new loan rate). The calculation has been determined by adopting the PWLB redemption calculation.
- The fair values of other long-term loans have been discounted at the market rates using the Public Works Loan Board new loan rate with similar remaining terms to maturity on 31st March. The calculation has been determined by adopting the PWLB redemption calculation.
- The fair value of short-term instruments, including trade payables and receivables; cash and cash equivalents is assumed to be approximate to the carrying amount given the low and stable interest rate environment.
- The fair value of Cash and cash equivalents is assumed to be the carrying value.
- The fair value of PFI and lease contracts has been determined by discounting the contractual cash flows over the whole life of the instrument at the UK Government Gilt (AA rated) rate with similar remaining terms to maturity on 31st March.
- The fair value for HGL is assumed to approximate to the carrying amount.

## Notes to the Core Financial Statements

- The fair value for LVHN loans is based on a credit impairment assessment and the balance sheet value reflects such impairment. The impairment has been calculated by discounting the loan cashflows using an appropriate discount rate that reflects the credit quality of LVHN and the annual average UK money market rate.
- Fair values are shown in the table below, split by their level in the fair value hierarchy:
  - Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
  - Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
  - Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness. With respect to LVHN, fair value of loans has been assessed using an appropriate discount rate that is reflective of the inherent business risk.

31-Mar-21			Fair Value Level	31-Mar-22	
Carrying amount	Fair Value			Carrying amount	Fair Value
£'000	£'000	Financial Liabilities:		£'000	£'000
(935,663)	(1,103,849)	Total Borrowing	2	(1,020,750)	(1,050,373)
(34,057)	(32,392)	PFI and Finance Lease Liabilities*	2	(30,457)	(27,458)
(1,441)	(1,441)	Cash and Cash Equivalents	N/A	(1,495)	(1,495)
(88,525)	(88,525)	Trade Payables (Creditors)	N/A	(93,273)	(93,273)
<b>(1,059,686)</b>	<b>(1,226,207)</b>	<b>Total Financial Liabilities</b>		<b>(1,145,975)</b>	<b>(1,172,599)</b>
<b>Financial Assets:</b>					
77,253	77,253	Long Term Loans to HGL	2	81,604	81,604
12,947	6,781	Long Term Loans to LVHN	3	15,234	7,587
63	63	Long Term School Loans	N/A	0	0
1,462	1,462	Finance Leases	N/A	1,451	1,451
7,651	7,651	Other long-term debtors	N/A	7,651	7,651
47,797	47,797	Trade Receivables (Debtors)	N/A	139,514	139,514
51,357	51,357	Cash and Cash Equivalents	N/A	97,707	97,707
<b>198,530</b>	<b>192,364</b>	<b>Total Financial Assets</b>		<b>343,161</b>	<b>335,514</b>

\*This includes PFI short term liabilities of £3.2m (2018/19) and £3.4m (2019/20), also within Note 19 Short Term Liabilities.

**Transfers between Levels of the Fair Value Hierarchy** - There were no transfers between input levels 1 and 2 during the year.

**Changes in the Fair Valuation Technique** - There was no change in the valuation technique used during the year for financial instruments.

### Nature and Extent of Risks arising from Financial Instruments

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in 2020.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The 2021/22 Treasury Management Strategy was approved at the Council's meeting on the 2<sup>nd</sup> March 2021. The strategy sets out the

## Notes to the Core Financial Statements

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parameters for the management of risks associated with financial instruments. The Council also produces treasury management practices specifying the practical arrangements to be followed to manage these risks.

The treasury management strategy includes an investment strategy in compliance with the MHCLG guidance on local government investments. This guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's treasury management strategy and its treasury management practices seek to achieve a suitable balance between risk and return or cost.

The main risks covered are:

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

### **Credit Risk: Loans to Subsidiary Companies**

In furtherance of the Council's service objectives, the Council has committed to lend money to HGL and LVHN should it be requested to do so at market rates of interest. In the case of HGL the Council has committed to lend money at interest rates equal to the Council's own cost of borrowing, PWLB rates, which is below the market rates. The Council manages the credit risk inherent in its loan commitments by:

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

For HGL expected credit losses have been estimated and been found to be immaterial over a range of scenarios.

For LVHN, the council has recognised that there is a credit risk and has adjusted the book value downwards accordingly (15.2m to £9.4m), by applying an appropriate discount factor. This is reviewed annually.

### **Credit Risk: Investments**

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

A limit of £15m of the total portfolio is placed on the amount of money that can be invested with a single counterparty (other than the UK government) and for unsecured investments in banks,



## Notes to the Core Financial Statements

building societies and companies. The Council also sets limits on investments in certain sectors. No more than £15m in total can be invested for a period longer than one year.

The table below summarises the credit risk exposures of the Council's investment portfolio by credit rating:

31-Mar-21		Credit Rating	31-Mar-22	
Long Term £'000	Short Term £'000		Long Term £'000	Short Term £'000
-	14,000	AAA	0	95,000
-	21,535	A+	0	640
-	<b>35,535</b>	<b>Total</b>	-	<b>95,640</b>

Cash balances held in Money Market Funds (AAA) and Call Accounts (A+) as illustrated in the above table increased during the financial year as a result of short-term and long-term borrowing undertaken by the Treasury Management Team to finance the Council's daily cashflow as well as unexpected grants in March. Cash held in such instruments is easily accessible and is available upon demand if required. Credit ratings for Money Market Funds and Call Accounts have been obtained from the main credit rating agencies and the lowest rating has been assigned per instrument.

## Notes to the Core Financial Statements

### Credit Risk: Trade Receivables

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

2020/21				2021/22		
Gross Amount	Loss rate	Impairment for Debt Required		Gross Amount	Loss rate	Impairment for Debt Required
£'000		£'000		£'000		£'000
29,569	1.4%	(425)	0-1 Years	29,449	1.0%	(303)
5,064	9.2%	(467)	1-2 Years	5,064	4.9%	(246)
2,703	11.7%	(317)	2-3 Years	2,477	1.9%	(48)
2,085	16.7%	(349)	3-4 Years	1,881	2.6%	(48)
1,060	26.2%	(278)	4-5 Years	1,060	4.4%	(47)
629	35.4%	(222)	5-6 Years	629	4.8%	(30)
<b>841</b>	<b>62.2%</b>	<b>(524)</b>	<b>6+Years</b>	<b>841</b>	<b>28.9%</b>	<b>(243)</b>
<b>41,951</b>		<b>(2,582)</b>	<b>Total invoices raised</b>	<b>41,401</b>		<b>(965)</b>
5,846	-	-	Other debtors due at 31 March	98,113		
<b>47,797</b>	<b>5.4%</b>	<b>(2,582)</b>	<b>Total</b>	<b>139,514</b>	<b>0.7%</b>	<b>(965)</b>

### Liquidity Risk

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

### Refinancing and Maturity Risk

The Authority maintains a significant debt portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Authority relates to managing the exposure to replacing financial instruments as they mature. The risk relates to the maturing of long-term financial liabilities.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Authority's day to day cash flow needs

## Notes to the Core Financial Statements

The maturity analysis of debt held by the Council at 31 March 2022 is as follows:

2020/21				2021/22		
Principal £'000	Interest £'000	Portion %		Principal £'000	Interest £'000	Portion %
<b>Short Term</b>						
25,001	24,346	4.10%	1 Year	61,051	25,554	4.23%
<b>Long Term</b>						
23,849	23,827	4.00%	1-2 Years	24,969	24,708	4.09%
46,486	46,512	7.70%	2-5 years	51,747	48,157	7.97%
134,586	108,784	18.10%	5-10 Years	147,090	111,562	18.46%
130,401	96,600	16.10%	10-15 Years	139,030	97,668	16.16%
155,360	80,824	13.40%	15-20 Years	152,151	80,201	13.27%
33,436	70,392	11.70%	20-25 Years	49,777	71,157	11.78%
70,211	62,154	10.30%	25-30 Years	69,458	60,947	10.09%
87,695	42,051	7.00%	30-35 Years	85,038	39,285	6.50%
44,288	25,225	4.20%	35-40 Years	41,000	24,930	4.13%
88,789	14,287	2.40%	40-45 Years	88,789	13,374	2.21%
90,000	6,077	1.00%	45+ Years	105,000	6,653	1.10%
<b>930,102</b>	<b>601,079</b>	<b>100%</b>		<b>1,015,100</b>	<b>604,196</b>	<b>100%</b>
<b>Short Term</b>						
-	5,563	-	Accrued Interest		5,651	
<b>930,102</b>	<b>606,642</b>		<b>Total</b>	<b>1,015,100</b>	<b>609,847</b>	

The total interest commitment on all outstanding borrowing (as shown in the table above) if all borrowing is held to maturity is £609.8m.

During 2021/22 the Council serviced its debts in a timely manner and there was no breach of any loan covenants or default on loan repayments. The table below summarises debt and other long-term liabilities outstanding at 31 March 2022:

31-Mar-21			31-Mar-22
£'000	Loans and other long-term liabilities outstanding (nominal value)		£'000
853,280	Public Works Loans Board		904,787
51,319	Market Debt		49,262
<b>904,599</b>	<b>Long Term Borrowing</b>		<b>954,049</b>
-	Temporary Borrowing		35,000
25,501	Other Loans Less than 1 year		26,051
5,563	Accrued Interest		5,651
<b>935,663</b>	<b>Long &amp; Short-Term Borrowing</b>		<b>1,020,751</b>
34,057	Deferred Liabilities – PFI and finance leases		30,457
<b>969,720</b>	<b>Total</b>		<b>1,051,208</b>

### Market Risk

**Price Risk:** Price risk is the risk that the Council will suffer loss as a result of adverse movements in the price of financial instruments. The Council does not hold any financial instruments that are exposed to volatile market prices. The Council does hold several money market funds where the underlying unit prices of instruments held within the fund are exposed to low volatility price movements but trade close to £1 per unit. Such price movements do not impact on the Councils cash balances. Money market funds are further discussed in the Equity Instruments section.

**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.

**Interest Rate Risk:** The Council is exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For illustration, a rise in interest rates would have the following effects:

- For borrowings at variable rates the interest expense charged to the Comprehensive Income and Expenditure Account will rise;
- For borrowings at fixed rates the fair value of the borrowings will fall (no impact on revenue balances);
- For investments at variable rates the interest income credited to the Comprehensive Income and Expenditure Account will rise;
- For investments at fixed rates the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value (but are carried on the Balance Sheet at amortised cost) so nominal gains and losses on fixed rate borrowings would not impact on the on the Comprehensive Income and Expenditure Statement.

The Authority has several strategies for managing interest rate risk. 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 2022, 100% of the debt portfolio was held in fixed rate instruments, and none in variable rate instruments. During periods of falling interest rates and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is mitigated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates for the Authority's cost of borrowing and provide compensation for a proportion of any higher costs.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out should be fixed or variable.

The approved Treasury Management Strategy for 2021/22 has enabled Officers to place surplus cash flow funds with financial institutions and has resulted some investment return in a low yielding interest rate environment. According to the investment strategy, if interest rates had been 1% higher at 31 March 2022, with all other variables held constant, the financial effect would be:

## Notes to the Core Financial Statements

<b>Interest Rate Risk</b>	<b>31-Mar-22</b>
	<b>£'000</b>
Increase in interest payable on variable rate borrowings	Nil
Increase in interest receivable on variable rate investments	Nil
Impact on Comprehensive Income and Expenditure Account	-
Increase in interest payable on HRA cash balances*	(93)
Increase in fair value of fixed rate investment assets	6
Increase in fair value of investment assets held at FVPL	848
Impact on Other Comprehensive Income and Expenditure*	855
Decrease in fair value of fixed rate borrowings liabilities*	<b>187,468</b>

\*No impact on Comprehensive Income and Expenditure.

The impact of a 1% fall in interest rates would result in a similar variance, but with the movements reversed. The calculation is based on the PWLB discount rate (for new loans) used in the original fair value calculation, plus 1%. There is a nil effect on variable rate investments and borrowings as the Authority had no such variable rate instruments during the year.

### Equity Instruments

As at 31st March 2022, the Council held cash balances across six Sterling money market investment funds with a nominal balance of £95.0m. The funds have been valued at "Fair Value through Profit & Loss" (FVP&L) in accordance with the IFRS 9 (Financial Instruments) standard. The investment funds do not provide contractual cash flows to the Authority that are solely payments principal and interest on the outstanding investment balance in a manner that are consistent with basic lending arrangements. There is no possibility of default on contractual payment and consequently there is no impairment loss allowance set aside.

The investment funds are held for treasury management purposes and support the Council's daily liquidity requirements. Money market funds are a useful investment instruments that are low risk and simultaneously enhance returns. All money market funds that the Council subscribes to are AAA rated by the main credit rating agencies and domiciled in the UK or Europe. In accordance with European money markets reform both funds are categorised as Low Volatility Nat Asset Valuation Funds (LVNAV). As a result of the LVNAV categorisation the fair value of the money market fund is equivalent to the carrying amount.

	<b>31-Mar-22</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>
<b>Money Market Funds (MMFs) held at Fair Value Through Profit and Loss</b>	<b>£'000</b>	<b>£'000</b>
Long-term	-	-
Short-term	95,000	95,000
Total	95,000	95,000
Dividends distributed by MMFs during 2021/22	(55)	-

## Notes to the Core Financial Statements

The Council received monthly dividends equating to £0.06m during the 2021/22, which has been charged to the Comprehensive Income and Expenditure account under Financing Investment Income and Expenditure. The dividends relate to interest accrued daily on balances held in the funds that the Council subscribed to during the financial year.

### **NOTE G3 Group Financial Instruments**

The financial liabilities of the Group are materially the same as those of the single entity, so will not be repeated here. For financial assets the position is set out below:

	Long-term		Short-term	
	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22
	£'000	£'000	£'000	£'000
<b>Amortised Cost</b>				
<b>Debtor</b>				
Loan to Enfield Enterprise			-	-
Trade debtors			47,797	139,514
Finance lease	1,462	1,451	-	-
Other Long-term debtors	7,651	7,651		
<b>Cash and Cash Equivalents</b>			62,933	113,262
<b>Total</b>	<b>9,113</b>	<b>9,102</b>	<b>110,730</b>	<b>252,776</b>

The full position for short term debtors, including those that do not meet the strict definition of “financial asset” are similar to those presented for the single entity accounts in Note 27 (but without the line *Receivables from Related Parties*).

### **NOTE 28. Debtors**

#### **Short Term Debtors**

31 March 2021		31 March 2022
£'000		£'000
30,629	Sundry Debtors	31,249
35,670	Central Government Debtors	12,016
1,531	Business Rate Debtors	1,516
9,470	Payments in Advance	7,676
10,192	Tax Debtors	10,898
7,900	Rent Debtors	7,838
16,299	Council Tax Debtors	18,910
11,787	Housing Benefit Overpayments	10,815
955	Court Costs	1,212
19,733	Local Government Debtors	11,397
14,504	NHS Debtors	24,666
3,238	Leaseholder Debtors	2,133
21	Other Debtors	53
<b>161,929</b>	<b>Total</b>	<b>140,379</b>

## Notes to the Core Financial Statements

The debtors below are for the entire Collection Fund.

31-Mar-21		31-Mar-22	
£'000	Local Taxation Debtors	£'000	
	Council Tax		
10,553	Under 1 year	11,738	
18,589	Over 1 Year	20,153	
<b>29,142</b>	<b>Total Council Tax</b>	<b>31,891</b>	
<b>National Non Domestic Rates</b>			
10,421	Under 1 year	9,789	
8,979	Over 1 Year	11,459	
<b>19,400</b>	<b>Total National Non Domestic Rates</b>	<b>21,248</b>	

### **NOTE G4 Group Short Term Debtors**

	31-Mar-20	31-Mar-21
	£'000	£'000
<b>Analysis of Group Short Term Debtors</b>		
Group Debtors	126,238	168,296
Less Related Parties (from Subsidiaries)	(15,477)	(4,558)
<b>Total</b>	<b>110,761</b>	<b>163,738</b>

### **NOTE 29. Cash and Cash Equivalents**

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

31 March 2021	Type	31 March 2022
£'000		£'000
	- Petty Cash	-
14,000	Money Market Funds	95,000
21,536	Call Accounts	640
(7,002)	Cash in Transit	(9,357)
9,971	Bank	151
	- Imprest Accounts	-
12,852	School Loans	11,273
(1,074)	Trust Funds	(1,086)
(367)	Credit	(409)
<b>49,916</b>	<b>Cash and Cash Equivalents</b>	<b>96,212</b>

## Notes to the Core Financial Statements

### **NOTE 30. Short Term Payables**

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

31 March 2021		31 March 2022
£'000		£'000
(3,399)	Deposits	(2,952)
(52,583)	Sundry Creditors	(73,414)
(1,413)	Business Rate Creditors	(1,924)
(3,599)	Lease Creditors	(3,972)
(5,815)	Council Tax Creditors	(5,096)
(39,284)	Central Government Creditors	(56,933)
(30,149)	Local Government Creditors	(335)
(4,510)	Rent Creditors	(5,026)
(12)	Housing Benefit Overpayment Creditors	(5)
(763)	Leaseholder Creditors	(726)
(9,048)	Leave Creditors	(8,474)
<b>(150,575)</b>	<b>Total</b>	<b>(158,857)</b>

Included in the short term creditors are revenue grant receipts in advance. The details are in the note below.

### **NOTE 31. Revenue Grant and Contributions - Receipts in Advance (Current)**

2020/21		2021/22
£'000	Revenue Grants Receipts In Advance	£'000
0	Additional Relief Fund	(6,338)
0	Energy Bills Rebate	(2,279)
0	Community Vaccine Champions	(481)
0	ASC Omicron Support Fund	(324)
0	Local Restrictions Grant	(283)
(570)	Self Isolation Payments Funding	(216)
0	Protect and Vaccinate	(68)
0	Recovery Premium Funding	(20)
(3,960)	Contain Outbreak Management Fund (COMF)	0
(1,195)	Local Authority Test and Trace Support Grant	0
(275)	Support for Clinically Extremely Vulnerable Individuals	0
<b>(6,000)</b>	<b>Covid Grant Receipts In Advance</b>	<b>(10,009)</b>
0	TfL Mini Hollands Cycle Risk Funding	(1,696)
0	Housing Benefits Subsidy Rent Allowance	(1,030)
(375)	Other non-Covid Grants (under £1m)	(1,132)
<b>(6,375)</b>	<b>Total</b>	<b>(13,867)</b>



## Notes to the Core Financial Statements

### **NOTE 32. Capital Grant and Contributions - Receipts in Advance (Non-Current)**

This refers to amounts due to be paid more than one year after the balance sheet date:

2020/21 £'000		2021/22 £'000
(5,573)	S106 Capital RIA	(6,459)
(12,000)	BEIS Heat Networks Infrastructure Grant	0
(9,834)	Building Council Homes for Londoners Grant	(22,879)
(1,200)	GLA Heat Networks Grant	(450)
0	Social Housing Decarbonisation Fund Wave 1	(788)
0	National Net Zero Retrofit Grant	(652)
0	Other (under £100,000)	(109)
<b>(28,607)</b>	<b>Total</b>	<b>(31,337)</b>

### **NOTE 33. 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 as a result of a past event. 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). The following table summarises the figures.

