London Borough of Enfield

Draft Statement of Accounts 2022/23

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Annual Governance Statement

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.

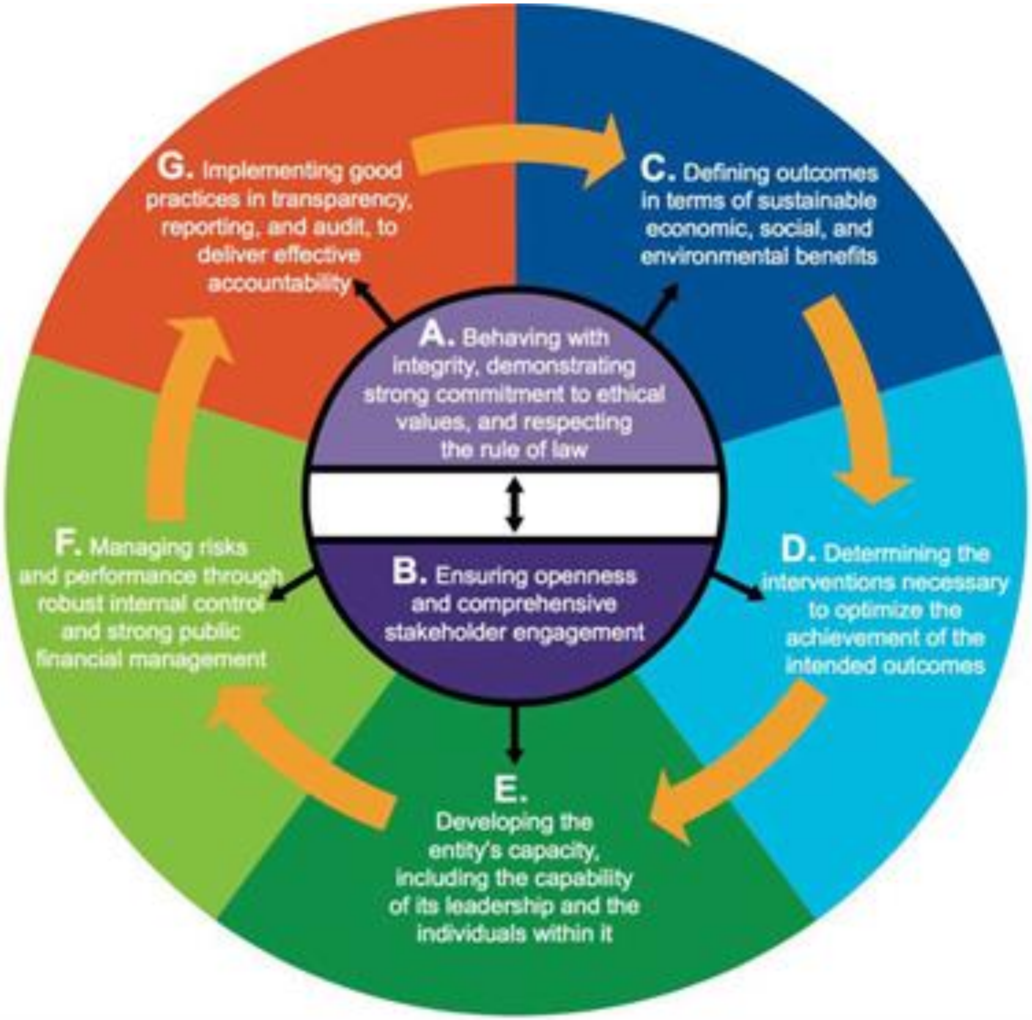
The Principles of Good Governance

The CIPFA/SoLACE Delivering Good Governance [1]publication (2016) defines the principles of good governance in the public sector. This 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 2022/23, and demonstrates how the CIPFA/SOLACE Framework has been applied.

The CIPFA/SoLACE core principles of good governance are:

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

Annual Governance Statement Continued:



Annual Governance Statement Continued:

Key Elements Of The Council's Governance Arrangements

Good governance is fundamental to our ability to achieve our objectives, manage our finances and maintain trust. It also encourages more robust decision making, greater scrutiny of decisions and better planning for the future. Our governance arrangements are the framework that we have put in place for our governance and internal control to ensure that the intended outcomes for stakeholders are defined and achieved. An overview of the Council's governance framework is outlined in this Annual Governance Statement for the year ending 31 March 2023.