Classification and Description	Balance 31 March 2021 £'000	Raised in year £'000	Utilised in Year £'000	Written back to revenue in year £'000	Balance 31 March 2022 £'000
<b>Short Term</b>					
Legal	(1,755)	(301)	763	0	(1,293)
Insurance	(1,355)	(1,973)	1,355	0	(1,973)
Redundancy	(589)	(639)	589	0	(639)
Other Minor Provisions	(310)	(4)	226	0	(88)
<b>Short Term</b>	<b>(4,009)</b>	<b>(2,917)</b>	<b>2,933</b>	<b>0</b>	<b>(3,993)</b>
<b>Long Term</b>					
Insurance	(6,207)	-	955	-	(5,252)
Tenant Water Rate Refund	(2,903)	-	-	-	(2,903)
Business Rate Valuation Appeals	(10,727)	0	0	7,187	(3,540)
<b>Long Term</b>	<b>(19,837)</b>	<b>0</b>	<b>955</b>	<b>7,187</b>	<b>(11,695)</b>
<b>Total Provisions</b>	<b>(23,846)</b>	<b>(2,917)</b>	<b>3,888</b>	<b>7,187</b>	<b>(15,688)</b>

## Notes to the Core Financial Statements

The largest provisions relate to: -

(i) The combined short and long-term insurance provisions total of £7.2m 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.

ii) The £3.5m provision for business rate valuation appeals is Enfield's share of a total provision of £11.8m set out in more detail in the Collection Fund.

### **NOTE 34. Contingent assets and Liabilities**

Provisions are liabilities which have arisen as at the balance sheet date wherein the Council has an obligation for future transfer of economic benefit as a result of a past event. 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).

### **NOTE 35. Other Long Term Liabilities**

This refers to amounts due to be paid more than one year after the balance sheet date:

31 March 2021 £'000		31 March 2022 £'000
(30,313)	Amounts due to be paid under PFI Contracts	(26,340)
(145)	Amounts due to be paid under other Finance Leases	(145)
<b>(30,458)</b>	<b>Total</b>	<b>(26,485)</b>

### **NOTE 36. Operating Leases**

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

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

31 March 2021 £'000		31 March 2022 £'000
1,075	Not later than one year	1,004
3,802	Later than one year and not later than five years	3,728
24,817	Later than five years	23,888
<b>29,694</b>	<b>Total</b>	<b>28,620</b>

The Council does not have any leases in which, under its accounting policy, are recognised as finance leases.

## Notes to the Core Financial Statements

The Council also rents out land and buildings it owns to third parties in the form of operating leases. Under its investment property portfolio, the Council has over 800 operating leases of varying lease periods. These include industrial and retail properties, green belt agricultural tenancies and other recreational and commercial buildings. Rent receivable in 2021/22 was £14.9m (£8.0m in 2020/21). The table below sets out the future income profile arising from the most significant of these leases. Projected receipts assume 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 2021		31 March 2022	
£'000		£'000	
5,612	Amount due not later than one year	5,425	
15,895	Amount due between one and five years	13,608	
45,364	Later than five years	43,063	
<b>66,871</b>	<b>Total</b>	<b>62,096</b>	

Future income arising from property let out under finance lease arrangements is not materially significant.

### **NOTE 37. Private Finance Initiative (PFI) Contracts**

The Council has the following obligations arising from three PFI schemes:

- Street Lighting Services
- Highlands Secondary School
- Provision of Starksfield Primary School and Refurbishment of Tottenhall Primary and Lea Valley Secondary Schools

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 19. The Council makes agreed fixed payments each year which may be increased by inflation or reduced if the contractor fails to meet availability or performance standards in any year. Payments remaining to be made under each PFI contract as at 31 March 2022 are shown below.

Period	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£'000	£'000	£'000	£'000
Within one year	5,090	3,973	2,641	11,704
Two - five years	20,718	15,623	6,477	42,818
six - 10 years	16,654	10,738	1,742	29,134
11 - 15 years	0	(17)	(1)	(18)
<b>Total</b>	<b>42,462</b>	<b>30,317</b>	<b>10,859</b>	<b>83,638</b>

## Notes to the Core Financial Statements

The carrying value of the scheme assets are shown in note 19.

2020/21 £'000	Outstanding Liability for Reimbursement of Capital Expenditure	2021/22 £'000
(37,349)	Balance outstanding 1 April	(33,915)
-	- Opening balance adjustment for prior year rounding	-
3,434	Payments during the year	3,600
<b>(33,915)</b>	<b>Balance Outstanding 31 March</b>	<b>(30,312)</b>

### **NOTE 38. Pension Schemes Accounted for as Defined Contribution Schemes**

#### **Teachers**

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Teachers' Pensions on behalf of 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.

In 2021/22 employer contributions of £17.1m were paid to the Teacher's Pension Scheme (£17.0m paid in 2020/21), representing 23.68% of pensionable pay. 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.

#### **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, multi-employer defined benefit scheme. In 2021/22 the Council's employer contributions to the NHS Pension Scheme were £26,013 (£23,586 in 2020/21).

### **NOTE 39. Defined Benefit Pension Schemes**

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be

## Notes to the Core Financial Statements

disclosed at the time that employees earn their future entitlement. The Council participates in two post-employment schemes:

- The Local Government Pension Scheme (LGPS) administered locally by the London Borough of Enfield. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. As there are no investment assets built up to meet these liabilities, at the point of early retirement a cash transfer is made from the General Fund to the Pension Fund to cover this shortfall. This transfer is real expenditure to the General Fund and is normally financed from a revenue reserve.

The pension scheme is operated under the regulatory framework for the LGPS and the governance of the scheme is the responsibility of the Pension, Policy and Investment Committee of the Council. Policy is determined in accordance with the Pensions Fund Regulations, and the investment managers of the fund are appointed by the committee.

The principal risks to the authority of the scheme are the longevity of assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and HRA the amounts required by statute.

It is important to recognise that the Pension Liability is an estimate of the future liabilities, not an exact calculation. The return on the Pension Fund, the longevity and other assumptions detailed in the sensitivity mean that the cashflows are uncertain, both in their amount and their timing.

### **NOTE 40. Pension Liability**

Under IAS19, the relevant Accounting Standard for Employee Benefits, the Council recognises the cost of retirement benefits in the CIES when they are earned by employees, rather than when the benefits are eventually paid as pensions. All IAS19 entries are notional and not represented by any cash flows. However, the charge that is required to be made against council tax is based on employer pension contributions – which is a cash movement, so the real cost of post-employment/retirement benefits under IAS19 is reversed out of the General Fund via the MiRS.

2020/21			2021/22		
Scheme Assets	Pensions Obligations	Net Pensions Liability	Scheme Assets	Pensions Obligations	Net Pensions Liability
£'000	£'000	£'000	£'000	£'000	£'000
<b>1,030,388</b>	<b>(1,526,868)</b>	<b>(496,480)</b>	<b>1,248,190</b>	<b>(1,852,766)</b>	<b>(604,576)</b>
			<b>Opening Balance at 1 April</b>		
-	(49,894)	<b>(49,894)</b>		(70,733)	<b>(70,733)</b>
-	(1,078)	<b>(1,078)</b>		(895)	<b>(895)</b>
23,674	(34,742)	<b>(11,068)</b>	26,182	(38,526)	<b>(12,344)</b>
-	-	-			• Settlements
<b>23,674</b>	<b>(85,714)</b>	<b>(62,040)</b>	<b>26,182</b>	<b>(110,154)</b>	<b>(83,972)</b>
			<b>Total post-employment benefits charged to Surplus or Deficit on Provision of Services</b>		

## Notes to the Core Financial Statements

<b>Contributions</b>					
32,828	-	<b>32,828</b>	• The Council	33,680	<b>33,680</b>
9,419	(9,419)	-	• Employees	9,964	(9,964)
42,247	(9,419)	<b>32,828</b>	<b>Contributions payable to scheme</b>	43,644	(9,964)
<b>Payments</b>					
(44,389)	44,389	-	• Retirement Grants and Pensions	(47,553)	47,553
(44,389)	44,389	-		<b>(47,553)</b>	<b>47,553</b>
<b>Remeasurements</b>					
196,270	-	<b>196,270</b>	• Return on Plan Assets	87,063	-
-	-	-	• Actuarial Gains and Losses arising from changes in demographic assumptions	-	18,412
-	(293,882)	<b>(293,882)</b>	• Actuarial Gains and Losses from changes in Financial Assumptions	-	108,715
-	18,728	<b>18,728</b>	• Experience loss /(gain) on defined benefit obligation	-	(6,289)
196,270	(275,154)	<b>(78,884)</b>	<b>Post-Employment Benefits Charged to other Comprehensive Income and Expenditure Statement</b>	87,063	120,838
<b>1,248,190</b>	<b>(1,852,766)</b>	<b>(604,576)</b>	<b>Closing Balance at 31 March</b>	<b>1,357,526</b>	<b>(1,804,493)</b>
				<b>(446,967)</b>	

### Composition of Scheme Assets

31 March 2021		31 March 2022		
Total	Scheme Asset Type	Quoted	Unquoted	Total
49.90%	Equity Investments	44.30%	7.10%	51.40%
18.30%	Property	3.20%	15.00%	18.20%
6.60%	Government Bonds	6.10%	0.00%	6.10%
13.60%	Corporate Bonds	8.90%	0.00%	8.90%
0.00%	Multi Asset Credit	3.70%	0.00%	3.70%
7.00%	Cash	7.60%	0.00%	7.60%
4.60%	Other Assets	0.00%	4.10%	4.10%

### 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 LGPS 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 2019. The principal assumptions used by the actuary are shown in the table below:

## Notes to the Core Financial Statements

2020/21	Mortality Assumptions:	2021/22
<b>Future lifetime for Males</b>		
22.5	Member aged 65 at accounting date	22.3
23.1	Member aged 45 at accounting date	23.0
<b>Future lifetime for Females</b>		
24.4	Member aged 65 at accounting date	24.2
25.1	Member aged 45 at accounting date	25.0
<b>Economic Assumptions:</b>		
2.1%	Discount Rate	2.7%
2.7%	CPI Inflation	3.0%
2.7%	Rate of increase to pensions	3.0%
4.2%	Rate of general increase in salaries	4.5%

### Sensitivity Analysis

Impact on the Defined Benefit Obligation	Increase in Assumption £'000	Decrease in Assumption £'000
Discount Rate (increase or decrease by 0.1%)	(33,483)	35,245
Rate of increase in salaries (increase or decrease by 0.1%)	3,525	(3,525)
Rate of increase in pensions (increase or decrease by 0.1%)	31,721	(29,958)
Longevity (increase or decrease by 1 year)	61,679	(61,679)

The above sensitivity analysis identifies that a 0.1% increase in the Discount Rate assumption, will result in a decrease in the reported Pension liability of £33.5m. A 0.1% increase in either the salaries, pension payment or longevity assumptions will result in an increase in the reported Pension Liability as detailed in the table above.

Expected employer contributions for funded benefits and unfunded LGPS benefits in 2021/22 are £30.8m and £1.6m respectively. The duration of the liabilities for the funded LGPS benefits are 19.4 years.

### **NOTE 41. Cash Flow Adjustments to Net Deficit on The Provision of Services**

2020/21 Council £'000		2021/22 Council £'000
37,257	Depreciation of Non-Current Assets	40,080
15,728	Impairment of Non-Current Assets	20,897
7,522	Amortisation of intangible Fixed Assets	7,510
29,212	Pension Fund adjustments	50,292
2,405	Impairment losses on loans & advances debited to the CI&E in year	1,588
2,016	Increase/decrease in impairment for provision for bad debts	0
(6,020)	Transfer to the Deferred capital Receipts	(830)

## Notes to the Core Financial Statements

10,167	Contributions to Provisions	(8,159)
20,653	Carrying amount of PP&E, investment property and intangible assets sold	21,254
(1,645)	(Increase)/Decrease in Inventories	(437)
(45,233)	(Increase)/Decrease in Debtors	26,356
62,949	Increase/(Decrease) in Creditors	3,476
345	Other non-cash movement	1,681
<b>135,356</b>	<b>Total adjustments to net deficit on the provision of services</b>	<b>163,708</b>

2020/21 Council £'000		2021/22 Council £'000
(20,094)	Interest Paid	(20,950)
4,072	Interest Received	3,943
<b>(16,022)</b>	<b>Total adjustments to net deficit on the provision of services</b>	<b>(17,007)</b>

### **NOTE 42. Investing Activities**

This note provides further analysis of the investing activities in the Cash Flow Statement.

2020/21 Council £'000		2021/22 Council £'000
(140,529)	Purchase of property, plant and equipment, investment property and intangible assets	(165,655)
(15,776)	Other payments for investing activities	(19,621)
16,089	Proceeds from sale of property plant equipment & investment property and other capital receipts	19,747
0	Proceeds from Short and Long Term Investments	
78,720	Capital Grants Received	61,098
0	Other receipts from investing activities	
<b>(61,496)</b>	<b>Total Investing Activities</b>	<b>(104,431)</b>



## Notes to the Core Financial Statements

### **NOTE 43. Financing Activities**

2020/21 Council		2021/22 Council
£'000		£'000
15,134	Cash receipts of short and long term borrowing	49,449
(3,600)	Cash payments for the reduction of outstanding liabilities relating to finance leases and on balance sheet PFI contracts	(3,973)
(74,635)	Repayments of short and long term borrowing	35,637
0	Other payments for financing activities	
<b>(63,101)</b>	<b>Total Financing Activities</b>	<b>81,113</b>

### **NOTE 44. Investing and Financing Activities**

The Cash Flow Statement adjusts for the following items included in the surplus/deficit on provision of services which are classified as investing and financing activities:

2020/21 Council		2021/22 Council
£'000		£'000
(16,089)	Proceeds from sale of property plant equipment & investment property and other capital receipts	(19,747)
(49,358)	Any other items for which the cash effects are investing or financing cash flows: Capital Grants & Contributions	(61,405)
<b>(65,447)</b>	<b>Total Financing Activities</b>	<b>(81,152)</b>

### **NOTE 45. Reconciliation of Liabilities Arising From Financing Activities**

	2020/21	Financing	Investing	Non-Cash Changes	2021/22
	£'000	£'000	£'000	£'000	£'000
Long-Term Borrowings	(904,599)	(49,449)	-	-	(954,048)
Short-Term Borrowings	(31,064)	(35,637)	(104,431)	104,431	(66,701)
Other Long Term Liabilities	(30,458)	3,973	-	-	(26,485)
<b>Total Liabilities from Financing Activities</b>	<b>(966,121)</b>	<b>(81,113)</b>	<b>(104,431)</b>	<b>104,431</b>	<b>(1,047,234)</b>

**NOTE 46. Statement of Accounting Policies**

**1.1 Basis of Preparation**

The Accounts and Audit Regulations 2015 (SI 2015 No 234) require the Council to prepare a Statement of Accounts for each financial year in accordance with proper accounting practices. For 2020/21, these proper accounting practices principally comprise:

- the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code)
- the Service Reporting Code of Practice 2020/21 (SeRCoP)
- the Local Authorities (Capital Finance and Accounting)(England) Regulations 2003 (SI 2003 No 3146, as amended) (the 2003 Regs)

The Statement of Accounts has been prepared using the going concern and accruals bases. The historical cost convention has been applied, modified by the valuation of the following material categories of non-current assets and financial instruments:

Class of Assets	Measurement Basis
Property, Plant and Equipment: Dwellings	Current value, comprising existing use value for social housing Dwellings are valued using market prices for comparable properties, adjusted to reflect occupancy under secure tenancies.
Property, Plant and Equipment: Other Land and Buildings	Current value, comprising existing use value Where prices for comparable properties are available in an active market, properties are valued at market value taking into account the existing use. Where no market exists, or the property is specialised, current value is measured at depreciated replacement cost.
Property, Plant and Equipment: Surplus Assets	Fair value
Heritage Assets	Current value, per Property, Plant and Equipment, if ascertainable. Otherwise, insurance values or historical cost.
Investment Properties	Fair value
Financial Instruments – Fair Value through Profit or Loss	Fair value
Pensions Assets	Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Statement of Accounts has been adjusted to reflect events after 31 March 2022 and before the date the Statement was authorised for issue on 31 July 2022 only where the events provide evidence of conditions that existed at 31 March.

## Notes to the Core Financial Statements

### 1.2 Adjustments Between Accounting Basis and Funding Basis

The resources available to the Council in any financial year and the expenses that are charged against those resources are specified by statute (the Local Government Act 2003 and the 2003 Regulations). Where the statutory provisions differ from the accruals basis used in the Comprehensive Income and Expenditure Statement, adjustments to the accounting treatment are made in the Movement in Reserves Statement so that usable reserves reflect the funding available at the year-end. Unusable reserves are created to manage the timing differences between the accounting and funding bases. The material adjustments are:

Expense	Accounting Basis in CIES	Funding Basis in MIRS	Adjustment Account
Property, Plant and Equipment	Depreciation and revaluation/impairment losses	Revenue provision to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
Intangible Assets	Amortisation and impairment	Revenue provision to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
Investment Properties	Movements in fair value	Revenue provision to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
Revenue Expenditure Funded from Capital under Statute	Expenditure incurred in 2020/21	Revenue provision to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
Capital Grants and Contributions	Grants that became unconditional in 2020/21 or were received in 2020/21 without conditions	No credit	Capital Grants Unapplied Reserve (amounts unapplied at 31 March 2020) Capital Adjustment Account (other amounts)
Non-Current Asset Disposals	Gain or loss based on sale proceeds less carrying amount of asset (net of costs of disposal)	No charge or credit	Capital Adjustment Account (carrying amount) Capital Receipts Reserve (sale proceeds and costs of disposal)
Pensions Costs	Movements in pensions assets and liabilities (see Policy 10)	Employer's pensions contributions payable and direct payments made by the Council to pensioners for 2020/21	Pensions Reserve
Council Tax	Accrued income from 2020/21 bills	Demand on the Collection Fund for 2020/21 plus share of estimated surplus for 2019/20	Collection Fund Adjustment Account
Business Rates	Accrued income from 2020/21 bills	Budgeted income receivable from the Collection Fund for 2020/21 plus share of estimated surplus for 2019/20	Collection Fund Adjustment Account
Dedicated Schools Grant	Expenditure incurred in 2020/21 to be met from Dedicated Schools Grant	Expenditure incurred up to the amount of the Grant receivable for 2020/21.	Dedicated Schools Grant Adjustment Account
Holiday Pay	Projected cost of untaken leave entitlements at 31 March 2020	No charge	Accumulated Absences Adjustment Account

### 1.3 Financial Instruments

Financial instruments are recognised on the Balance Sheet when the Council becomes a party to their contractual provisions. They are initially measured at fair value.

#### Financial Liabilities

Financial liabilities are subsequently measured at amortised cost. For the Council's borrowing this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest). Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

#### Financial Assets

Financial assets are subsequently measured in one of two ways:

- amortised cost – assets whose contractual terms are basic lending arrangements (ie, they give rise on specified dates to cash flows that are solely payments of principal or interest on the principal amount outstanding, which the Council holds under a business model whose objective is to collect those cash flows)
- fair value – all other financial assets

Amortised cost assets are measured in the Balance Sheet at the outstanding principal repayable (plus accrued interest). The exception is loans made at concessionary rates to subsidiaries of the Council, where the loans are accounted for as if they had been made at commercial interest rates and the concessionary interest treated as an investment in the companies (see Note 15). Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) are based on the carrying amount of the asset, multiplied by the effective rate of interest for the instrument. Any gains or losses in fair value that might arise are not accounted for until the instrument matures or is sold.

Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit losses model (see Note 27 [Financial Instruments]). Changes in loss allowances (including balances outstanding at the date of derecognition of an asset) are debited/credited to the Financing and Investment Income and Expenditure line in the CIES.

Changes in the value of assets carried at fair value (described as Fair Value through Profit or Loss) are debited/credited to the Financing and Investment Income and Expenditure line in the CIES as they arise.

### 1.4 Revenue from Contracts with Service Recipients

The Council recognises revenue from contracts with service recipients when it satisfies a performance obligation by transferring promised goods or services to a recipient, measured as the amount of the overall transaction price allocated to that obligation.

### 1.5 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with any conditions attached to the payments, and

- the grants or contributions will be received

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until the Council has satisfied any conditions attached to the grant or contribution that would require repayment if not met.

The grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the CIES.

### **1.6 Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure is not capitalised).

Intangible assets are measured at cost.

The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that it might be impaired.

### **1.7 Interests in Companies and Other Entities**

The Council has material interests in companies that have the nature of subsidiaries and require it to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded at cost, less any provision for losses.

### **1.8 Investment Properties**

Investment properties are those that are held solely to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost and subsequently at fair value. Properties are not depreciated, with gains and losses on revaluation being posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The line is also credited/debited with gains/losses on the disposal of properties, measured as the difference between the carrying amount and sale proceeds.

### **1.9 Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. The Council is not a party to any material finance leases.

Rentals paid by the Council under operating leases are charged to the CIES as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

## Notes to the Core Financial Statements

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the CIES. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

### 1.10 Overheads and Support Services

Central support overheads are not apportioned to departments for purposes of internal management accounts or for the Statement of Accounts but are aggregated and reported as expenditure against the directorate incurring the expenditure.

### 1.11 Post-Employment Benefits

Employees of the Council are members of three separate pension schemes:

- the Teachers' Pension Scheme, administered by Teachers' Pensions on behalf of the Department for Education
- the NHS Pension Scheme, administered by the NHS Business Services Authority
- the Local Government Pension Scheme, administered by the Council.

The Teachers' and NHS Schemes provide defined benefits to members. However, Scheme arrangements mean that liabilities for these benefits cannot be attributed to the Council. The Schemes are therefore accounted for as if they were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The People line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year, as are the employers' contributions payable for the year to NHS Pensions.

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- the liabilities of the Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method
- liabilities are discounted to their value at current prices, using a discount rate of 2.1% (based on the indicative rate of return on high quality corporate bonds (the iBoxx index of AA rated corporate bonds))
- the assets of the Pension Fund attributable to the Council are included in the Balance Sheet at their fair value.

The change in the net pensions liability is analysed into the following components:

- Service cost, comprising:
  - current service cost – allocated in the Comprehensive Income and Expenditure Statement (CIES) to the services for which the employees worked
  - past service cost – debited to the Surplus or Deficit on the Provision of Services in the CIES as part of non-distributed costs in the Corporate line.
  - net interest on the net defined benefit liability – charged to the Financing and Investment Income and Expenditure line of the CIES
- Remeasurements, comprising:
  - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
  - 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

## Notes to the Core Financial Statements

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actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

- contributions paid to the Pension Fund – not accounted for as an expense in the CIES

The Council also has limited powers to make discretionary awards in the event of early retirement. Amounts awarded are accounted for on the same basis as the Local Government Pension Scheme.

### 1.12 Property, Plant and Equipment

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie repairs and maintenance) is charged as an expense when it is incurred.

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- borrowing costs (for assets that take a substantial period of time to get ready for their intended use or sale).

Certain categories of Property, Plant and Equipment are measured subsequently at current value – see Policy 1.1 for details. Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Assets are assessed at each year-end as to whether there is any indication that items may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified, they are accounted for in the same way as revaluation losses.

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a

## Notes to the Core Financial Statements

determinable finite useful life (ie freehold land and certain Community Assets) and assets that are not yet available for use (ie assets under construction).

The useful lives used by the Council are:

Asset Category	Useful Economic Life
Council Dwellings	50-60 years
Operational Buildings	50-75 years
Infrastructure Assets	15-40 years (Bridges 120 years)
Vehicles	5-7 years
Plant and machinery	3-7 years

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES against any receipts arising from the disposal as a gain or loss on disposal.

### 1.13 Private Finance Initiative and Similar Contracts

As the Council is deemed to control the services that are provided under its PFI contracts, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the assets used are recognised on the Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement (CIES)
- finance cost – debited to the Financing and Investment Income and Expenditure line in the CIES
- contingent rent – debited to the Financing and Investment Income and Expenditure line in the CIES
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator

lifecycle replacement costs – a proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

### 1.14 Provisions

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

### 1.15 Termination Benefits



## Notes to the Core Financial Statements

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Termination benefits are charged on an accruals basis to the appropriate service (or to the [specified segment in the CIES] line in the Comprehensive Income and Expenditure Statement where they relate to pensions enhancements) at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

### 1.16 Schools

The Code specifies that all schools maintained by the Council are deemed to be under the Council's control. The transactions and balances attributable to the governing bodies of the maintained schools have been consolidated into the Council's financial statements, applying accounting policies for recognition and measurement consistent with those applied by the Council to its own income, expenditure, cash flows, assets and liabilities. Transactions and balances between the Council and schools have been eliminated.

### 1.17 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.

### **NOTE 47. Accounting Standards That Have Been Issued but Not Yet Adopted**

The following new standards and amendments to existing standards have been published but are still to be adopted by the Code of Practice of Local Authority Accounting in the United Kingdom and will be adopted in 2022/23:

- IFRS 16 – Leases was issued in January 2016 as was planned to be introduced in 2020-21, initially deferred to 2021-22 and it has now been further delayed to 2022-23. The implications of this will be assessed further during 2022-23.
- IFRS 1 – First time adoption will be amended in relation to foreign operations. This will not impact Enfield as the Council does not have foreign operations.
- IAS 37 – Onerous contracts will be amended to clarify the intention but this is not expected to have a material impact
- IAS 41 – Agriculture will be amended but this does not impact an urban local authority
- IAS 16 – Property, Plant and Equipment will be altered to require sales proceeds to be recognised as income before one of these assets are in use rather than deducted from cost

### **NOTE 48. Critical Judgements in Applying Accounting Policies**

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

In applying the accounting policies as set out in Note 46, the Council has had to make certain judgements about complex transactions or those involving uncertainty over future events. These are:

### **Treatment of Voluntary Aided & Voluntary Controlled Schools**

As at 31 March 2022, Enfield had 21 voluntary aided Schools (17 Primary; 4 Secondary) and 1 Secondary Foundation School. The Council has formed a judgement that it does not control the economic benefits which flow from these properties. Regarding voluntary aided Schools, this judgement was based on correspondence from the Diocese in which they attest their legal ownership and control of school property assets. Foundation school Trusts also own and control the property of the schools they manage and the assets are included within their Trust accounts. Therefore the Council does not recognise voluntary aided and foundation school property as assets on its Balance Sheet.

### **Meridian Water Assets**

Land assets held in connection with the Meridian Water regeneration project are non-current assets owned by the Council. At the reporting date the assets were not used to deliver services and did not meet the criteria for Assets under Construction. Consequently, they have been classified as Surplus Assets in accordance with the Code. The value of these land assets at 31 March 2022 is £435m and have been valued at market value, on the basis of 'highest and best use', which is industrial. Once detailed planning consent as well as a development agreement are in place, the valuation would be calculated on a residential basis, as the reader of the Accounts could be confident that the site would be developed for residential purposes.

The valuation of Meridian Water is dealt with on a site-by-site basis, so Meridian Water 1 is currently treated as industrial and its valuation is £35.75m; once it moves to residential as is anticipated for 2021/22, its valuation as at March 31st 2022 was £11.57m. Unfortunately, it cannot be straight-line extrapolated to the entire estate to determine the precise impact of judgement, as there are specific conditions to each development agreement that is signed and the higher the level of affordable housing, the lower the valuation of the land assets.

### **Treatment of COVID Grants**

The Council received £159.5m in relation to COVID Grants in 2020/21. It acted as a principal for some of the Grants (£67.6m), whereas with others, it acted as an Agent on behalf of Central Government (£91.9m), mainly in relation to business rate supports schemes and treated these as transfer payments. Whilst the Council took professional advice on the matter, classification of the grants was a matter of judgement.

Grant items and expenditure for which the Council is a principal flow through the Council's Accounts but items for which the Council is acting on behalf of another (agent) are transfer payments. The only impact for the latter is where the Council is liable for any fraud or mistakes in carrying out these duties. The impact of this was negligible for the London Borough of Enfield due to the decision to review said payments before they went out and to raise debtors for any inappropriate payments that were discovered after the fact.

### **Impairment Allowances for Doubtful Debt**

As at 31 March 2022, the Council had a net outstanding balance of short-term debtors totalling £129m. Within this debtors' balance, there is an impairment allowance of £36m, meaning there is gross £165m short term debtors. It is not certain that this impairment allowance would be sufficient as the Council cannot assess with certainty which debts will be collected or not. The economic impact of the Covid-19 pandemic has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts.

## Notes to the Core Financial Statements

The impairment allowances held are based on policies adapted to historic collection rates in relation to the specific type of debt and success rates experienced in collection. However, under IFRS 9, there is a significantly greater focus on judgement and thus the Council further takes into account future considerations, such as specific knowledge on specific debtors or classes of debtors. In 2020/21, the Council made adjustments reflecting the uncertainty of the collection rates as a result of Covid-19. This is why the Council significantly increased its Bad Debt Provisions in 2020/21 by £3.6m, despite a large reduction in its older sundry debts related to the NHS.

The Council's share of bad debt provisions for doubtful debts have been calculated at 31 March 2022 as £2.573m for council tax and £4.04m for business rates (NNDR), based on overall average non-collection rates of 71% and 32% respectively. Most significantly, Enfield's NNDR Bad Debt Provision increased overall from £3.8m to £13.5m.

### Provisions

In 2020/21 the Council raised the Provision for Business Rate Appeals from £10.3m to £35.8m, as the Council made the judgement call to provide for a Material Changes in Circumstances (MCC) Provision of £24.4m, as the Government had not managed to pass the requisite legislation to prevent businesses challenging on said grounds. In 2021/22 Local Authorities were advised by Government to remove any provision for MCC included in the provision for appeals, as result the Provision for Business Rate Appeals has reduced to £11.8m and the Council share is £3.5m which is more in line with pre-covid figures.

The Council has continued to be prudent when reviewing its risks in 2021/22, in light of the wider economic environment. The level of provisions excluding the reduction for business rate appeals has reduced by £1m in 2021/22 where the provision has either been used or is no longer required.

### **NOTE 49. Assumptions Made About the Future and Other Major Sources Of Estimation** **Uncertainty**

The Accounts contain estimated figures that are based on assumptions made by Council officers, external valuers, actuaries and the Valuation Office about future and otherwise uncertain events. Estimates are made taking into account recent experience, current trends and other objective factors. Since balances cannot be determined with complete certainty there is the possibility that actual events could be materially different from the assumptions and estimates that have been made. The principal items in the Council's Balance Sheet at 31 March 2022 which may materially be affected by future events are set out below.

Uncertainty	Effect If Actual Results Differ from Assumptions
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<b>Property Plant and Equipment</b>	
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The estimated remaining useful life of all operational assets is reviewed annually based on the advice from the Council external valuers. Depreciation charges for operational buildings and council dwellings will change in direct relation to changes in estimated current value.	
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Across the asset-base, a 1-year change in the UEL would have approximately a £1.5m change in the depreciation charge.
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The valuation of PPE reported in the Council's Balance Sheet is a significant estimate informed by the Council's expert independent valuer – who assesses the circumstances of the Council's assets to determine the appropriate valuation methodology and reports	
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The Council's Property, Plant & Equipment includes assets that a 1% change in market values would increase/decrease the Council's net equity by £22m (PPE valuation of £2.220bn includes £90m of Assets Under Construction and £62m of community assets).
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## Notes to the Core Financial Statements

the estimated values to be included in the financial statements.

A reduction in the estimated value of HRA dwellings would result in a reduction in the revaluation reserve or a loss in the CIES. If the value of dwellings were to reduce by 5% this would lead to a reduction in value of about £39m.

The valuation of Group Property, Plant & Equipment is not significantly different to the main entity (£2.243bn vs £2.220bn). Therefore, no separate impact is considered.

### Fair value measurement of investment property

The Council's external valuers use valuation techniques to determine the fair value of investment property. This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, but this is not always available. In which case, the valuers use the best information available.

Estimated fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date.

### Pension Fund Liability

Estimation of the net liability to pay pensions depends on 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 net pension liability of changes in individual assumptions can be measured. E.g.:

- a. 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of approximately £36m.
- b. 1% increase in assumed earnings inflation would increase the value of liabilities by approximately £3m.
- c. three-year increase in assumed life expectancy would increase the liability by approximately £200m.

### **NOTE 50.** Events After the Reporting Period

The Executive Director of Resources authorised the Statement of Accounts on 31 July 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## Housing Revenue Account

### Housing Revenue Account

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

#### Housing Revenue Account Income and Expenditure Statement

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

2020/21 £'000		Notes	2021/22 £'000
	<b>Income</b>		
(54,150)	Dwelling rents (gross)		(54,926)
(3,065)	Non-dwelling rents (gross)		(3,472)
(9,047)	Charges for services and facilities		(11,153)
(78)	Contributions towards expenditure		(1,159)
<b>(66,340)</b>	<b>Total Income</b>		<b>(70,710)</b>
	<b>Expenditure</b>		
11,195	Repairs and maintenance	5	12,097
26,451	Supervision and management		31,819
2,285	Rents, rates, taxes and other charges		2,065
11,097	Depreciation	7	12,028
21,267	Revaluation	7	46,868
0	Revenue Expenditure Funded from Capital Under Statute	7	0
16	Movement in the allowance for bad debts	3	(49)
<b>72,311</b>	<b>Total Expenditure</b>		<b>104,828</b>
<b>5,971</b>	<b>Net Expenditure or Income of HRA Services as included in the Whole Authority Comprehensive Income and Expenditure Statement</b>		<b>34,118</b>
123	HRA services' share of Corporate & Democratic Core		140
<b>6,094</b>	<b>Net Cost of HRA Services</b>		<b>34,258</b>
	<b>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:</b>		
(4,475)	(Gain) or loss on sale of HRA non-current assets		(23,401)
-	Repayment of right-to-buy receipts		0
8,697	Interest payable and similar charges		9,833
(5)	Interest and Investment income		(1)
(1,325)	Changes in fair value of Investment Properties	8	(622)
(1,021)	Capital grants and contributions receivable		(1,564)
1,365	Amounts payable into the Capital Receipts Pool		1,365
(3,955)	Other Operating Expenditure		0
<b>5,375</b>	<b>(Surplus)/ Deficit for The Year on HRA Services</b>		<b>19,867</b>

## Housing Revenue Account

2020/21 £'000	Statement of Movement on the Housing Revenue Account	Notes	2021/22 £'000
(4,623)	<b>Balance on the HRA at the end of the previous reporting period</b>		(9,944)
5,375	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement		19,867
(3,856)	Adjustments between Accounting and Funding Basis under Statute		(1,702)
<b>1,519</b>	<b>Net (Increase) or Decrease before transfers or from reserves</b>		<b>18,166</b>
(6,840)	Transfers to/(from) earmarked reserves		(11,413)
(5,321)	<b>(Increase) or decrease in-year on the HRA Balance</b>		(6,753)
<b>(9,944)</b>	<b>Balance on the HRA at the end of the reporting period</b>		<b>(3,191)</b>
	<b>Adjustments between Accounting and Funding Basis under Statute</b>		
14,168	Transfer to Major Repairs Reserve		12,028
(32,364)	Offsetting transfer in from capital adjustment account		0
3,907	Difference between any other items of income and expenditure determined in accordance with the Code and determined in accordance with statutory HRA requirements		(58,896)
1,325	Investment property - Gain / loss on disposal & movement in fair and market value		622
4,475	Gain on sale of HRA non-current assets		23,401
-	- Repayment of right-to-buy receipts		0
(1,292)	HRA share of contribution to / from pension reserve		(3,657)
7,489	Capital expenditure funded by the HRA		26,126
-	- Derecognition of other non current assets		0
(1,365)	Transfer from Capital Receipts Reserve equal to the amounts payable into the Capital Receipts Pool		(1,365)
(40)	Transfers to / from Deferred Capital Receipts Reserve		38
(159)	Accumulated Absences		0
<b>(3,856)</b>	<b>Total Adjustments between Accounting and Funding Basis under Statute</b>		<b>(1,702)</b>

## Housing Revenue Account

### **HRA 1. Housing Stock**

The Council was responsible for managing a Housing Revenue Account stock of 10,433 properties at 31 March 2022 compared with a total of 10,475 properties at 31st March 2021. An analysis of the types of homes is shown below. The Council is also a freeholder of 4,897 leased homes that were previously sold to tenants under the right-to-buy legislation.

31 March 2021		31 March 2022
Number of Properties		Number of Properties
3,063	Houses	3,055
110	Bungalows	111
1,485	Maisonettes	1,623
5,817	Flats	5,644
<b>10,475</b>	<b>Total Housing stock</b>	<b>10,433</b>

### **HRA 2. Stock Valuation**

The open market value of the Council's dwellings was £3.128bn at 31 March 2022 (£2.733bn at 31 March 2021). The difference between this value and the existing use value of £821.750m at 31 March 2022 (£683.334m at 31 March 2021) 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 DLUHC to the market value of the stock.

### **HRA 3. Rent Arrears and Impairment of Debts**

Council tenants' rent arrears as at 31 March 2022 were £3.6m compared to £3.9m at the 31st March 2021. The provision for impairment of debts was £0.8m (2020/21 £0.8m). In 2021/22 there was a release of the Impairment of debt of £0.05m (£0.02m release in 2020/21).

### **HRA 4. Major Repairs Reserve**

2020/21		2021/22
£'000		£'000
<b>(15,961)</b>	<b>Balance at 1 April</b>	<b>(6,060)</b>
(11,097)	Transfer in at depreciation for operational assets	(12,028)
(3,071)	Voluntary Transfer	0
24,069	Amount applied to expenditure on council dwellings during year	17,321
<b>(6,060)</b>	<b>Balance at 31 March</b>	<b>(767)</b>

## Housing Revenue Account

### **HRA 5. Repairs & Maintenance**

The balance forms part of the Council's earmarked reserves as set out in Note 18 to the Core Financial Statements.