Overview of the Council's governance framework

The Council's governance framework is based around the core principles and sub principles set out in the CIPFA/SoLACE Delivering Good Governance [2]publication (2016).

The seven core principles of good governance in the public sector are set out below along with details of how we meet these principles and examples.

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

Ethical values, integrity and legislative oversight are crystallised with the Council's Constitution. The Constitution was most recently reviewed during 2019-2020 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 Scheme of Delegation was most recently agreed by Council on 10th May 2023.

The Council reviewed and enhanced its induction process for new Councillors following election in 2022, 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.

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[2] Delivering Good Governance

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 2022-23 include:

- The new Council Plan public consultation ran for 12 weeks between the 21st June 2021 to 13th September 2021 and supported by a consultation campaign, 17 engagement workshops and 5 drop in sessions. 7,267 responses were received which informed the work done in 2022/23 on finalising the draft plan.
- The Council Tax Support Scheme public consultation ran for 12 weeks between the 14th October 2022 to 6th January 2023. Communication and publicity regarding the consultation included an on-line questionnaire for residents, Voluntary and Community Sector (VCS) e-newsletter, hard copies of the questionnaire available at hub libraries and a targeted social campaign. 183 responses were received to the standard questionnaire and 18 responses to the easy read version. The final scheme was amended to reflect the consultation feedback from a key voluntary sector partner.
- The Meridian Water West Supplementary Planning Document (SPD) public consultation ran for six weeks between the 9th November to 14th December 2022 following a series of pre-consultation engagement sessions held with key stakeholders throughout 2022. The consultation phase was supported by email notifications, a dedicated webpage and a press advertisement in the Enfield Independent. The consultation was publicised on the Council's social media channels and 'Have Your Say' platform with hard copies also available in the Council's Silver Street reception and nearby libraries. Two drop-in sessions were held to give residents and interested parties the opportunity to find out more about the SPD and pose questions to Council officers and meetings were offered to key stakeholders during the formal consultation period. A total of 20 responses were received from a range of 19 organisations and one individual. The feedback from the responses received will inform the work done on finalising the draft SPD in 2023/24.

Further details on current proposals and previous consultations and engagement activity can be accessed in the 'Have your say' section on the Council's website.

https://www.enfield.gov.uk/consultations

Annual Governance Statement Continued:

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

Defining outcomes

The Enfield Council Plan 2020-22: A Lifetime of Opportunities sets out the vision for delivering a lifetime of opportunities for everyone in Enfield. We have reflected on progress made on delivering this 2020 Plan; and on the challenges and opportunities for the borough and its residents for the next three years to create a new refreshed vision and priorities for 2023 – 2026.

Our new Council Plan 2023-26 sets out how we are investing in Enfield to deliver positive outcomes for our communities. We want to support residents to live happy, healthy and safe lives; have enough income to support themselves and their families; and live in a good quality home they can afford in a carbon neutral borough, We want children and young people to do well at all levels of learning and for residents to age well.

The Plan sets five overarching priorities; five principles; and six future outcomes we're working towards. The five priorities are:

- Clean and green places
- Strong, healthy and safe communities
- Thriving children and young people
- More and better homes
- An economy that works for everyone

The way the Council engages and works with residents, businesses and partners and the way it makes decisions and allocates resources are fundamental to our success. The Council Plan principles explain how the Council will work to deliver the vision for Enfield and are:

- Fairer Enfield
- Accessible and responsive services
- Financial resilience
- Collaboration and early help
- Climate conscious

We have identified six future outcomes that we are seeking to positively impact over the four years of the Council Plan and beyond. We have identified measurable indicators to help us understand progress on achieving these outcomes for our residents. The six future outcomes are:

- Residents live happy, healthy and safe lives
- Residents have enough income to support themselves and their families
- Children and young people do well at all levels of learning
- Residents age well
- Residents live in good quality homes they can afford
- Residents live in a carbon neutral borough

The finance Medium Term Financial Strategy and updated plan is key to the delivery of the Council Plan and outcomes with significant work undertaken to increase the focus on longer term planning, sustainability and financial resilience.

Annual Governance Statement Continued:

The Council Corporate Peer Review was undertaken in 2022, which concluded that the, "Council's approach to governance is good", and that the Council is, "clear on its priorities and is set to build upon on the successes of previous years, continuing to create positive outcomes for residents, with ambition and at pace." There is an action plan and monitoring arrangements in place for the recommended actions from the peer review.