2020/21		2021/22
£'000		£'000
(13,253)	Balance brought forward	(10,064)
1,855	Opening balance adjustment	0
14,224	Expenditure for the year	14,782
(12,890)	Contribution to the Repairs Fund	(6,302)
<b>(10,064)</b>	<b>Balance carried forward</b>	<b>(1,584)</b>

### **HRA 6. HRA Assets**

	01-Apr-21	Acquisitions & Transfers	Disposals	Depreciation	Net Revaluation	31-Mar-22
Operational Assets	£'000	£'000	£'000	£'000	£'000	£'000
Council Dwellings	683,333	70,612	(17,084)	(11,340)	56,249	781,770
Other Land and Buildings	55,554	826	36	(688)	3,301	59,029
<b>Total Property, Plant &amp; Equipment</b>	<b>738,887</b>	<b>71,438</b>	<b>(17,048)</b>	<b>(12,028)</b>	<b>59,550</b>	<b>840,799</b>
<b>Total Investment Properties - Shops</b>	<b>29,617</b>	-	-	-	495	<b>30,112</b>
<b>TOTAL</b>	<b>768,504</b>	<b>71,438</b>	<b>(17,048)</b>	<b>(12,028)</b>	<b>60,045</b>	<b>870,911</b>

Capital expenditure in the year amounted to £83.6m consisting of:

2020/21		2021/22
£'000	Expenditure on	£'000
17,040	Works to Stock – General Works	45,766
6,345	Leaseholder Buy Backs	2,674
30,884	Buying Out Commercial and Residential Interests (Regeneration Projects)	35,184
<b>54,269</b>	<b>Total</b>	<b>83,623</b>
	<b>Funded by</b>	
(4,395)	Capital Grants and Contributions	(9,176)
(8,315)	Capital Receipts	(3,226)
(7,489)	Earmarked Reserves	(25,051)
(10,001)	Prudential Borrowing	(28,849)
(24,069)	Major Repairs Reserve	(17,321)
<b>(54,269)</b>	<b>Total</b>	<b>(83,623)</b>



## Housing Revenue Account

### **HRA 7. Depreciation and Impairment**

2020/21 £'000		2021/22 £'000
	<b>Depreciation</b>	
(10,931)	Council Dwellings	(11,340)
(166)	Other Land and Buildings	(688)
	<b>Impairment and Downward Valuation</b>	
(19,281)	Council Dwellings	45,890
(1,986)	Other Land and Buildings	978
-	Surplus Properties	-
-	REFCUS	-
<b>(32,364)</b>	<b>Total Capital Charges</b>	<b>34,839</b>

### **HRA 8. Investment Properties**

2020/21 £'000		2021/22 £'000
(1,963)	Rental Income from Investment Properties	(326)
124	Direct Operating Expenses arising from Investment Property	0
(1,325)	Net (gain)/loss from fair value adjustments	(622)
<b>(3,164)</b>	<b>Net (Gain) / Loss</b>	<b>(948)</b>

### **HRA 9. Contribution from Pensions Reserve**

The HRA income and expenditure has been charged, as have other services, with the additional pension cost as required under the relevant accounting standard (IAS19). The impact of this has then been reversed out through the Movement on the Housing Revenue Account Statement. For overall details of the pension liability across the whole Council please refer to Note 40 of the main statement.

## Collection Fund

### Collection Fund

This account represents the transactions of the Collection Fund, a statutory fund separate from the General Fund of the Council. This fund accounts independently for the income relating to Council Tax and Business Rates on behalf of those bodies (including the Council's own General Fund) for whom the income is raised. The costs of administering collection are accounted for in the General Fund.

Income and Expenditure Account	Note	2020/21			2021/22		
		Council Tax £000	Business Rates £000	Total £000	Council Tax £000	Business Rates £000	Total £000
<b>Income</b>							
Council taxpayers	1	(166,285)	-	(166,285)	(181,495)	-	(181,495)
Business ratepayers	2		(69,954)	(69,954)	-	(138,018)	(138,018)
Transitional Protection Payment		-	1,277	1,277	-	1,144	1,144
Business Rate Supplement	3	-	(1,765)	(1,765)	-	(2,068)	(2,068)
		<b>(166,285)</b>	<b>(70,442)</b>	<b>(236,727)</b>	<b>(181,495)</b>	<b>(138,942)</b>	<b>(320,437)</b>
<b>Expenditure</b>							
<b>Council Tax Precepts and demands:</b>							
London Borough of Enfield demand		133,276	-	133,276	133,108	-	133,108
London Borough of Enfield surplus		339	-	339	-	-	-
Greater London Authority precept		32,452	-	32,452	33,808	-	33,808
Greater London Authority surplus		83	-	83	-	-	-
<b>Business Rates Retention:</b>							
Central Government		-	37,785	37,785	-	34,558	34,558
Greater London Authority		-	41,408	41,408	-	38,747	38,747
London Borough of Enfield		-	33,290	33,290	-	31,417	31,417
Cost of collection allowance		-	320	320	-	319	319
<b>GLA Business Rate Supplement</b>							
Payment to GLA		-	1,765	1,765	-	2,068	2,068
<b>Bad and Doubtful Debts:</b>							
Council Tax		(665)	-	(665)	181	-	181
Business Rates		-	9,825	9,825	-	(415)	(415)
<b>Provision for Business Rate Appeals</b>							
		-	25,489	25,489	-	(23,958)	(23,958)
		<b>165,485</b>	<b>149,882</b>	<b>315,367</b>	<b>167,097</b>	<b>82,736</b>	<b>249,833</b>
<b>Deficit / (Surplus) for the Year</b>		<b>(800)</b>	<b>79,440</b>	<b>78,640</b>	<b>(14,398)</b>	<b>(56,206)</b>	<b>(70,604)</b>
<b>Collection Fund Balances</b>							
Balance brought forward at 1 April		2,957	251	3,208	2,156	79,691	81,847
(Surplus) / Deficit for year		(800)	79,440	78,640	(14,398)	(56,206)	(70,604)
<b>Balance Carried Forward at 31 March</b>	3	<b>2,157</b>	<b>79,691</b>	<b>81,848</b>	<b>(12,242)</b>	<b>23,485</b>	<b>11,243</b>
<b>Allocated to:</b>							
London Borough of Enfield		1,795	23,906	25,701	(9,545)	7,040	(2,505)
Greater London Authority		362	29,480	29,842	(2,697)	8,686	5,989
Government		-	26,305	26,305	-	7,759	7,759
<b>Balance Carried Forward at 31 March</b>	3	<b>2,157</b>	<b>79,691</b>	<b>81,848</b>	<b>(12,242)</b>	<b>23,485</b>	<b>11,243</b>

## Collection Fund

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The Council had belonged to a London-wide pool for Business Rates up to 31st March 2021 when the pooling arrangement ceased.

In 2021/22, the share of retained NNDR collection due to Central Government was 33% (the same as 2020/21) with the remaining 67% (split 30% to 37% between the London boroughs and the GLA respectively).

However, while Council Tax income has grown from £166.285m to £175.494m Business Rate income that the Council was required to collect increased significantly in 2021/22 compared to 2020/21, from £69.954m to £94.370m. The 2020/21 Business Rate income had been suppressed by the Government giving £40.864m in reliefs to businesses via the Collection Fund, reducing the Business rate taxation income accordingly. The Government gave the Council on behalf of the Collection Fund an equivalent sum of monies (via section 31 Grant) in business rate reliefs in 2020/21 (primarily for retail, leisure and hospitality businesses). This was also used as a means to cashflow local authorities during Covid, by way of providing 100% of the income to boroughs, rather than just borough shares, with the GLA and Government shares subsequently repaid in 2021/22.

The Council's share of those monies was £12.794m which was transferred to an earmarked reserve, £12.337m being drawn down in 2021/22 with £0.457m planned usage in 2022/23 to offset the deficit created in 2020/21 by the reliefs awarded to businesses. The Council received a further £6.395m for further business reliefs in 2021/22 which has been transferred to an earmarked reserve with the planned drawdown of the same value from the reserve in 2022/23.

The Collection Fund Business Rate income for 2021/22 also includes the combined estimated deficit of £43.621m, our share of which was £13.091.

Subsequently Council's NNDR deficit of £7.040m was reversed via the Movement in Reserves Statement into an Unusable Reserve (Collection Fund Adjustment Account), alongside its £9.545m surplus Council Tax equivalent, or £2.505 m in total. Over the next two years in line with recent statutory guidance (introduced to address the extraordinary deficits brought about by Covid), the deficit will be charged to revenue and the earmarked reserves released accordingly to offset the impact.

Changes in legislation mean the increase in the provision for business rates appeals in respect of Material Changes of Circumstances of £24.400m has been released in 2021/22 as advised by Government, improving the position of the Collection Fund.

In 2020/21 there was an unusually high bad debt provision growth of £9.825m in Business Rates reflecting economic uncertainty brought about by Covid. In 2021/22 the bad debt provision has remained largely unchanged due to the continued economic climate.

### **COLL 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 1st 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 2021/22 is as follows:

## Collection Fund

Band	Chargeable properties adjusted for discounts	Band D equivalent adjusted for estimated non-collection
A	2,420	1,549
B	5,897	4,403
C	22,006	18,778
D	26,943	25,866
E	17,314	20,315
F	8,265	11,461
G	5,520	8,831
H	918	1,762
	<b>89,283</b>	<b>92,965</b>

This basic amount of Council Tax for a Band D property, £1,795.47 including the GLA precept is multiplied by the proportion specified for the particular band to give an individual amount due.

### Analysis of Council Tax Impairment of debt

Council Tax Bad Debt Provision	2020/21 £000	2021/22 £000
Council Tax Provision for Impairment of debt brought forward	(10,419)	(8,576)
Amount written off	1,178	545
(Contribution to) / release from Provision for Impairment of debt	665	(181)
<b>Council Tax Bad Debt Provision</b>	<b>(8,576)</b>	<b>(8,212)</b>

The figures above show the total Council Tax impairment of debt reflecting both the GLA precept and Enfield elements of the provision. Note 28 (Debtors and Payments in Advance) shows the Enfield proportion of the Impairment of debt only.

### **COLL 2. Business Rates**

Business rates are organised on a national basis and re-valued periodically by the Valuation Office Agency (VOA). In 2021/22 the Government specified an amount of 49.9p for small businesses who qualify for rate relief and 51.2p 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.

For 2021/22, a 67% Business Rates retention scheme was in place. Enfield retains 30% of the total collectable rates due. The remaining 37% is distributed to the Greater London Authority. The amount of these shares was estimated at the start of 2021/22 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.

## 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 £11.797m<sup>1</sup> in 2021/22). The Council's provision for appeals is in addition to the provision for bad debts set out below.

<b>Local Business Rates Bad Debt Provision</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
Provision for impairment of debt brought forward	(3,637)	(13,457)
Amount written off / (on)	5	1,116
Contribution to Provision for Impairment of debt	(9,825)	415
<b>Local Business Rates Bad Debt Provision</b>	<b>(13,457)</b>	<b>(11,926)</b>

### **COLL 3. Business Rates 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 2021/22 after reliefs and provisions was £2.284m however in the above statement the amount has been reduced by £0.216m to reflect that the amount reflected in 2020/21 was overstated by £0.216m.

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<sup>1</sup> Enfield's share is £3.539m, which is shown under the provisions in Note 33.

## Glossary

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### Glossary

Accruals	Amounts charged to the accounts for goods and services received during the year for which payments or transfers of economic benefit are expected to be made in the next or a subsequent reporting period. Amounts credited to the accounts for goods and services provided during the year for which payments or transfers of economic benefit are expected to be received in the next or subsequent reporting period.
Actuary	A specialised Professional who calculates projections for pensions and insurance purposes.
Amortise	To liquidate (a debt, such as a mortgage) by instalment payments, or payment into a sinking fund; or to write off an intangible asset by pro-rating the cost or income over the life of the related asset.
Appropriation	The assignment of revenue to a specific purpose.
Balance Sheet	A formal statement of the assets, liabilities and reserves of the Council.
Capital Expenditure	<p>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.</p> <p>Payments of grants and financial assistance to third parties towards the cost of capital expenditure.</p> <p>Expenditure that is classified as capital following a ministerial direction, e.g. capitalised redundancy costs.</p>
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.

## Glossary

Creditors	Amounts owed by the Council for goods received or services provided but not yet paid for as at the Balance Sheet date.
Debtors	Amounts owed to the Council but not received at the Balance Sheet date.
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	<p>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).</p> <p>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.</p>
Minimum Revenue Provision	The statutory minimum amount that the Council must charge to revenue to provide for the reduction in the Capital Financing Requirement.

## Glossary

Non-Domestic Rates (NDR)	Also known as Business Rates, this is a flat rate in the pound set by Central Government and levied on businesses in the borough. The money is essentially collected by Enfield and then shared between Enfield, the Greater London Authority and Central Government. These arrangements were introduced under the Localism Act in April 2013, so that the Council gets to retain a proportion of Business Rate Income growth locally without sharing.
Net Expenditure	Expenditure less income
Non-Current Assets	Tangible and intangible assets that yield benefits to the Council and the services it provides for a period of more than one year.
Precept	A charge on the Collection Fund by the Greater London Authority.
Prior Year Adjustment	An adjustment applicable to prior years arising from changes in accounting policies or from the correction of material errors.
Provision	An amount set aside for liabilities and losses, which are likely to be incurred, but where the exact amount and the date on which they will arise is uncertain.
Public Works Loans Board	Central Government agency, which is used to fund local government borrowing.
Revenue Expenditure	Spending on day-to-day items including salaries and wages, premises costs, and supplies and services.
Revenue Expenditure Funded from Capital Under Statute	Expenditure of a capital nature not in connection with a Council-owned asset e.g. private sector renewal grants, Disabled Facilities Grants and funding for Voluntary Aided Schools.
Revenue Support Grant	A general grant paid by Central Government to the Council towards the cost of all its services.
Reserves	The difference between cumulative income and cumulative expenditure. Reserves are resources available to the Council.
Support Services	These are services provided centrally in support of the corporate management of the Council and the delivery of front line services. They include financial, legal, HR, IT, property and general administrative support services.
Unfunded Scheme	A superannuation scheme that is not supported by a fund of money.



# London Borough of Enfield

## Enfield Pension Fund

### Draft Statement of Accounts 2021/22

Draft



## Pension Fund

LONDON BOROUGH OF ENFIELD PENSION FUND ACCOUNT			
2020/21		Notes	2021/22
£000s			£000s
<b>Dealings with members, employers and others directly involved in the Fund</b>			
49,031	Contributions	7	51,903
5,454	Transfers in from other pension funds	8	2,984
<b>54,485</b>			<b>54,887</b>
(44,374)	Benefits payable	9	(46,888)
(4,639)	Payments to and on account of leavers	10	(4,750)
<b>(49,013)</b>			<b>(51,638)</b>
<b>5,472</b>	<b>Net additions/(withdrawals) from dealings with members</b>		<b>3,249</b>
(12,063)	Management expenses	11	(12,605)
<b>(6,591)</b>	<b>Net additional/(withdrawals) including fund management</b>		<b>(9,356)</b>
<b>Returns on investments</b>			
13,214	Investment income	12	16,664
	Taxes on income	13a	
249,979	Profit & losses on disposal of investments and changes in the market value of investments	14a	109,437
<b>263,193</b>	<b>Net returns on investments</b>		<b>126,101</b>
256,602	<b>Net change in assets available for benefits during the year</b>		116,745
1,149,431	<b>Opening net assets of the scheme</b>		1,406,033
<b>1,406,033</b>	<b>Closing net assets of the scheme</b>		<b>1,522,779</b>

## Pension Fund

NET ASSETS STATEMENT FOR YEAR ENDED 31 MARCH			
2020/21		Notes	2021/22
£000s			£000s
1,303,311	Investment assets	14	1,448,147
(141)	Investment liabilities		(233)
<b>1,303,170</b>			<b>1,447,914</b>
	Cash deposits	14	73,478
100,369			
2,685	Other investment balances -assets	14	2,624
(735)	Other investment balances – liabilities	14	(785)
<b>1,405,489</b>	<b>Total net investments</b>	14	<b>1,523,231</b>
96	Long term debtor	20a	113
937	Current assets	20	874
(489)	Current liabilities	21	(1,439)
<b>1,406,033</b>	<b>Net assets of the fund available to fund benefits at the end of the reporting period</b>		<b>1,522,779</b>

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

Signed:



Fay Hammond

Executive Director Resources

31 July 2022

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## Pension Fund

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Draft

## Pension Fund

### 1. Description of the Fund

The Enfield Pension Fund ('the fund') is part of the LGPS and is administered by London Borough of Enfield. The council is the reporting entity for this pension fund.

The following description of the fund is a summary only. For more detail, reference should be made to the Enfield Pension Fund Annual Report 2021/22 and the underlying statutory powers underpinning the scheme.

#### a) General

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

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

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

The fund is overseen by the Enfield Pension Policy & Investment Committee, which is a committee of London Borough of Enfield.

#### b) Membership

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

Organisations participating in the fund include the following:

Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the fund.

Admitted bodies, which are other organisations that participate in the fund under an admission agreement between the fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

There are 54 employer organisations within the fund (including the Council itself), and 24,646 individual members, as detailed below. A full analysis is included

Enfield Pension Fund	31 March 2021	31 March 2022
Number of employers with active members	7,770	7,952
Number of pensioners	5,862	6,196
Deferred pensioners	7,560	7,789
Frozen/undecided	2,498	2,709
<b>Total number of members in pension scheme</b>	<b>23,690</b>	<b>24,646</b>

## Pension Fund

### c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the Local Government Pension Scheme Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2022. Employee contributions are matched by employers' contributions which are set based on triennial actuarial funding valuations. The results of recent formal valuation as at 31 March 2019 has employer contribution rates range from 0% to 34.6% of pensionable pay.

### d) Benefits

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

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

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

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

## 2. Basis of preparation

The statement of accounts summarises the fund's transactions for the 2021/22 financial year and its position at year-end as at 31 March 2022. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The pension fund has opted to disclose this information in Note 19.

The accounts have been prepared on a going concern basis.

### 3. Summary of significant accounting policies

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#### Fund account – revenue recognition

##### a) Contribution income

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the fund actuary in the payroll period to which they relate.

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

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

##### b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations 2013 (see Notes 8 and 10).

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

Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in transfers in (see Note 8).

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

##### c) Investment income

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

ii) **Dividend income** Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

iii) **Distributions from pooled funds** Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

iv) **Movement in the net market value of investments** Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.



### Fund account – expense items

#### d) Benefits payable

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

#### e) Taxation

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

#### f) Management expenses

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

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

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

iii) **Investment management expenses** All investment management expenses are accounted for on an accruals basis.

Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

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

### Net assets statement

#### g) Financial assets

Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised in the fund account.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 15). For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

#### Foreign currency transactions

##### h) Dividends

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

##### i) Cash and cash equivalents

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

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

##### j) Financial liabilities

The fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the fund.

##### k) Actuarial present value of promised retirement benefits

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

As permitted under the Code, the fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (Note 19).

##### l) Additional voluntary contributions

The Enfield Pension Fund provides an additional voluntary contribution (AVC) scheme for its employers and are specifically for providing additional benefits for individual contributors. The fund has appointed Prudential as its AVC provider. AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVCs are not included in the accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (Note 22).

### **m) Contingent assets and contingent liabilities**

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

## **4. Critical judgements in applying accounting policies**

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In applying the accounting policies set out in Note 3 above, the Fund has had to make certain critical judgements about complex transactions or those involving uncertainty about future events.

### **Pension fund liability**

The Pension Fund carries out a funding valuation on a triennial basis, the assumptions underpinning the valuation are agreed with the actuary and are summarised in Note 18.

In addition to the triennial funding valuation, the Fund's actuary also undertakes an accounting valuation of the Fund's liabilities on an IAS19 basis every year. This uses membership data from the funding valuation with economic assumptions adjusted for the current financial year. This valuation is used for statutory accounting purposes and uses different assumptions from the triennial funding valuation; the assumptions used are summarised in Note 19.