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. Our Climate Action Plan 2020 sets out our current carbon emissions (our baseline) and the action we need to take to achieve our net zero targets.

We have committed to review performance and publish our progress on an annual basis. This aligns with our open and honest corporate values. We published the second progress report this year, the Enfield Climate Action Progress Report 2021/22, as well as Enfield's Carbon Emissions Review 2021/22. The progress report highlights the following achievements during this time:

- Further embedding Climate Action in the Council's Plan and decision-making processes, with a stronger dedicated Climate Action and Sustainability Team, working closely with all teams within the Council
- Delivering the LED street light replacement programme, as well as implementation of various active travel schemes
- Achieving the target of planting 100,000 trees as part the Enfield Chase Restoration projects
- Publishing our first Sustainable and Ethical Procurement Policy, which includes climate action considerations for use in the selection criteria for our procurements
- Pushing forward with the retrofit of corporate buildings and council housing stock, investing both our own capital, and finishing our first retrofit pilot, while jointly leading the pan-London 'Retrofit London Programme' with Waltham Forest and development of the Retrofit London Housing Action Plan
- Receiving an 'A-' rating, for our first submission to Carbon Disclosure Project, CDP.

The 2022/23 Climate Action Plan review is in progress and is expected to be published in summer 2023.

The new Council Plan 2023-26 will support the Council to continue to deliver on the commitments set out in the Enfield Climate Action Plan.

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.

Annual Governance Statement Continued:

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 has been mapped and reviewed 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 Corporate Performance Scorecard is considered at the Finance and Performance Scrutiny Panel.

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

Our new Work Force Strategy: Investing in Our People 2023-28 will support the Council to continue to develop our capacity and workforce. The new strategy is the culmination of work done in 2022-23 and sets out how we are developing as a high performing organisation that is collaborative, innovative, and inclusive, where we let talent flourish and develop the skills we need to succeed.

It outlines how we will equip our workforce to meet the needs of our communities now and in the future, so as the Council and our services evolve, we will have the right people, with the right skills, connected to our communities and working together for Enfield.

Our vision is for the workforce is to have the right people, with the right skills, connected to our communities and working together for Enfield. We will deliver this vision by focusing on four key priorities:

- Resourcing and talent
- Developing our people
- Culture and transformational change
- Making our mark on equality, diversity and inclusion

Our values are to be bold; make a difference; and show you care.

Our behaviours are to take responsibility; be open, honest and respectful; listen and learn; and work together to find solutions.

Fairer Enfield, 2021-25, our equality, diversity and inclusion policy, outlines our ambition to be an organisation where local people choose to work and develop good careers; where staff from different backgrounds work together harmoniously and productively and everyone feels valued.

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.

Annual Governance Statement Continued:

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

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 2018 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.

CIPFA published the updated 2022 edition of the Audit Committees: Practical Guidance for Local Authorities and Police 2022 in October 2022. We have undertaken an initial self assessment against the updated guidance in January 2023 to ensure the committee is operating in line with the updated guidance and best practice. Proposed actions have been recommended to the committee and an updated action plan will be put in place in 2023-24.

Strong Public Financial Management

Financially the Council operates planning through its Medium-Term Financial Plan and Capital Programme, with associate Treasury Management Strategy. 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.

Robust financial management arrangements are more important than ever as local authorities across the UK continue to face significant challenges including increasing demand and cost pressures, uncertain funding and operating in an increasingly complex and unpredictable environment. Unprecedented inflation rises, the associated cost of living increases, and the economic environment are magnifying these financial challenges.

We have focused in recent years on strengthening our financial management arrangements, in recognition of the ongoing and ever increasing importance of financial management in this challenging environment. We have focused on a continuous self-improvement plan, with areas prioritised for improvement informed by best practice and independent advice. As part of this process, The Chartered Institute of Public Finance and Accountancy (CIPFA) were commissioned to undertake the following two independent reviews to inform our approach:

- Finance structure – initial review of the finance structure in 2021 which was intended to consider option for developing a structure that was fit for the future
- Financial Management review – CIPFA were commissioned to independently review the Council's financial management arrangements across the organisation using the CIPFA Financial Management (FM) model. The final outcome of the review concluded an overall score of 3 out of 5

Annual Governance Statement Continued:

In 2022-23, we have continued to build on the foundations in recent years, including

- Progressing the work in developing a fit for the future structure, successfully recruiting to several key posts within the finance and procurement teams
- 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)
- Focus on reviewing our balance sheet position
- Engaging with our Treasury Advisers to undertake a review our MRP position in 2022.