### **Valuation of Financial instruments carried at fair value – Level 2 and Level 3**

Financial instruments at Level 2 are those where quoted market investments 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.

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 data. Such instruments would include unquoted debt investments (such as private debt), which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The Coronavirus pandemic has resulted in uncertainty over the valuation of the Fund's property assets; an estimate has been provided by the manager as the standard valuation approach, which uses observable inputs from the UK commercial property market, cannot be applied at this time. These assets have previously been classified as Level 2 but have been reclassified to Level 3 given the current uncertainty.

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

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

## Pension Fund

The items in the net assets statement at 31 March 2022 (for which there is a significant risk of material adjustment in the forthcoming financial year are set out in the table below:

Item	Uncertainties	Effect if actual results differ from assumptions
<b>Actuarial present value of promised retirement benefits (Note 19)</b>	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance: a. 1% decrease in the discount rate assumption would result in a decrease in the pension liability of approximately £223m. b. 1% increase in assumed earnings inflation would decrease the value of liabilities by approximately £223m. c. if life expectancy increases by two years, it would decrease the liability by approximately £92m. <b><i>It should be noted that any changes in the above would not have an effect on either the Fund Account or the Net Asset Statement.</i></b>
<b>Hedge fund of funds (Note 15)</b>	The fund of funds is valued at the sum of the fair values provided by the administrators of the underlying funds plus adjustments that the fund of funds' directors or independent administrators judge is necessary. These investments are not publicly listed and as such, there is a degree of estimation involved in the valuation.	The total hedge fund of funds value in the financial statements is £63.7m. There is a risk that the investment may be under or overstated in the accounts. Given a tolerance of +/-10% around the net asset values on which the valuation is based, this would equate to a tolerance of +/- £6.4m.
<b>Private equity – venture capital investments (Note 15)</b>	The figure for “Investments at fair value” is based on the latest information received from asset managers prior to the Fund’s accounting records closing for the quarter. The valuation methodologies are considered to be consistent with the International Private Equity and Venture Capital Valuation Guidelines.	The venture capital private equity investments in the financial statements are £1114m. There is a risk that this may be over or understated. Further detail is shown in Note 15 regarding the sensitivity of this valuation.
<b>Pooled property investments (Note 15)</b>	Valuation techniques are used to determine the carrying amount of pooled property funds and directly held freehold and leasehold property. Where possible these valuation techniques are based on observable data but where this is not possible management uses the best available data.	Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the fair value of property-based investments by up to 10% i.e. an increase or decrease of £8.3m, on carrying values of £83m..

## Pension Fund

### NOTE 6: EVENTS AFTER THE REPORTING DATE

Management have reviewed and can confirm that there are no significant events occurring after the reporting period.

### NOTE 7: CONTRIBUTIONS

#### By category

2020/21 £000s		2021/22 £000s
12,055	<b>Employees' contributions</b>	12,846
	<b>Employers' contributions: -</b>	
33,353	Normal	35,296
2,482	Deficit recovery contributions	2,583
1,141	Augmentation contributions	1,178
<b>36,976</b>	<b>Total employers' contributions</b>	<b>39,057</b>
<b>49,031</b>		<b>51,903</b>

#### By authority

2020/21 £000s		2021/22 £000s
38,497	Administering authority	41,002
9,820	Scheduled bodies	10,586
714	Admitted bodies	315
<b>49,031</b>		<b>51,903</b>

### NOTE 8: TRANSFERS IN FROM OTHER PENSION FUNDS

2020/21 £000s		2021/22 £000s
5,454	Individual transfers	2,984
<b>5,454</b>		<b>2,984</b>

## Pension Fund

### NOTE 9: BENEFITS PAID/PAYABLE

#### By category

2020/21 £000s		2021/22 £000s
(37,222)	Pensions	(38,392)
(6,488)	Commutation and lump sum retirement benefits	(7,591)
(664)	Lump sum death benefits	(906)
<b>(44,374)</b>		<b>(46,889)</b>

#### By authority

2020/21 £000s		2021/22 £000s
(41,668)	Administration authority	(43,877)
(2,199)	Scheduled bodies	(2,523)
(507)	Admitted bodies	(489)
<b>(44,374)</b>		<b>(46,889)</b>

### NOTE 10: PAYMENTS TO AND ON ACCOUNT OF LEAVERS

2020/21 £000s		2021/22 £000s
(85)	Refunds to members leaving service	(166)
(4,554)	Individual transfers	(4,584)
<b>(4,639)</b>		<b>(4,750)</b>

### NOTE 11: MANAGEMENT EXPENSES

2020/21 £000s		2021/22 £000s
(1,658)	Administrative costs	(1,337)
(90)	Oversight and governance costs	(97)
(10,315)	Investment management expenses	(11,171)
<b>(12,063)</b>		<b>(12,605)</b>

### NOTE 11A: INVESTMENT MANAGEMENT EXPENSES

2020/21 £000s		2021/22 £000s
(6,858)	Management fees	(8,023)
(1,032)	Performance related fees	(1,355)
(2,226)	Transaction costs	(1,580)
(83)	Custody fees	(70)
(116)	Other	(143)
<b>(10,315)</b>		<b>(11,171)</b>

## Pension Fund

### NOTE 12: INVESTMENT INCOME

2020/21 £000s		2021/22 £000s
2,225	Income from equities	2,155
3,439	Income from bonds	3,282
2,389	Pooled property investments	2,275
5,133	Pooled investments – unit trusts and other managed funds	8,675
28	Interest on cash deposits	277
<b>13,214</b>		<b>16,664</b>

### NOTE 13: TAXES ON INCOME

2020/21 £000s		2021/22 £000s
	<i>Withholding tax</i>	
(0)	Income from equities	(0)
(0)	Pooled investments – unit trusts and other managed funds	(0)
<b>(0)</b>		<b>(0)</b>

### NOTE 13A: EXTERNAL AUDIT FEES

2020/21 £000s		2021/22 £000s
19	Paid in respect of external audit (excluding VAT)	21
<b>19</b>		<b>21</b>

Market value 31 March 2021 £000s		Market value 31 March 2022 £000s
	<b>Investments</b>	
99,209	Fixed interest securities	141,785
48,424	Equities	49,985
925,799	Pooled investments	986,804
68,986	Pooled property investments	82,963
160,844	Private equity	186,509
	<b>Derivative contracts:</b>	
5	- Futures	97
44	- Forward currency contracts	4
<b>1,303,311</b>	<b>Total investment assets</b>	<b>1,448,147</b>
100,369	Cash deposits	73,478
2,445	Investment income due	1,973
240	Amounts receivable for sales	651
<b>1,406,365</b>	<b>Total investment assets</b>	<b>1,524,249</b>
	<b>Investment liabilities</b>	
	<b>Derivative contracts:</b>	
(141)	- Futures	(145)
(0)	- Forward currency contracts	(88)

Pension Fund

(735)	Investment expenditure due	(785)
<b>(876)</b>	<b>Total investment liabilities</b>	<b>(1,018)</b>
<b>1,405,489</b>	<b>Net investment assets</b>	<b>1,523,231</b>

NOTE 14A: RECONCILIATION OF MOVEMENTS IN INVESTMENTS & DERIVATIVES

	Market value 1 April 2021	Purchases	Sales	Management fees in Market value	Change in market value	Market value 31 March 2022
Period 2021/22	£000s	£000s	£000s	£000s	£000s	£000s
Bonds	99,209	73,571	(19,391)	(1,225)	(10,379)	141,785
Equities	48,424	0	(12)	(1,473)	3,046	49,985
Pooled investments	925,799	12,854	(7,505)	(1,966)	57,623	986,804
Pooled property	68,933	8,335	(56)	(660)	6,411	82,963
Private equity	160,896	9,468	(29,915)	(2,712)	48,771	186,509
	<b>1,303,261</b>	<b>104,228</b>	<b>(56,879)</b>	<b>(8,036)</b>	<b>105,472</b>	<b>1,448,046</b>
<b>Derivatives contracts:</b>						
Futures						
Options	(136)	714	(548)	0	(78)	(48)
Forward foreign exchange	44	201	(240)	0	(88)	(83)
	<b>(92)</b>	<b>915</b>	<b>(788)</b>	<b>0</b>	<b>(166)</b>	<b>(131)</b>
	<b>1,303,169</b>	<b>105,143</b>	<b>(57,667)</b>	<b>(8,036)</b>	<b>105,306</b>	<b>1,447,915</b>
<b>Other investment balances</b>						
Cash deposits	100,369				4,131	73,478
Investment income due	2,445					1,973
Pending investment sales	(735)					(785)
Pending investment purchases	240					650
<b>Net investment assets</b>	<b>1,405,489</b>				<b>109,437</b>	<b>1,523,231</b>

	Market value 1 April 2020	Purchases	Sales	Management fees in Market value	Change in market value	Market value 31 March 2021
Period 2020/21	£000s	£000s	£000s	£000s	£000s	£000s
Bonds	90,621	14,680	(12,684)	(400)	6,992	99,209
Equities	45,015	69,180	(68,989)	(2,112)	5,330	48,424
Pooled investments	766,037	12,411	(49,076)	(1,695)	198,122	925,799
Pooled property	68,861	0	(1,047)	(367)	1,486	68,933
Private equity	124,000	11,052	(14,078)	(2,287)	42,206	160,896
	<b>1,094,534</b>	<b>107,323</b>	<b>(145,874)</b>	<b>(6,857)</b>	<b>254,136</b>	<b>1,303,261</b>



## Pension Fund

### Derivatives contracts:

Futures	99	513	(384)	-	(364)	(136)
Options						
Forward foreign exchange	(183)	350	(446)	-	323	44
	(84)	863	(830)	0	(41)	(92)
	<b>1,094,450</b>	<b>108,186</b>	<b>(146,704)</b>	<b>(6,857)</b>	<b>254,095</b>	<b>1,303,169</b>

### Other investment balances

Cash deposits	52,855				(4,115)	100,369
Investment income due	2,351					2,445
Pending investment sales	(149)					(735)
Pending investment purchases	-					240
<b>Net investment assets</b>	<b>1,149,508</b>				<b>249,979</b>	<b>1,405,489</b>

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

- Futures – on close out or expiry of the futures contract the variation margin balances held in respect of unrealised gains or losses are recognised as cash receipts or payments, depending on whether there is a gain or loss.
- Forward currency contracts – forward foreign exchange contracts settled during the period are reported on a gross basis as gross receipts and payments.

## Pension Fund

### NOTE 14B: ANALYSIS OF INVESTMENTS

Market value 31 March 2021 £000s		Market value 31 March 2022 £000s
	<b>Bonds</b>	
99,166	UK quoted	93,035
44	Overseas quoted	75
<b>99,210</b>		<b>93,110</b>
	<b>Equities</b>	
48,424	UK –quoted	49,985
-	Overseas –quoted	0
<b>48,424</b>		<b>49,985</b>
	<b>Pooled funds –additional analysis</b>	
91,734	Indexed linked securities	92,389
0	Short dated fixed income	48,675
604,281	Equities	655,909
34,431	Events driven fund hedge fund	34,250
78,638	Inflation opportunities fund	83,525
31,855	Absolute bond fund	32,396
30,153	Multi-strategy equity hedge fund	32,462
54,707	Multi asset credit fund	55,874
<b>925,799</b>		<b>1,035,480</b>
	<b>Pooled property investments</b>	
68,986	UK property investments	82,963
<b>68,986</b>		<b>82,963</b>
	<b>Private equity</b>	
7,936	Opportunistic property	9,410
22,776	European infrastructure	24,628
102,436	Fund of Funds global private equity	114,032
27,696	UK secured long income fund	38,439
<b>160,844</b>		<b>186,509</b>
	<b>Derivatives- Assets</b>	
5	Futures	97
44	Forward foreign exchange	4
<b>49</b>		<b>101</b>
<b>1,303,312</b>	<b>Total Investment Assets</b>	<b>1,448,148</b>
100,369	Cash deposits	73,478
2,445	Investment income due	1,973
240	Amounts receivable from sales	650
<b>1,406,366</b>		<b>1,524,014</b>
	<b>Investment liabilities</b>	
(141)	Derivatives- futures	-233
(0)	Derivatives- forward foreign exchanges	0
(735)	Investment expenses	-785
<b>(876)</b>		<b>-1,018</b>
<b>1,405,489</b>	<b>Net investment assets</b>	<b>1,523,231</b>

## Pension Fund

### NOTE 14C: INVESTMENTS ANALYSED BY FUND MANAGER

Market value 31 March 2021			Market value 31 March 2022	
£000s	%		£000s	%
<b>Fixed income securities</b>				
94,643	6.3%	Western Asset Management	92,193	6.1%
0	0%	Aon Diversified Fund	48,675	3.2%
<b>Equities</b>				
48,424	3.2%	International Public Partnerships	49,985	3.3%
<b>Pooled investments</b>				
91,734	6.5%	Blackrock indexed linked bonds	92,389	6.1%
220,389	15.7%	Blackrock Low carbon Global passive	255,962	16.8%
140,390	10.0%	MFS global equities	154,338	10.1%
116,232	8.3%	LCIV Baillie Gifford global equities	108,523	7.1%
35,926	2.6%	LCIV JP Morgan emerging equities	32,252	2.1%
91,344	6.5%	LCIV Longview	104,834	6.9%
54,707	3.9%	LCIV CQS Multi asset	55,874	3.7%
0	0.0%	Lansdowne hedge fund	0	0.0%
5,980	0.4%	York Capital hedge fund	2,978	0.2%
78,638	5.6%	M&G inflation opportunities	83,525	5.5%
31,855	2.3%	Insight hedge fund	32,396	2.1%
30,153	2.1%	Davidson Kempner hedge fund	32,462	2.1%
28,451	2.0%	CFM hedge fund	31,272	2.1%
<b>Pooled property</b>				
53	-	RREEF commercial property	0	0.0%
34,825	2.5%	Blackrock commercial property	41,055	2.7%
34,108	2.4%	Legal & General commercial prop.	41,908	2.7%
<b>Private equity</b>				
102,436	7.3%	Adam St Partners fund of funds	114,032	7.5%
22,776	1.6%	Antin European infrastructure	24,628	1.6%
7,936	0.6%	Brockton opportunistic property	9,410	0.6%
27,696	2.0%	CBRE UK secured long income fund	38,439	2.5%
<b>Cash &amp; accruals</b>				
31,296	2.2%	Goldman Sachs cash	34,099	2.2%
69,039	4.9%	Northern Trust cash	39,344	2.6%
35	0.0%	Blackrock MMF	35	0.0%
2,685	0.2%	Investment accruals	2,623	0.2%
<b>1,405,489</b>	<b>100.0%</b>		<b>1,523,231</b>	<b>100.0%</b>

## Pension Fund

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

Security	Market value 31 March 2021 £000s	% of total Fund	Market value 31 March 2022 £000s	% of total Fund
Blackrock – Low Carbon Equities	220,389	15.7%	255,962	16.8%
MFS global equities	140,390	10.0%	154,338	10.1%
Western Asset – corporate bonds	98,381	7.0%	92,193	6.1%
Blackrock – indexed linked bonds	91,734	6.5%	92,389	6.1%
LCIV – Longview global equities	91,344	6.5%	104,834	6.9%
LCIV – Baillie Gifford global equities	116,232	8.3%	108,523	7.1%
M&G Inflation opportunities	78,638	5.6%	83,525	5.5%
Adam Street Partners – private equity	102,436	7.3%	114,032	7.5%

### NOTE 15: FAIR VALUE – BASIS OF VALUATION

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

Description of asset	Valuation hierarchy	Basis of valuation	Observable & unobservable inputs	Key sensitivities affecting the valuations provided
<b>Market quoted investments</b>	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
<b>Quoted bonds</b>	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required
<b>Futures and options in UK bonds</b>	Level 1	Published exchange prices at the year-end	Not required	Not required
<b>Forward foreign exchange derivatives</b>	Level 2	Market forward exchange rates at the year-end	Exchange rate risk	Not required
<b>Overseas bond options</b>	Level 2	Option pricing model	Annualised volatility of counterparty credit risk	Not required

## Pension Fund

<b>Pooled investments – overseas unit trusts and property funds</b>	Level 2	Published bid market price at end of the accounting period.	NAV per share	Not required
<b>Pooled investments – hedge funds</b>	Level 2	Most recent valuation	NAV published, Cashflow transactions, i.e. distributions or capital calls	Not Required
<b>Property held in a limited partnership</b>	Level 3	Most recent published NAV updated for cashflow transactions to the end of the accounting period	NAV published, Cashflow transactions, i.e. distributions or capital calls	Valuations could be affected by material events between the date of the pool fund financial statements and the fund's own reporting date, including cash flows transacted in between the audited accounts received and the pension fund's year end.
<b>Private equity</b>	Level 3	Most recent valuations updated for cashflow transactions and foreign exchange movements to the end of the accounting period. The Market approach may be used in some circumstances for the valuation of underlying assets by the fund manager. Prepared in line with <i>International Private Equity and Venture</i>	Cashflow transactions, i.e. distributions or capital calls, foreign exchange movements. Audited financial statements for underlying assets, which may include market approach valuations: taking into account actual observed transactions for the underlying assets or similar assets to help value the assets of each partnership.	Valuations could be affected by material events between the date of the financial statements provided by the asset managers and the pension fund's own reporting date, including cash flows transacted in between the audited accounts received and the pension fund's year end.

## Pension Fund

### *Capital Valuation Guidelines (2018)*

#### Sensitivity of assets valued at level 3

Having analysed historical data and current market trends, the fund has determined that the valuation methods described above are likely to be accurate to within the following ranges and has set out below the consequent potential impact on the closing value of investments held at 31 March 2022.

Description of asset	Assessed valuation range (+/-) %	Value at 31 March 2022 £000s	Value on increase £000s	Value on decrease £000s
Pooled Property	10.00%	63,734	70,107	57,361
UK secured long income fund	10.00%	82,963	91,259	74,667
UK opportunistic property	7.50%	38,439	41,322	35,556
European Infrastructure	10.00%	9,410	10,351	8,469
Private equity fund of funds	5.00%	24,628	25,859	23,397
<b>Total</b>		<b>333,206</b>	<b>370,036</b>	<b>296,376</b>

#### NOTE 15A: FAIR VALUE HIERARCHY

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

##### 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, exchange traded 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 investment 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 would include unquoted equity investments (private equity), which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

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.

## Pension Fund

Values at 31 March 2022	Quoted	Using	With significant	Total
	market price	observable	unobservable	
	Level 1	inputs	inputs	
	£000s	Level 2	Level 3	£000s
Financial assets at fair value	143,095	1,035,480	269,472	<b>1,448,148</b>
Financial liabilities at fair value	(233)	(785)	-	<b>(1,018)</b>
<b>Net investment assets</b>	<b>142,862</b>	<b>1,034,695</b>	<b>269,472</b>	<b>1,447,029</b>

Values at 31 March 2021	Quoted	Using	With significant	Total
	market price	observable	unobservable	
	Level 1	inputs	inputs	
	£000s	Level 2	Level 3	£000s
Financial assets at fair value	147,634	925,848	229,830	<b>1,303,312</b>
Financial liabilities at fair value	(141)	(735)	-	<b>(876)</b>
<b>Net investment assets</b>	<b>147,493</b>	<b>925,113</b>	<b>229,830</b>	<b>1,302,436</b>

### NOTE 15B: TRANSFERS BETWEEN LEVELS 1 AND 2

There has been no movement during 2021/22.