Recruitment and retention of key staff to ensure the finance team is suitably resourced and fit for purpose in the current environment and in view of the resources available remains a significant challenge and key area of focus moving forward.

Financial Resilience and Sustainability

Financial resilience describes the ability of local authorities to remain viable, stable and effective in the medium to long term in the face of pressures from growing demand, tightening funding and an increasingly complex and unpredictable financial environment.

Financial resilience and sustainability remain a key area of risk for Enfield, and other local authorities.

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:

- Ongoing 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
- Review of financial viability and affordability of capital projects with a heightened focus on the impact on revenue budgets
- Detailed review of the financial model for the Council flagship regeneration scheme, Meridian Water, reported to April Cabinet, setting out the optimised financial plan
- Initiation of a strategic review of Council companies
- 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 Boards scrutinising revenue budgets
    - Capital Finance Board
    - Weekly Executive Management Team budget meetings
    - Assurance Board
    - Finance Continuous Improvement Board which, from 2023-24, will start to additionally concentrate upon improving the Council's financial resilience in light of the on-going challenges facing the organisation

Regular consideration of Public Interest reports, new CIPFA guidance and assessment of lessons learnt as applicable for Enfield continue to take place.

Annual Governance Statement Continued:

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. The Finance and Performance Scrutiny Panel considers the council's financial monitoring reports at each meeting and also considered key financial pressure of Temporary Accommodation.

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 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 key elements of the governance structures and processes in place are summarised in the table below:

Element	Structure and processes
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.

Annual Governance Statement Continued:

Element	Structure and processes
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; • 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 to focusing on financial management and value for money

Annual Governance Statement Continued:

- 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 2023-26, setting out how we are investing in Enfield to deliver positive outcomes for our communities 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 are in place. These long term financial strategies are key to the delivery of the Council Plan and financial resilience

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 been strengthened with the additional capacity at Director level in finance; with one role focussed on commercial and capital programmes, given Enfield's ambitious regeneration plans, the other role focussed 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 2022/23 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 Continued:

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. CIPFA representative directly briefed the Executive Management Team, Assurance Board and in March 2022, the Finance and Performance Scrutiny Panel on the outcome of the CIPFA review.

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. CIPFA summarised their findings, "The Council is well placed for business as usual (subject to having to prop up its "clunky" systems) but currently not for its ambitious capital plans and that there are real financial resilience risks (plus commercial issues) here."

The CIPFA FM review identified key challenges to address including; a need for a new ERP system, finance team capacity to focus on transformation, ensuring staff are skilled to support the complexities of the Council's commercial arrangements and ambitious capital programme (exploring use of the HM Treasury Better Business Case), and the Resilience risks relating to the Council's ambitious Capital Programmes, Regeneration, Housing Programme and Treasury Strategy e.g. construction price increase risk.

Actions taken have been focussed on building the staff skills and structures and increase capacity to support the council's capital programme including – delivering the better business case training, spreadsheet modelling training, HRA regulation training by CIPFA, a complete structure review has been undertaken resulting in strengthening the staffing structures under the new Director of Capital and Commercial. Funding for a new ERP system is included in the Digital Capital Programme, however, this has not progressed at this time due to resourcing constraints.

Annual Governance Statement Continued:

Governance Issues

The Council has undertaken an assessment of governance issues and actions to address them. The table below provides an update on issues identified in the 2021/22 statement and actions taken as well as details of any additional governance issues identified in 2022/23.