### NOTE 15C: RECONCILIATION OF FAIR VALUE MEASUREMENTS WITHIN LEVEL 3\*

	Market value 1 April 2021	Transfers in/out of level	Purchases during the year	Sales during the year	Unrealised gains/losses	Realised gains/losses	Market value 31 March 2022
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Pooled Property</b>	68,986	0	0	0	125		82,963
	<b>68,986</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>125</b>	<b>0</b>	<b>82,963</b>
<b>Venture capital</b>	102,436	0	5,506	(8,619)	(946)	5,179	114,032
<b>Infrastructure</b>	22,776	0	2,459	0	2,260	0	24,628
<b>Property Funds</b>	27,696	0	18,505	0	(1,074)	0	38,439
<b>UK Secured Income Funds</b>	7,936	0	1,405	(221)	(1,034)	0	9,410
	<b>160,844</b>	<b>0</b>	<b>29,270</b>	<b>(10,973)</b>	<b>(104)</b>	<b>7,258</b>	<b>186,509</b>
	<b>229,830</b>	<b>0</b>	<b>29,270</b>	<b>(10,973)</b>	<b>(841)</b>	<b>7,258</b>	<b>269,472</b>

\*Revised figures for 2021/22 will be updated when available.

## Pension Fund

### NOTE 16: FINANCIAL INSTRUMENTS

#### NOTE 16A: CLASSIFICATION OF FINANCIAL INSTRUMENTS

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

31 March 2021			31 March 2022		
Fair value through profit & loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Fair value through profit & loss	Financial assets at amortised cost	Financial liabilities at amortised cost
£000s	£000s	£000s	£000s	£000s	£000s
<b>Financial assets</b>					
99,209			93,110		
48,424			49,985		
925,798			1,035,480		
68,933			82,963		
160,897			186,509		
49			101		
	100,369			73,478	
	2,685			2,623	
<b>1,303,270</b>	<b>103,054</b>	-	<b>1,448,148</b>	<b>76,101</b>	-
<b>Financial liabilities</b>					
		(141)			(233)
		(735)			(785)
	-	(876)		-	(1,018)
<b>1,303,270</b>	<b>103,054</b>	<b>(876)</b>	<b>1,448,148</b>	<b>76,101</b>	<b>(1,018)</b>
<b>Grand total</b>			<b>1,448,148</b>	<b>76,101</b>	<b>(1,018)</b>

#### NOTE 16B: NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

31 March 2021		31 March 2022
£000s		£000s
<b>Financial assets</b>		
254,095	Designated at fair value through profit & loss	105,306
(4,116)	Financial assets at amortised costs	4,131
<b>249,979</b>	<b>Total</b>	<b>109,437</b>

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



### **NOTE 17: NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

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The Pension Fund's investment objective is to achieve a return on Fund assets, which is sufficient, over the long term, to fully meet the cost of benefits and to ensure stability of employer's contribution rates. Achieving the investment objectives requires a high allocation to growth assets in order to improve the funding level, although this leads to a potential higher volatility of future funding levels and therefore contribution rates.

#### **Management of risk**

The Pension Fund is invested in a range of different types of asset – equities, bonds, property, private equity and cash. This is done in line with the Local Government Pension Scheme Management and

Investment of Funds Regulations 2016, which require pension funds to invest any monies not immediately required to pay benefits. These regulations require the formulation of an Investment Strategy Statement which sets out the Fund's approach to investment including the management of risk.

Responsibility for the fund's risk management strategy rests with the pension fund committee. Risk management policies are established to identify and analyse the risks faced by the council's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

#### **a) Market risk**

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

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

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

#### **The fund manages these risks in two ways:**

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

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

#### **Other price risk**

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

## Pension Fund

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

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

### Other price risk – sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the fund's investment advisors, the Fund has determined that the following movements in market price risk are reasonably possible for the 2021/22 reporting period (based on assumption made in March 2022 on data provided by the Fund's investment consultant. The sensitivities are consistent with the assumptions contained in the investment advisor's most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same. To demonstrate the impact of this volatility, the table below shows the impact of potential price changes based on the observed historical volatility of asset class returns.

Asset type	Potential market movements (+/-)	Potential market movements (+/-)
	2020/21	2021/22
Fixed income government bond	0.9%	1.6%
Inflation-linked government bonds	0.1%	0.6%
Investment grade corporate bonds	1.5%	2.5%
Equities	6.3%	6.7%
Private equity	8.3%	9.3%
Real estate	5.4%	5.3%
Hedge funds	3.4%	3.4%

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

Asset type	Value at 31	Potential value	Potential value
	March 2022	on increase	on decrease
	£000	£000	£000
Fixed income government bond	2,095	2,129	2,061
Inflation-linked government bonds	92,389	92,943	91,835
Investment grade corporate bonds	91,015	93,290	88,740
Equities	705,894	753,189	658,599
Private equity	186,509	203,854	169,164
Real estate	82,963	87,360	78,566
Hedge funds	287,182	296,946	277,418
Cash & accruals	75,184	75,184	75,184
	<b>1,523,231</b>	<b>1,604,895</b>	<b>1,441,567</b>

## Pension Fund

Asset type	Value at 31 March 2021	Potential value on increase	Potential value on decrease
	£000	£000	£000
Fixed income government bond	4,082	4,119	4,045
Inflation-linked government bonds	91,734	91,826	91,642
Investment grade corporate bonds	94,300	95,715	92,886
Equities	652,705	693,825	611,585
Private equity	160,844	174,194	147,494
Real estate	68,986	72,711	65,261
Hedge funds	229,784	237,597	221,971
Cash & accruals	103,054	103,054	103,054
	<b>1,405,489</b>	<b>1,473,04</b>	<b>1,337,938</b>

### Interest rate risk

The fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The fund's interest rate risk is routinely monitored by the council and its investment advisors in accordance with the fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

The fund's direct exposure to interest rate movements as at 31 March 2022 and 31 March 2021 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

### Interest rate risk sensitivity analysis

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

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

Assets exposed to interest rate risk	Value as at 31 March 2022	Potential movement on 1% change in interest rates	Value on increase	Value on decrease
	£000	£000	£000	£000
Cash deposits	-	-	-	-
Cash & cash equivalents	73,243	732	73,975	72,511
Cash balances	12	0	12	12
Bonds	266,570	2,666	269,236	263,904
<b>Total</b>	<b>339,825</b>	<b>3,398</b>	<b>343,223</b>	<b>336,427</b>

## Pension Fund

Assets exposed to interest rate risk	Value as at 31 March 2021	Potential movement on 1% change in interest rates	Value on increase	Value on decrease
	£000	£000	£000	£000
Cash deposits	-	-	-	-
Cash & cash equivalents	100,369	1,004	101,373	99,365
Cash balances	53	1	54	52
Bonds	190,944	1,909	192,853	189,035
<b>Total</b>	<b>291,366</b>	<b>2,914</b>	<b>294,280</b>	<b>288,452</b>

Income exposed to interest rate risks	Amount receivable as at 31 March 2022	Potential movement on 1% change in interest rates	Value on increase	Value on decrease
	£000	£000	£000	£000
Interest on cash deposits	277	3	280	274
Bonds	3,282	33	3,315	3,249
<b>Total</b>	<b>3,559</b>	<b>36</b>	<b>3,595</b>	<b>3,523</b>

Income exposed to interest rate risks	Amount receivable as at 31 March 2021	Potential movement on 1% change in interest rates	Value on increase	Value on decrease
	£000	£000	£000	£000
Interest on cash deposits	28	0	28	28
Bonds	3,439	34	3,474	3,435
<b>Total</b>	<b>3,467</b>	<b>34</b>	<b>3,502</b>	<b>3,463</b>

This analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances. Changes to both the fair value of assets and the income received from investments impact on the net assets available to pay benefits.

### Currency risk

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

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

## Pension Fund

### Currency risk – sensitivity analysis

There is a risk that due to exchange rate movements the sterling equivalent value of the investments falls. The Fund acknowledges that adverse foreign currency movements relative to Sterling can reduce the value of the fund's investment portfolio. The table below demonstrates the potential value of the fund's investments based on positive or adverse currency movements by 10%.

Assets exposed to currency risk	Assets value as at 31 March 2022 £000	Potential movement £000	Value on increase £000	Value on decrease £000
Canadian Dollar	3	-	3	3
Euro	26,961	2,696	29,657	24,265
Hong Kong Dollar	50	5	55	45
Japanese Yen	21,325	2,132	23,457	19,193
Swiss Franc	38	4	42	34
US Dollar	231,315	23,132	254,447	208,183
	<b>279,692</b>	<b>27,969</b>	<b>307,661</b>	<b>251,723</b>

Assets exposed to currency risk	Assets value as at 31 March 2021 £000	Potential movement £000	Value on increase £000	Value on decrease £000
Canadian Dollar	3	-	3	3
Euro	26,961	2,696	29,657	24,265
Hong Kong Dollar	50	5	55	45
Japanese Yen	21,325	2,132	23,457	19,193
Swiss Franc	38	4	42	34
US Dollar	231,315	23,132	254,447	208,183
	<b>279,692</b>	<b>27,969</b>	<b>307,661</b>	<b>251,723</b>

### b) Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the fund's financial assets and liabilities.

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

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

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

## Pension Fund

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

The Council believes it has managed its exposure to credit risk and has had no experience of default or uncollectable deposits over the past five financial years. The fund's cash holding under its treasury management arrangements at 31 March 2022 was £73.5m (31 March 2021 - £100.4m). This was held with the following institutions:

	Rating	Balances as at 31 March 2021 £000	Balances as at 31 March 2022 £000
<b>Money market funds</b>			
Goldman Sachs money market fund	AAAm	31,296	34,099
Blackrock money market fund	AAAm	35	35
<b>Bank current accounts</b>			
HSBC	AA-	21	12
Northern Trust Custodian	AA-	65,373	39,344
Cash held by fund managers		3,666	
		<b>100,391</b>	<b>73,490</b>

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

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

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

All financial liabilities at 31 March 2022 are due within one year.

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

**NOTE 18: FUNDING ARRANGEMENTS**

In line with the Local Government Pension Scheme Regulations 2013, the fund’s actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2019 and the results was approved by the Pension Policy & Investment Committee at their February 2020 meeting, for implementation from 01 April 2020.

The key elements of the funding policy are:

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

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

At the 2019 actuarial valuation, the fund was assessed as 103% funded.

**Financial assumptions**

The valuation was carried out using the projected unit actuarial method for most employers and the main actuarial assumptions used for assessing the funding target and the contribution rates are shown in note 20 in the financial assumption section.

**Demographic assumptions**

The key demographic assumption was the allowance made for longevity. The post retirement mortality assumption adopted for the actuarial valuation was in line with standard self-administered pension scheme (SAPS) S2P Light mortality tables with appropriate scaling factors applied based on the mortality experience of members within the Fund and included an allowance for improvements based on the Continuous Mortality Investigation (CMI) 2014 Core Projections with a long term annual rate of improvement in mortality rates of 1.5% p.a. The resulting average future life expectancies at age 65 were:

Life expectancy from age 65 as valuation date	Males	Females
Current pensioners aged 65 at the valuation date	22.3	24.2
Future pensioners aged 45 at the valuation date	22.9	24.9

**NOTE 19: ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS**

**Introduction**

The Scheme Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the London Borough of Enfield Pension Fund (the Fund) is able to meet its liabilities to past and present contributors and to review employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed as at 31 March 2019 by Aon, in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.

**Actuarial Position**

- a) The valuation as at 31 March 2019 showed that the funding level of the Fund had increased since the previous valuation with the market value of the Fund's assets as at 31 March 2019 (of £1,185.5M) covering 103% of the liabilities allowing, in the case of pre- 1 April 2014 membership for current contributors to the Fund, for future increases in pensionable pay.
- b) The valuation also showed that the aggregate level of contributions required to be paid by participating employers with effect from 1 April 2020 was:
  - 18.5% of pensionable pay. This is the rate calculated as being sufficient, together with contributions paid by members, to meet the liabilities arising in respect of service after the valuation date (the primary rate),

**Plus**

- an allowance of 1.5% of pay for McCloud and cost management – see paragraph 9 below,
- c) In practice, each individual employer's or group of employers' position is assessed separately and contributions are set out in Aon's report dated 31 March 2020 (the "actuarial valuation report"). In addition to the contributions certified, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

Total contributions payable by all employers over the three years to 31 March 2023 are estimated to be:

Year from 1 April	% of pensionable pay	Plus total contribution amount (£M)
2020	19.8	0.008
2021	19.8	0.008
2022	19.8	0.009

- d) The funding plan adopted in assessing the contributions for each employer is in accordance with the Funding Strategy Statement. Different approaches were adopted in relation to the calculation of the primary contribution rate and individual employers' recovery periods as agreed with the Administering Authority and reflected in the Funding Strategy Statement, reflecting the employers' circumstances.
- e) The valuation was carried out using the projected unit actuarial method for most employers and the main financial actuarial assumptions used for assessing the funding target and the contribution rates were as follows.



## Pension Fund

Discount rate for periods in service	
Scheduled and subsumption body funding target *	4.20% p.a.
Low risk funding target	1.30% p.a.
Ongoing Orphan funding target	3.30% p.a.
Discount rate for periods after leaving service	
Scheduled and subsumption body funding target *	4.20% p.a.
Low risk funding target	1.30% p.a.
Ongoing Orphan funding target	1.60% p.a.
Rate of pay increases	3.60% p.a.
Rate of increase to pension accounts	2.10% p.a.
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.10% p.a.

\* The scheduled and subsumption body discount rate was used for scheduled bodies and other employers whose liabilities will be subsumed after exit by a scheduled body.

The assets were valued at market value.

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

- f) The key demographic assumption was the allowance made for longevity. The post retirement mortality assumption adopted for the actuarial valuation was in line with standard self-administered pension scheme (SAPS) S2 mortality tables with appropriate scaling factors applied based on an analysis of the Fund's postcode data using Aon's Demographic Horizons™ longevity model, and included an allowance for improvements based on the 2018 Continuous Mortality Investigation (CMI) Projections Model (CMI2018), with  $s_k$  of 7.5 and parameter A of 0.0 assuming a long term annual rate of improvement in mortality rates of 1.5% p.a. The resulting average future life expectancies at age 65 (for normal health retirements) were:

	Men	Women
Current pensioners aged 65 at the valuation date	22.3	24.2
Current active members aged 45 at the valuation date	22.9	24.9

- g) The valuation results summarised in paragraphs 1 and 2 above are based on the financial position and market levels at the valuation date, 31 March 2019. As such the results do not make allowance for changes which have occurred subsequent to the valuation date. The Actuary, in conjunction with the Administering Authority, monitors the funding position on a regular basis.
- h) The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2020 to 31 March 2023 were signed on 31 March 2020. Other than as agreed or otherwise permitted or required by the Regulations, employer contribution rates will be reviewed at the next actuarial valuation of the Fund as at 31 March 2022 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.

i) There are a number of uncertainties regarding the Scheme benefits and hence liabilities:

▪ **Increases to Guaranteed Minimum Pensions (GMPs):**

The 2019 valuation allows for the extension of the 'interim solution' for public service schemes to pay full inflationary increases on GMPs for those reaching State Pension Age (SPA) between 6 April 2016 and 5 April 2021. On 23 March 2021, the Government published a response to its consultation on the longer term solution to achieve equalisation for GMPs as required by the High Court judgement in the Lloyds Bank case. The response set out its proposed longer term solution, which is to extend the interim solution further to those reaching SPA after 5 April 2021.

The results of the 2019 valuation do not allow for the impact of this proposed longer term solution. Based on approximate calculations, at a whole of fund level, the impact of providing full pension increases on GMPs for those members reaching State Pension Age after 5 April 2021 is an increase in past service liabilities of between 0.1% to 0.2% across the Fund as a whole.

▪ **Cost Management Process and McCloud judgement:**

Initial results from the Scheme Advisory Board (SAB) 2016 cost management process indicated that benefit improvements / member contribution reductions equivalent to 0.9% of pay would be required. However, the cost management process was paused following the Court of Appeal ruling that the transitional arrangements in both the Judges' Pension Scheme (McCloud) and Firefighters' Pension Scheme (Sargeant) constituted illegal age discrimination. Government confirmed that the judgement would be treated as applying to all public service schemes including the LGPS (where the transitional arrangements were in the form of a final salary underpin) and a consultation on changes to the LGPS due to this judgement was issued in July 2020. On 13 May 2021 Government confirmed the key elements of the expected changes to the LGPS to implement the McCloud judgement in a Written Ministerial Statement, although final Regulations are not expected to be come into force until 2023. After incorporating the potential costs of the McCloud remedy, the 2016 SAB cost management process has concluded, with no benefit improvements or member contribution changes being recommended under that process. However, some uncertainty remains as the inclusion of McCloud costs in the cost management process is the subject of a Judicial Review.

The employer contributions certified from 1 April 2020 as part of the 2019 valuation include an allowance of 1.5% of pay in relation to the potential additional costs following the McCloud judgement / cost management process. This was a simplified approach which didn't take account of different employer membership profiles or funding targets and may be more or less than the assessed cost once the details of the LGPS changes arising from the McCloud judgement and (if applicable) arising from the 2016 cost management process have been finalised.

Work on the 2020 cost management process has now been started, and it is possible that further changes to benefits and/or contributions may ultimately be required under that process, although the outcome is not expected to be known for some time.

▪ **Goodwin**

An Employment Tribunal ruling relating to the Teachers' Pension Scheme concluded that provisions for survivor's benefits of a female member in an opposite sex marriage are less favourable than for a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation. The chief secretary to the Treasury announced in a written ministerial statement on 20 July 2020 that he believed that changes would be required to other public service pension

## Pension Fund

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schemes with similar arrangements, although these changes are yet to be reflected in LGPS regulations. We expect the average additional liability to be less than 0.1%, however the impact will vary by employer depending on their membership profile.

- j) This Statement has been prepared by the Actuary to the Fund, Aon, for inclusion in the accounts of the Fund. It provides a summary of the results of the actuarial valuation which was carried out as at 31 March 2019. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

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

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

- k) The report on the actuarial valuation as at 31 March 2019 is available on the Fund's website at the following address:

<http://governance.enfield.gov.uk/documents/s91945/Appendix%20%20Enfield%20PF%2031%20March%202019%20Valuation%20Results.pdf>

Aon Solutions UK Limited

**May 2022**

## Pension Fund

### NOTE 20: CURRENT ASSETS

31 March 2021 £000s		31 March 2022 £000s
<b>Debtors</b>		
195	Contributions due - employees	226
577	Contributions due - employers	631
144	Sundry debtors	0
<b>916</b>		<b>857</b>
<b>Cash balances</b>		
21	Current account	13
<b>937</b>		<b>870</b>

### NOTE 20A: LONG TERM DEBTORS

31 March 2021 £000s		31 March 2022 £000s
<b>Debtors</b>		
96	Pensioner Tax liability	113
<b>96</b>		<b>113</b>

### NOTE 21: CURRENT LIABILITIES

31 March 2021 £000s		31 March 2022 £000s
(1)	Sundry creditors	(1,336)
(488)	Benefits payable	(103)
<b>(489)</b>		<b>(1,439)</b>

### NOTE 22: ADDITIONAL VOLUNTARY CONTRIBUTIONS

Members of the Fund are able to make AVCs in addition to their normal contributions. The related assets are invested separately from the main Fund and in accordance with the Local Government Pension Scheme (Management and Investment of Funds) regulations 2016, are not accounted for within the financial statements. If on retirement members opt to enhance their Scheme benefits using their AVC funds, the amounts returned to the Fund by the AVC provider are disclosed within transfers-in.