Governance Issue/ Area of Focus	**Overview**	**Update and further actions planned**
Financial Resilience (Update on area of focus identified for 2022/23 in the 2021/22 statement)	The financial climate continues to be a challenge for the Council, the impact of inflation, service demand and the impact of the wider economic circumstances and risks. The financial year 2022/23 closed, with a significant depletion in risk reserve levels by £21.2m to a £3.4m balance as at 31 March 2023. 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 particular the impact of temporary accommodation is resulting in an in year significant financially challenging position. Further the future budget gap remains significant as anticipated funding levels fall short of the forecast increased cost pressures. 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.	Financial resilience remains a top priority. There are three live work streams to focus the organisation on addressing the financial challenges: *stabilise* the current financial year, *save* for the future years and longer term *transformational* focus. These workstreams span capital and revenue budgets and progress is being driven through the new Finance Resilience Board programme. Progress will be reported in the autumn as part of the monitoring and budget setting cycles. The Council has £3m contingency annual budget and risk reserves of £3.4m. In addition, risk reserves are in place for capital financing and collection fund and housing benefit smoothing reserves. This reduced level of reserves brings sharp focus on the in year financially challenging position. The Capital Strategy planned for autumn 2023 will focus on financial resilience responding to the current economic climate. Given the pressures on the HRA business plan, although the HRA reserve has increased (above the minimum levels), ongoing monitoring of the business plan is recognised as an increasing risk. The Dedicated Schools Grant (DSG) deficit in 2022/23 totalled £2.618m arising from High Needs cost pressures. The cumulative DSG deficit, at the end of 2022/23 is £15.236m. In response to the significant accumulation of DSG deficits nationally, the Department for Education have developed two programmes, the Safety Valve programme, which targets Councils with the highest deficits and the Delivering Better Value (DBV) programme The Council is part of the DBV programme which provides support to 55 Councils with

Annual Governance Statement Continued:

Governance Issue/ Area of Focus	Overview	Update and further actions planned
		significant deficits.to produce an action plan to reduce the debt, however, additional funding is not provided as part of this programme. The new Council Plan provides a renewed strategic direction for the Council as it continues to invest in the borough to deliver positive outcomes for residents. The Plan emphasises the need for financial resilience and moving to a position where we are less reliant on central government funding and instead resourced more by funding generated in-borough and through inward investment using levers such as our Local Plan.
Financial Impact (Update on the governance issue identified in the previous years statement)	The Council continues to operate in an environment of considerable uncertainty and financial challenge. The potential financial impact of the ongoing challenges in 2023/24 and future years continues to be a significant area of concern and ongoing focus through the Council's budget setting and in year budget monitoring processes. The Council continues to focus on financial planning through the regular review and updating of the Medium Term Financial Plan to reflect any known significant changes and the estimated financial implication and put in place mitigating actions where possible.	The 2023/24 budget and updated Medium Term Financial Plan (MTFP) to 2027/28 was approved by Council in February 2023. A balanced budget was set for 2023/24, however, this was in part achieved by the use of one-off funding sources. At the time the budget was set, future years budget gaps totalled £76.518m which will need addressing through a combination of increases in government funding, potential council tax increases and further savings and efficiencies over the medium term. Departments are working on developing further savings plans to help in bridging the budget gap. Potential governance issues and risks associated with savings plan proposals will be considered further as part of this process.
Increase in Service Demand (Update on the governance issue identified in the previous years statement)	The key areas of budget pressure that continue to be felt in the Council's demand driven services include: • Adults and Children's Social Care, specifically Learning Disabilities and Older People and people with physical disabilities services • Homelessness services, specifically the provision of Temporary Accommodation.	The level of demand on key services will continue to be closely monitored in 2023/24, with mitigating actions put in place where possible. A new approach to maximise the opportunities for residents to secure affordable accommodation in the light of increased pressures on accessing temporary and affordable housing in the borough is being developed, with a new service model and a revised placement policy proposed in 2023/24.

Annual Governance Statement Continued:

Governance Issue/ Area of Focus	Overview	Update and further actions planned
	Homelessness is a key area of concern with the Council experiencing unprecedented demand from residents losing their homes. This is at a time when the private rented sector is contracting, rents are rising and there is a severe shortage of affordable privately rented homes across the whole of the southeast of England. The supply of temporary accommodation has also fallen, meaning that the service has been dependent on commercial hotels and shared accommodation.	Potential governance issues and risks associated with the increases in service demand will be monitored closely in these key areas.
Information Governance (Update on the area of focus identified in the 2021/22 statement)	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.	The Cyber Security function has an ongoing monitoring and work plan to further enhance the Council's data security. This is reported to the GPC. The cross council information governance board is in place and meets regularly.
Subsidiary Company Strategy (Update on the area of focus identified in the 2021/22 statement)	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.	The Council has commissioned independent strategic reviews of its companies, to shape and inform the MTFP. 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. In 2021-22, an internal operational document setting out the loan agreements with Companies was drafted. This will be reviewed in 2022-23.
Statement of Accounts (Update on the area of focus identified in the 2021/22 statement)	Statement of Accounts 2019/20, 2020/21, 2021/22 – audit outstanding The Council Statement of Accounts for 2019/20, 2020/21 and 2021/22 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.	The General Purposes Committee receives regular updates on the progress of the accounts external audit and the improvements in the Council's processes. Critically a permanent, skilled Chief Accountant has been in place for a year and the corporate finance function has been restructured to build in resilience. This post and corporate team has had significant impact on the quality of work undertaken and drive to embed improved processes.

Annual Governance Statement Continued:

Governance Issue/ Area of Focus	Overview	Update and further actions planned
		In this context of unaudited Statement of Accounts, 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 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). A Finance Continuous Improvement Board is in place to monitor progress on these improvements.
Purchase Cards (Governance issue identified in 2022/23)	Purchasing goods via the Council's main purchasing system, Neptune, is the Council's preferred method to pay and purchase goods and services. However, Purchase Cards (P Cards) were introduced some years ago to enhance the purchase to pay process, providing an easy and flexible alternative for buying small spend items. The Council's Financial Regulations and Contract Procedure Rules set out the guidelines that officers must comply with when purchasing goods and services on behalf of the Council. The number of P Cards in circulation increased during the coronavirus pandemic. The period over the pandemic necessitated greater flexibility and the ability to support residents. An internal audit of the P Card process was issued with limited assurance and identified non-compliance with P Card policy and procedures and a risk of fraudulent transactions taking place.	As a direct and immediate result of the audit, additional measures were introduced to improve the level of compliance, which resulted in improved compliance. In light of the findings of the audit, plus reflections on the P Card system and policy post-pandemic, a review of the P Card system was undertaken over the summer months of 2022. In addition to the review of the policy, each card was and the reason for having the card was reviewed. The review of P Cards led to a 44% reduction in cards in circulation. Other changes have been implemented to further improve control and help P Card users including reductions to transaction limits on most cards; improved communications, information, guidance and training; a new card application process and strengthening of the monitoring process. Considerable work has now taken place to tighten the policy and rationalise the number of cards in circulation by almost half and reduce/homogenise card limits. These changes ensure improved compliance and control going forward.
Improving communication on budget matters and	The importance of culture in financial resilience is well documented in public interest reports.	Development of a wider communication approach for the 2024/25 budget strategy is underway to drive consistency of messaging

Annual Governance Statement Continued:

Governance Issue/ Area of Focus	Overview	Update and further actions planned
improving links to the Council Plan (Area of focus identified in 2022/23)	Although CIPFA FM scored well on leadership. The Corporate Peer Review identified opportunities to improve communication on budget to the wider organisation. Clearly link our Medium-Term Financial Plan to our new Council Plan.	throughout the organisation. This includes clear messages on budget holder accountability. In addition, a briefing session will be undertaken for all budget holders to ensure they understand their roles and responsibilities. This will include the outcome of a review of departmental schemes of delegation programmed in this year, communicated to the wider organisation. Further actions are underway to link the MTFP and the new Council Plan, recognising that the MTFP is integral to the implementation of the Council Plan.
Housing Assurance Framework (Governance issue identified in 2022/23)	The Council has developed a new assurance framework covering the Council Housing Service to ensure conformance with the new regulatory framework for social housing which is outlined in the Social Housing Regulation Bill scheduled to pass through Parliament in spring/summer 2023. The number of reported cases relating to damp and mould or conditions that increase the risk of damp and mould has been included in the corporate performance report.	The new assurance framework was approved by Cabinet in February 2023 enabling transparency and oversight of performance. The framework will help ensure that the service meets the proposed changes to the Social Housing Regulation and the four consumer Standards by reporting in a transparent way on performance. The framework will mitigate the risks associated with non-compliance against the Housing Regulators consumer standards using a three lines of defence model aligned to the key risks which may prevent compliance with the regulatory standards and to provide stronger governance structure around the Consumer Standard. An assurance action plan has been developed to embed and monitor all requirements of the Assurance Framework and to ensure these are maintained or updated when appropriate. The new addition of Damp and Mould monitoring is in development. We have formed a multidisciplinary task force to address damp and mould issues across all tenures and we are currently developing more detailed KPIs which may be comparable with other boroughs. In 2023 we will be launching our housing skills academy which will provide all staff with knowledge in these areas with a system of quality checks. We will also be working to develop and embed an approach to “making every visit count”.