The current provider is Prudential. Funds held are summarised below:

	Opening Balance at 1 April 2021	Contributions & Transfers	Sums Paid Out	Investment Return	Closing Balance at 31 March 2022
	£000s	£000s	£000s	£000s	£000s
Plan Value	3,512	980	(500)	42	4,034
	<b>3,512</b>	<b>980</b>	<b>(500)</b>	<b>42</b>	<b>4,034</b>

## Pension Fund

### NOTE 23: AGENCY SERVICES

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

### NOTE 24: RELATED PARTY TRANSACTIONS

#### London Borough of Enfield

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

During the reporting period, the Council incurred costs of £1.337m (2020/21: £1.659m) in relation to the administration of the fund and was subsequently reimbursed by the fund for these expenses. The Council is also the single largest employer of members of the pension fund and contributed £41m to the fund in (2020/21 £38.5m). At year end the Pension Fund owed the Council £103k (£126k in 2020/21).

Scheduled and admitted bodies owed the Fund £861k (£898k in 2020/21) from employer & employee contributions. All payments were received by 19<sup>th</sup> April 2022.

#### Governance

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

No allowances are paid to Members directly in respect of the Pension Policy & Investment Committee. The Chair of the Pension Policy & Investment Committee, however, is paid a special responsibility allowance.

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

### NOTE 24A: KEY MANAGEMENT PERSONNEL

The key management personnel of the fund are the Pension manager, Finance Manager (Pensions & Treasury), the Head of Exchequer Services. As required by paragraph 3.9.4.2 of the CIPFA code of practice 2021/22 the figures below show the total remuneration and the change in value of post-employment benefits provided to these individuals over the accounting year.

31 March 2021		31 March 2022
£000s		£000s
267	Short-term benefits	268
74	Post-employment benefits	74
<b>341</b>		<b>342</b>

### NOTE 25: CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

The total outstanding capital commitments (investments) at 31 March 2022 are £60.5m (31 March 2021 were £40m).

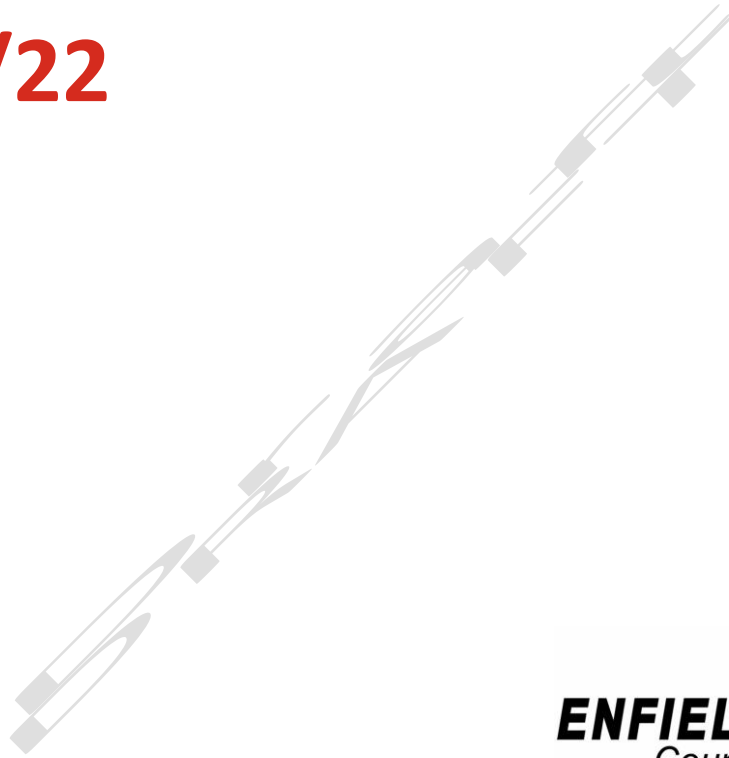
These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the portfolio. The amounts 'called' by these funds

are irregular in both size and timing over a period of between four and six years from the date of each original commitment.

Draft

# London Borough of Enfield

## Annual Governance Statement 2021/22



**ANNUAL GOVERNANCE STATEMENT 2021/22**

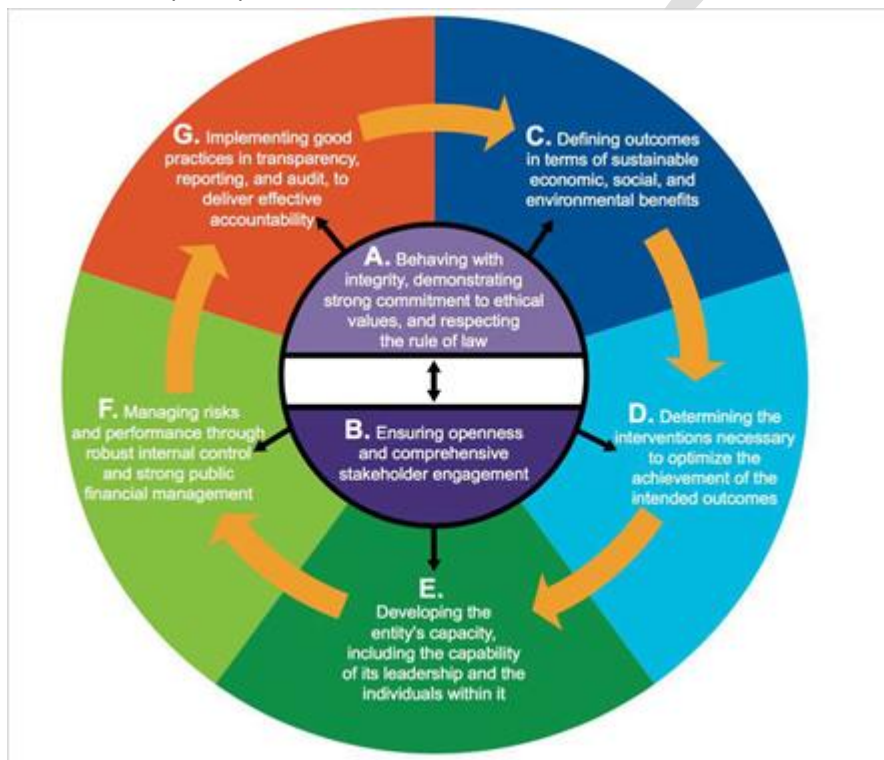
**INTRODUCTION AND ACKNOWLEDGEMENT OF RESPONSIBILITY**

Enfield Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It needs to ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

The Accounts and Audit (England) Regulations 2015 require the Council to prepare an Annual Governance Statement.

**THE PRINCIPLES OF GOOD GOVERNANCE**

The CIPFA/SoLACE Delivering Good Governance<sup>2</sup> publication (2016) defines the principles of good governance in the public sector. The document sets out the core and sub principles that underpin the good governance framework, explains how the Council’s governance arrangements operated in practice during 2021/22, and demonstrates how the CIPFA/SOLACE Framework has been applied. The CIPFA/SoLACE core principles are:



**KEY ELEMENTS OF THE COUNCIL’S GOVERNANCE ARRANGEMENTS**

The governance framework is incorporated into this Annual Governance Statement for the year ending 31 March 2022 and is up to the date of the approval for the statement of accounts.

<sup>2</sup> <https://www.london.gov.uk/moderngovopdc/documents/s58145/Item%206b-%20Appendix%20A%20CIPFA%20Delivering%20Good%20Governance%20in%20Local%20Government%20Framework.pdf>



### Overview of the Council's governance framework

The Council's framework enacts the CIPFA/SoLACE criteria via the following arrangements.

#### **A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

Ethical values, integrity and legislative oversight are crystallised with the Council's Constitution. The Constitution was most recently reviewed during 2019-20 by the Monitoring Officer to ensure it remains in accordance with all developments in these areas; such reviews are periodically undertaken. The requirements of the Constitution are monitored at departmental level, and the scheme of delegation determined by the Constitution ensures clear demarcation of responsibility and authority, to ensure there is adequate oversight of operational compliance with its requirements.

The Council has reviewed and enhanced its induction process for new Councillors following election, to ensure effective understanding of the requirements of the Constitution and the standards expected by residents of the borough.

The Council further has specific resource dedicated to ensuring it meets statutory duties, both in service delivery and in effective enactment of legislation such as Freedom of Information and co-operation with Ombudsman enquiries.

The Council's Code of Conduct determines the standards required of officers, and the human resources framework further solidifies these into expected behaviours monitored through Performance Development Review.

The Council's Code of Conduct for Members sets out the standards of conduct expected by Members.

The Council has a Councillor Conduct Committee which is ultimately responsible for the promotion and monitoring of high standards of conduct amongst councillors and co-opted members. The role of the committee is to assist councillors and co-opted members to observe their Code of Conduct and all other Codes within the Constitution and to consider requests for dispensations by councillors, and co-opted members relating to interests set out in the Code of Conduct

#### **B – Ensuring openness and comprehensive stakeholder engagement**

The Council believes in transparency and seeks to make information public wherever possible. A comprehensive publication scheme is kept up to date via the Council's website. A petition scheme is also available via the website to enable residents to make representations to the Council directly.

Stakeholder engagement is widely promoted prior to any decision-making, and the Council's format of reports includes a number of sections designed to ensure that all appropriate issues have been considered and all stakeholders consulted. The format was most recently updated in 2020-21. Examples of stakeholder engagement during 2021-22 include the Local Plan and the Blue and Green Strategy.

#### **C – Defining outcomes in terms of sustainable economic, social and environmental benefits**

##### Defining outcomes

The Enfield Council Plan sets out the vision for delivering a lifetime of opportunities for everyone in Enfield. The Plan sets out the scale of our ongoing ambition to improve outcomes for everyone, in the context of huge financial challenges for local people, local businesses and organisations and local government.

## Annual Governance Statement (AGS)

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During 2021-22, the Council drafted a new Local Plan for consultation, reflecting development in the borough's needs and prioritising the Council's desired outcomes for residents.

The finance strategy is key to the delivery of the Council Plan and outcomes with significant work undertaken to increase the focus on longer term planning. T

### Sustainable Economic, Social and Environmental Benefits

Enfield declared a climate emergency in the Summer of 2019 and implemented a Climate Action Plan which commits Enfield to becoming a carbon neutral organisation by 2030 and a carbon neutral borough by 2040.

The Sustainable and Ethical Procurement Strategy was agreed at Cabinet in February 2022 this and is underpinned by four core principles: social value, ethical procurement, supporting the local economy and local employment, and climate action.

The Council's internal processes promote the focus on outcomes in terms of sustainable economic, social and environmental benefits, including:

- The Council's business case templates incorporate these elements of outcomes, as do procurement bid assessment tools, in alignment with the Council's governing financial strategies and policies. Reporting on potential expenditure or investment includes dedicated sections highlighting social, financial and environmental implications, ensuring that these aspects are captured in every report.
- The approach to business case formation is being reviewed based on the HM Treasury better business case approach, with training sessions delivered to officers in June 2022
- Performance management of day-to-day services covers both financial performance via budget and service delivery, measuring social outcomes for the community, across a comprehensive framework covering all of the Council's operations.

### **D – Developing the interventions necessary to optimise the achievement of the intended outcomes**

The Council operates a network of Boards across its operations, including senior management membership. These Boards draw authority from the central Executive Management Team and monitor the delivery of projects and services across the Council including the achievement of expected outcomes, or agreement of action plans were required to ensure outcomes continue to be delivered. The network is currently undergoing mapping and review to ensure efficiency in operations and that work is not duplicated.

The Council reports quarterly to Cabinet on the Corporate Performance Scorecard that reflects the Council priorities as outlined in the Council Plan. The scorecard has been developed to demonstrate progress towards achieving the Council's aims and key priorities as set out in the Council Business Plan. The report is a management tool that supports Council directorates and the Executive Management Team (EMT) in scrutinising, challenging and monitoring progress towards achieving the Council's aims.

The Council may also commission from time to time external review of particular risk areas, to develop efficient and effective service delivery and future proof against rising costs or high investment need.

### **E – Developing the entity's capacity, including the capability of its leadership and the individuals within it**

## Annual Governance Statement (AGS)

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The Council operates a comprehensive Performance Development Review system which ensures continuous improvement in both the skills of and support provided to officers at every level of the authority. Internal training networks offer a wide range of skill development employees with specialist training arranged through the Development Review where appropriate.

Staff networks also support the development and capabilities of staff through regular seminars, workshops and learning. A series of leadership and culture workshops and our existing organisational development courses continue to support staff development.

### **F – Managing risks and performance through robust internal control and strong public financial management**

#### Managing risks and performance through robust internal control

The Council's Risk Management Strategy governs the corporate approach to risk management. It is supported by a comprehensive Performance Management Framework, and an annual Internal Audit Plan seeking to address areas of key risk on the Corporate Risk Register.

The Audit Committee function is carried out by the General Purposes Committee (GPC) in Enfield and is a key component of good governance. The Committee are an important source of assurance about the Council arrangements for managing risk, maintaining an effective control environment and reporting on financial and other performance.

In 2021-22, the Council commissioned CIPFA to undertake an independent review of the General Purposes Committee against the CIPFA Audit Committee Good Practice Guide. The review provided assurance on the operation and effectiveness of the GPC with CIPFA confirming that the operation of the General Purposes Committee in the London Borough of Enfield, on balance, works well and to the satisfaction of its members and to officers who support the committee. An action plan is in place in 2022-23 to implement the recommendations from the review.

#### Strong public financial management

Financially the Council operates planning through its Medium-Term Financial Plan and Capital Programme, with associate Treasury Management Strategy. The operational expenditure is governed by the Contracts Procedure Rules within the Constitution, and the Scheme of Delegation determines the appropriate authority required for different levels of expenditure, ensuring that appropriate oversight of spend is delivered in alignment with the Council's risk appetite.

A number of improvements were made in 2021-22 to further strengthen financial management arrangements, including:

- Creating a second Director of Finance post to strengthen the finance structure to reflect the Council's ambitious Capital Programmes, Regeneration, Housing Programme and Treasury Strategy
- Successfully recruiting to several key posts within the finance and procurement teams
- Undertaking an initial light touch review of the CIPFA Financial Management Code standards to identify any potential areas of improvement requiring further actions
- Setting up a Finance Continuous Improvement Board, which now meets monthly to focus on driving through the improvements
- Progressed capital improvements including the establishing the Capital Finance Board and Development and Investment Financial Framework (DIFF)

## Annual Governance Statement (AGS)

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CIPFA were commissioned to independently review the Council's financial management arrangements across the organisation using the CIPFA Financial Management (FM) Model in 2021-22. The review considers arrangements in view of the incremental styles of financial management and is structured around the three styles of financial management; delivering accountability, supporting performance and enabling transformation. The CIPFA FM Model is also organised by four management dimensions. The dimensions are: Leadership, People, Processes, Stakeholders.

A report was provided to the March 2022 Finance and Performance Scrutiny Panel providing an update on financial management arrangements and emerging findings from the review. The final outcome of the review concluded an overall score of 3 out of 5. The review will inform our ongoing internal improvement programme, incorporating feedback from the wider organisation and best practice.

### Financial resilience and sustainability

The Council continues to make financial sustainability and resilience a key area of focus, with significant work undertaken in previous years to create a robust and sustainable budget to put the Council in a strong position to manage the challenges ahead. Improvements include:

- Increased focus on longer term financial planning, with a five-year Medium Term Financial Plan and ten-year Capital Strategy and Treasury Strategy in place
- Increased focus on capital financing and regular assessment of interest rate risk
- Detailed review of the use of reserves including a five year plan for reserves
- Introduction of additional internal financial governance and challenge arrangements, including
  - Pressures Challenge Board
  - Capital Finance Board
  - Weekly Executive Management Team budget meetings
  - Assurance Board
  - Finance Continuous Improvement Board

Regular consideration of Public Interest reports, new CIPFA guidance and assessment of lessons learnt as applicable for Enfield continue to take place.

Financial sustainability and resilience remain a key area of focus for the General Purposes Committee, which is considered by the committee annually, most recently in January 2022.

Financial resilience risks, existing risk mitigations and further planned actions are included in the Corporate Risk Register.

### **G – Implementing effective practices in transparency, reporting, and audit, to deliver effective accountability**

The Council's transparency requirements for decision-making is determined within the Constitution, and these processes are enacted and monitored by the Council's Governance team. The format of reports is according to a standard template ensuring that the same quality of consideration is afforded all decisions, and comparable information available on all decisions.

The Council operates an annual Internal Audit Plan, which is approved by the General Purposes Committee. The Internal Audit Plan focuses on key areas of risk primarily identified in the Corporate Risk Register. In line with the Public Sector Internal Audit Standards (PSIAS), progress against the Internal Audit Plan and audit outcomes are reported regularly through the year to the General

## Annual Governance Statement (AGS)

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Purposes Committee. The Head of Internal Audit and Risk Management also delivers an annual internal audit opinion.

Dedicated resource and arrangements are in place to deliver the Council's statutory transparency and accountability roles within the Freedom of Information and Data Protection Acts, and to ensure full co-operation with all investigations by the Information Commissioner, Local Government & Social Care Ombudsman, and Housing Ombudsman.

The following are the key elements of the governance structures and processes in place:

1. Cabinet and Leader

- Provides political leadership;
- A key role in delivering the council's services, proposing the budget, and promoting the Council's aims and strategic priorities;
- Cabinet provides transparent and accountable political leadership. It considers the business detail involved in delivering the Council's corporate priorities.

2. Scrutiny

- Scrutiny reviews the Council policy and has the power to challenge decisions;
- The Overview and Scrutiny Committee and its Scrutiny Panels scrutinise decisions made by the Cabinet, and those delegated to officers, and reviews services provided by the Council;
- General Purposes Committee review governance and promote high standards of conduct by councillors.

3. Decision Making

- All decisions are made in compliance with the law and the Council's Constitution;
- Formal meetings of the council are held in public;
- Decisions are published on the Council website.

4. Risk Management

- The [Risk Management Strategy](#) ensures proper management of risks and sets out how threats and opportunities faced in the delivery of the Council's objectives are managed;
- Risk registers identify both strategic and operational risks. Identified risks are scored according to likelihood and impact, and a traffic light system has been adopted to monitor the effectiveness of mitigating actions agreed. Strategic risks are reviewed by senior management and by elected members prior to and at the General Purposes Committee on a regular basis.

5. Executive Management Team

- The Head of Paid Service is the Chief Executive and is responsible for all council staff and leading an effective Executive Management Team;

## Annual Governance Statement (AGS)

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- The Executive Director of Resources is the Council's Section 151 Officer and is responsible for safeguarding the Council's financial position and ensuring value for money;
- The Director of Law and Governance is the Council's Monitoring Officer who is responsible for ensuring legality and promoting high standards of conduct in public life.

### 6. Council

- Council is responsible for approving the budget, agreeing policies, making constitutional decisions and deciding local legislation. Council elects the Leader for a term of four years, and the Leader appoints a cabinet of up to ten councillors (including him/herself), each holding a special portfolio of responsibility.
- The Council's Constitution is updated where necessary throughout the year and sets out how the Council operates. It states what matters are reserved for decision by the whole council, the responsibilities of the cabinet and the matters reserved for collective and individual decision, and the powers delegated to panels and committees.
- The overall budget of the Council is set by the Council and all decisions are made within this framework. The council's goals are developed alongside the budget. Progress is reviewed by the Leader, lead Cabinet Member for Finance and Procurement, and respective cabinet members. The Council also monitors its performance through feedback from its residents and service users.

### **Value for Money Statement**

In making decisions, allocating resources and planning service delivery, the Council ensures value for money arrangements are put in place and that its services are delivered in an economical, efficient, effective and equitable way.

The Council promotes the economy, efficiency, effectiveness and equality of its services through its high-level governance and management arrangements including:

- A clear governance structure is in place, as well as well defined roles for the leadership team
- The leadership team take collective responsibility for financial management arrangements with weekly Executive Management Team budget meetings weekly to focusing on financial management and value for money
- Activities and decisions are subject to appropriate scrutiny, a key role for the leadership team and the General Purposes Committee, who carry out the role of the Audit and Risk committee function
- Audit arrangements including internal and external audit arrangements
- Clear objectives and strategy based on local need outlined in the Enfield Council Plan 2020-22, setting out the vision for delivering a lifetime of opportunities for everyone in Enfield and overarching ambitions and cross cutting themes
- Effective service and financial planning with an approved annual budget, Five Year Medium Term Financial Strategy, Capital Strategy and Ten Year Capital Programme and Ten Year Treasury Management Strategy in place. These long term financial strategies are key to the delivery of the Council Plan and financial resilience

## Annual Governance Statement (AGS)

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To ensure value for money is achieved, the Council has in place robust arrangements to support its decision making; commitment of expenditure, oversight of contracts and its risk management arrangements including:

- Financial regulations which form part of the Council's Constitution, setting out how the Council manages its financial arrangements
- The Council's Contract Standing Order requirements, which form part of the Council's Constitution, which set out the Council's procurement requirements to ensure that contracts are entered in a compliant manner and deliver value for money
- The Procurement Team has been restructured to include Category Managers and strengthen the contract management teams, thereby significantly increasing the Council's capacity. Ensuring that effective arrangements are in place for contract management and procurement processes are delivering value for money. Annually General Purposes receives a report regarding procurement performance.
- Risks and existing risk mitigations and further planned actions are included in the Corporate Risk Register.
- Culture and leadership is a key part of ensuring value for money. CIPFA review identified high-level strengths in the Finance leadership across the Council. This has recently been strengthened with the recruitment of two new and experienced Finance Directors; one focussed on commercial and capital programmes, given Enfield's ambitious regeneration plans, the other will focus on statement of accounts and medium term financial plan.

The Council monitor and assess the extent to which its services represent value for money and the effectiveness of its service regularly. Examples of this in 2021/22 include:

- Benchmarking of total costs and income with London Boroughs, the financial impact of covid19. In addition, benchmarking services costs and performance with similar local authorities is used as a tool to inform budget setting.
- CIPFA FM review was undertaken measuring the effectiveness of the finance team and the wider organisation's financial management.
- Quarterly performance information reported to Cabinet includes specific action plans for services which are not meeting the agreed targets.

### Equality

- Equality impact assessments
- Engagement with service users
- Engagement with the voluntary sector

## Annual Governance Statement (AGS)

### GOVERNANCE ISSUES

#### Update on Governance issues identified in 2020/21 Statement

##### Covid-19 Pandemic

Area of Focus	Progress	Status
Financial Impact	<p>Analysis undertaken to identify size of budget gap caused by both loss of income and higher service demand.</p> <p>Savings plan identified based on shortfall after announced government funding is received (assumption made that there will be no further funding beyond that announced, in order to mitigate worst case scenario).</p> <p>Financial planning through the Medium-Term Financial Plan has been reviewed and amended accounting for the impact of the pandemic.</p> <p>Full Covid-19 Financial Strategy in place. Covid-19 costs and grant funding will continue to be separately reported and monitored to enable clarity both on the cost of Covid-19 and assurances on the underlying budget position.</p>	<p>The 2020/21 Covid19 funding pressures continued to be reported separately and were covered by grant in full.</p> <p>The budget report agreed in February 2022 set out that Covid19 forecast pressures in 2022/23 would be covered by the Covid19 reserve.</p>
Effect on staff wellbeing of lockdown restrictions.	<p>Staff wellbeing monitored through Performance Development Review process.</p> <p>Regular departmental seminars and advice offered on mental health</p> <p>Online support and confidential contact line available to all staff.</p> <p>New Smart Working policy implemented.</p>	<p>No longer a governance risk.</p>
Increase in service demand	<p>Financial budgeting assumptions reviewed.</p> <p>Domestic Abuse multi-agency hub has been set up to enhance the service to support victims.</p>	<p>Increase demand in services is regularly reviewed and the MTFP, this identified key pressures in SEN transport and Temporary Accommodation during the year. The SEN Transport cost pressures were</p>



## Annual Governance Statement (AGS)

		reflected in the MTFP and the Temporary Accommodation budget was re-forecast and subject to ongoing monitoring.
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### Compliance with the CIPFA Financial Management code

In September 2019, CIPFA published the Financial Management (FM) code, which sets out the principles by which authorities should be guided in managing their finances and the specific standards, they should, as a minimum, seek to achieve. The code is designed to support good practice in financial management and to assist local authorities demonstrate their financial sustainability.

In response to the introduction of the code and ongoing focus on financial management the Council has:

- i. Undertaken an initial light touch internal review of the standards to identify any potential areas of improvements requiring further action
- ii. Commissioned CIPFA to undertake an in depth external assessment of our financial management arrangements across the organisation based on the CIPFA FM Model
- iii. Commissioned CIPFA to undertake an external financial resilience assessment (in response to FM Code standard F)
- iv. Considered the symptoms of financial stress and factors that drive the ability of the authority to withstand financial pressures as part of the January 2022 GPC Financial Resilience report. An action plan has been created to be monitored by the improvement board (In response to FM code standard G)

The CIPFA FM Model links to the CIPFA FM Code. As part of the work on the CIPFA FM model, CIPFA confirmed that they did not see any instances of non-compliance with the code, providing further assurance on the Council's Financial Management arrangements.

The Council complies with the code and has used the internal and external reviews to inform the medium-term improvement plan and action plan, incorporating feedback from the finance team, wider organisation and best practice. Financial management remains a key area of focus for the Council, subject to ongoing review and monitoring in order to drive continued improvement.

## Annual Governance Statement (AGS)

### General Governance Risks identified for the year and actions taken

Area of Focus	Progress	Status
The new role for the Housing Ombudsman arising from increased scrutiny of council housing in the social housing white paper	<p>The Council has dedicated further resource to managing Ombudsman complaints and compliance.</p> <p>Processes have been reviewed and refreshed.</p> <p>The Council has complied with all Ombudsman investigations and determinations and has received no complaints handling failure orders.</p>	No longer a governance risk
The transition period for the UK leaving the European Union (EU) has now ended. The status of some regulation replacing former EU regulation remains unclear (e.g. Subsidy Control). The Council will need to continue to monitor developments and risks in these areas.	<p>The Council has taken advice and updated policies and procedures where appropriate.</p> <p>External legal advice is commissioned on relevant decisions to ensure the Council fully complies with all requirements.</p>	No longer a governance risk.

### Other significant governance actions taken during the year

#### Review of the Local Plan & consultation enhancements

The Council drafted a new regulation 18 Local Plan for consultation, seeking to address key needs and priorities within the borough including poverty, improvement of the natural environment and opportunities for residents.

The Council has further enhanced regular local consultation processes through the Environment Forum, the Health and Wellbeing Board, and Town Centre action plans developed in collaboration with local businesses.

#### Implementation of new Customer Relationship Management system to improve customer experience and information sharing

A new software system has been developed to manage complaints and information requests, alongside a streamlined customer experience via web form, which will enable more effective management of customer issues and requests, as well as improved data, which will assist the Council in identifying trends and improving its preventative measures and general transparency to achieve better initial outcomes for residents.

## Annual Governance Statement (AGS)

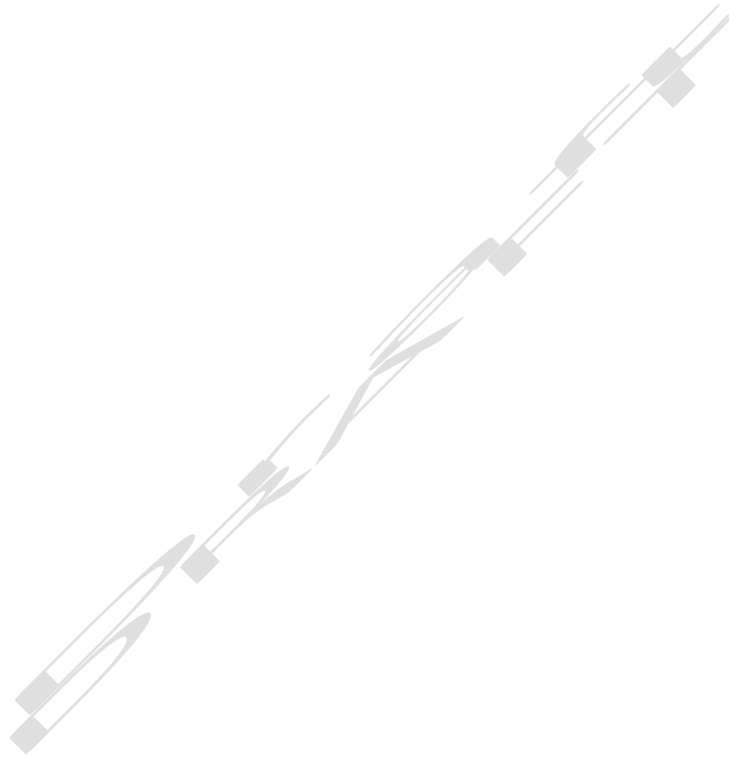
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### Refresh of the Corporate Risk Register

The Corporate Risk Register was fully refreshed during the year, incorporating all residual risks from Covid-19 and Brexit, as well as reflecting demand in the borough and service improvement opportunities identified.

### Statement of Accounts Delays in External Audit

There are delays in the external audit of the Council's Statement of Accounts for 2019/20 and 2020/21 which remains of serious concern to the Council and in particular, members of the General Purposes Committee. The Council continues to drive improvements in its Statement of Accounts processes in preparation for the finalisation of these audits.



## Annual Governance Statement (AGS)

### Areas of focus for 2022/23

Focus will be placed on the following significant governance issues during 2022/23:

Area of Focus	Progress
<p><b>Financial Resilience.</b></p> <p>The financial climate continues to be a challenge for the Council, both in term of service demand and financial restraints caused by wider economic circumstances and risks.</p> <p>The cumulative impact of the general economic conditions, inflation and construction price inflation, and interest rate rises require close monitoring of the budget and reviewing the medium term financial plan assumptions. In addition the MRP technical consultation outcome has not yet been concluded and this has potential to further impact on the Council's financial resilience.</p>	<p>Financial resilience remains a top priority. The MTFP will be reviewed with a focus on further strengthening the Council's long-term capital and balance sheet position, and the strength of its reserves. The Council has £3m contingency annual budget and risk reserves of £20m.</p> <p>Further a review of the financial thresholds for capital projects is underway, the capital programme and a review of the financial model of Meridian Water due to be considered at October Cabinet.</p> <p>Preparation for the MRP outcome had been initiated earlier this year with a review of the current MRP policy; an assessment of the implications of changes by the Treasury advisers is being sought.</p>
<p><b>Information Governance</b></p> <p>The Council requires adequate security controls and processing of its data and information in order to provide excellent protection of data and service to customers in regard to its duties under the Data Protection and Freedom of Information Acts.</p>	<p>The Council has invested in new management software for information requests, and this will be rolled out during the year.</p> <p>The Cyber Security function will implement a work plan to further enhance the Council's data security. This is reported to the GPC twice a year.</p> <p>The Council policies and processes will be reviewed to ensure they remain good practice.</p> <p>The cross council information governance board is in place and meets regularly.</p>
<p><b>Subsidiary Company strategy.</b></p> <p>The Council's subsidiary companies deliver services to assist in provision to residents. However, they represent significant investment from the Council, and it is therefore appropriate that their use and role in the Council's holistic approach to service delivery is reviewed at regular intervals.</p>	<p>The Council has commissioned independent strategic reviews of its companies, which will report in the year and will form the basis of a strategic approach to companies which will be reflected in the MTFP.</p> <p>In addition, a number of actions were identified as a result of a review of company governance, these are being monitored at the Finance Continuous Improvement Board.</p>

## Annual Governance Statement (AGS)

	<p>In 2021-22, an internal operational document setting out the loan agreements with Companies was drafted. This will be reviewed in 2022-23.</p>
<p>Statement of Accounts 2019/20, 2020/21 – audit outstanding</p> <p>The Council Statement of Accounts for 2019/20 and 2020/21 audit has not been completed. The Council’s Accounts have been published on time however, the audit has been delayed through resourcing challenges in the external auditors and more latterly an unresolved national technical issue related to infrastructure assets valuations.</p>	<p>The General Purposes Committee receives regular updates on the progress of the accounts external audit and the improvements in the Council’s processes. The council has retained additional resources to expedite the Audit once this commences.</p> <p>In this context, assurance around the credibility of the finance function is sought from alternative sources including: internal audit, reviewing of public interest reports and assessing LBE in the light of these, the CIPFA FM independent review, external reviews such a our MRP policy (February 2022); training for all Housing and Finance colleagues on HRA financing (this was in response to public interest reports in other councils).</p> <p>A Finance Continuous Improvement Board is in place to monitor progress on these improvements.</p>

### General governance and Risk Management Actions for 2021/22

The Council will review the effectiveness of the enhancements to the Scrutiny process made in previous years, to ensure the arrangements are operating as expected and providing a good quality of scrutiny.

The Council will review policies and processes in regard to information transparency, to enhance availability of Council information and provision of excellent service under Data Protection and Freedom of Information legislation.

### 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 system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure and can therefore only provide reasonable and not absolute assurance of effectiveness.

The effectiveness of governance arrangements is monitored and evaluated throughout the year and activity undertaken includes:

- Consideration of governance issues by the Executive Management Team, the Assurance Board and Departmental Management Teams including risk registers, counter fraud updates and internal audit reports
- Preparation of a rolling plan of audit coverage provided by the Head of Internal Audit and Risk Management which is primarily based on an assessment of the Council's risk profile.
- The Annual Audit Opinion which is provided by the Head of Internal Audit and Risk Management.
- Ongoing assessment of internal management processes including performance management and compliance monitoring
- The work of the Council's governance boards and working groups, including the Executive Management Team, the Assurance Board, other Management Boards, Departmental Management teams and working groups (e.g. the Risk Management Group)
- The independent views of regulatory inspection agencies such as Ofsted and the Care Quality Commission
- The views of external auditors regularly reported to the General Purposes Committee including regular progress reports and the Annual Audit Letter
- The work of the General Purposes Committee that includes ensuring best practice in corporate governance is applied across the Council.

#### Internal Audit Plan

The Council operates an Annual Internal Audit Plan to review the effectiveness of its governance in specific areas. The development of the audit plan targets those areas considered to be higher risk for the Council and for residents. Due to this, the likelihood of negative assurance levels on individual audits increases, as any control weakness identified will be proportionally more significant in high-risk areas. The methodology of financial auditing continued to encompass comprehensive whole system reviews of key financial processes and schools are audited on a rotational basis.

In summary, the conclusion is that there is a reasonable assurance (based on the evidence reviewed), there was a similar number of audits of concern (limited or no assurance) to the previous year, however, significant progress has been made with the speed of completing red and medium audit actions. This is set out in more detail below.

The Council (via the General Purposes Committee) commissioned the 2021/22 Internal Audit Plan leading to 38 assurance opinions given within the year, of which 2 received a *No Assurance* rating, and 14 received a *Limited Assurance* rating. Combined, these represent 42% of opinions given during the year; this compares to 2021-22, where *Limited* and *No Assurance* reports constituted 41% of total opinions.

## Annual Governance Statement (AGS)

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*No Assurance* reviews related to:

- DWP Revised Memorandum of Understanding 2020-21
- St. Anne's Catholic High School for Girls

*Limited Assurance* reviews related to:

- Council staff leaving process
- Community Equipment Services
- Deprivation of Liberty Safeguards
- Financial Management of Bridgewood House
- Primary Behaviour Support Service
- Secondary Behaviour Support Service
- Community Infrastructure Levy
- Grounds Maintenance
- Meridian Water – Contract Management
- Oversight of Montagu LLP
- Oversight of Energetik
- Bush Hill Park Primary School
- Eldon Primary School
- Oakthorpe Primary School

Common high-risk finding themes within the corporate *No* and *Limited Assurance* reviews related to:

### **Governance arrangements**

Further improvements are required to strengthen the governance environment. In particular, we have continued to find that compliance with the Council's Contract Procedure Rules can be improved. Additionally, there is scope for better contract management practices to be put in place.

We also found there is scope for improving the wider understanding of related party transactions and conflicts of interest in relation to procuring services particularly in schools.

There is also a need for greater clarity in terms of governance arrangements particularly where several groups/boards have interest in particular areas or projects.

In some areas, policies and procedures, including authorisation and review procedures have not been kept up to date and in line with current operational practices.

The need to document and retain key checks carried out (e.g. Baseline Personal Security Standards) needs to be reinforced.

### **Performance monitoring**

In several audits we found that operational performance monitoring could be improved by the use of relevant metrics and ensuring performance is reported to and understood by relevant management levels.

### **Mandatory training**

Managers not ensuring their teams completed the Council's mandatory training was highlighted in a number of audits, we do appreciate that there are some difficulties in obtaining this information from the HR systems and acknowledge that the HR team are resolving these issues.

### Audit action monitoring

Audit actions recommended to address control weaknesses identified are monitored through the year for implementation by officer Assurance Board. The Assurance Board membership includes the Chief Executive, Section 151 Officer and Monitoring Officer.

For 2021-22, as at 31<sup>st</sup> March 2021, all actions due were implemented except for 9 high risk actions and 14 medium risk actions. This compares to 15 overdue high-risk actions and 40 overdue medium risk actions at 31<sup>st</sup> March 2021.

### **Assurance Statement**

Based on the work undertaken by the Internal Audit team during 2021/22 the opinion of the Head of Internal Audit and Risk Management is that the arrangements for governance, risk management and internal control provided *Reasonable Assurance* that material risks, which could impact upon the achievement of the Council's services or objectives, were being identified and managed effectively. This is based on the work undertaken by the Internal Audit team during 2021/22. Improvements are required in the areas identified in the audit reports to enhance the adequacy and effectiveness of the framework of governance, risk management and internal control.

### **Conclusion**


The Council is satisfied that appropriate governance arrangements are in place. We propose over the coming year to take the steps to address the matters identified above to further enhance our governance arrangements.



**Annual Governance Statement (AGS)**

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Signed on behalf of Enfield Council:



**Ian Davis**

**Chief Executive**

**Date: 29/07/2022**



**Councillor Nesil Caliskan**

**Leader of the Council**

**Date: 29/07/2022**