Annual Governance Statement Continued:

Other significant governance actions taken during the year

The Council's statutory officers (head of paid service, section 151 officer, monitoring officer) meet regularly as part of a wider Assurance Board to consider strategic and operational risk. The Board work programme cycle is refreshed to respond emerging risks. Examples include of areas considered include, preparation for the CQC inspection of Adult Social Care, risks and response to damp and mould in Council housing, cyber and security and martyns law, insurance market challenges. Actions from this board are monitored.

Corporate Risk Register Review

The Corporate Risk Register was reviewed and updated regularly by senior management, reported to the internal Assurance Board and the General Purposes Committee on a quarterly basis. With the ongoing economic uncertainty, high inflation and interest rate increases coupled with the cost of living crisis, risk scores were re-assessed and increased where appropriate.

Additionally, one medium rated risk, Legislation, Regulations, and Standards was removed from the Corporate Risk Register. This risk was defined as "The Council does not comply or is slow to respond to new or changed legislation, regulations, and standards". Following a review, it was considered the risk is well engrained into the organisation and is business as usual. As such it is no longer considered to be a significant corporate risk. Going forward any risks relating to specific legislation will be captured in departmental risk registers as and when they arise.

Statement of Accounts Delays in External Audit

There are delays in the external audit of the Council's Statement of Accounts for 2019/20,2020/21 and 2021/22 which remains of serious concern to the Council and to 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.

General governance and Risk Management Actions for 2022/23

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.

Annual Governance Statement Continued:

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. 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 2022/23 Internal Audit Plan leading to 43 assurance opinions given during the year, of which 22 (51%) received a *Limited Assurance* rating. No audits received *a No Assurance* rating during 2022/23. In 2021/22, 14 *Limited* and 2 *No Assurance* reports were given constituting 42% of total opinions.

Annual Governance Statement Continued:

Limited Assurance reviews related to:

- Business Rates Process
- Payments to Residential Care Providers
- Parking Contract
- Recycling Waste Services Contract
- Planning (CIL/S106)
- Transformation – Income and Debt Programme
- Key Capital Project: Building Bloqs
- The Latymer School
- West Lea School
- Highfield Primary School
- St. Ignatius College (NB still in draft)
- Corporate Health & Safety Board
- Housing Gateway Limited – Disabled Facilities Grant Process
- Web Content Accessibility Guidelines 2.1
- Multi Agency Safeguarding Hub
- Digital Services Procurement
- Staff Ethical Standards
- General Ledger
- Financial External Audit Process
- Business Continuity Planning (NB still in draft)
- Economic Strategy
- Household Support Fund and Holiday & Food Grant

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 2022-23, as at 31st March 2023, all actions due were implemented except for 1 high risk actions and 8 medium risk actions. This compares to 9 overdue high-risk actions and 14 overdue medium risk actions at 31st March 2022.

Annual Governance Statement Continued:

Assurance Statement

Based on the work undertaken by the Internal Audit team during 2022/23 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 2022/23. 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.

Signed on behalf of Enfield Council:

Ian Davis
Chief Executive
Date: 20/7/23

Councillor Nesil Caliskan
Leader of the Council
Date: 7/20/23

ENFIELD Council

Statement of Accounts

Executive Director’s Report and Written Statements

Executive Director’s Report

Introduction

The Narrative Report provides information about Enfield, its main objectives and strategies and how the Council has used its resources in 2022-23 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

Overview

Enfield is increasingly one of the most diverse parts of London, with all the benefits this brings us across our communities, culture, heritage and local economy. We also have incredibly diverse landscapes, from the urban centres of Edmonton, Southgate, Palmers Green and Enfield Town, to our rural areas and farmland in the north of the borough.

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), and, from May 2022, is made up of 25 electoral wards.

Enfield 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.

Enfield is amongst the most deprived 25% of local authority areas in in England, according to the Indices of Deprivation 2019 and is the ninth most deprived of the 33 London boroughs. Enfield is the 74th most deprived local authority in England overall (out of 317).

Executive Director's Report continued:

Population

Enfield is the sixth largest London Borough by population, after Croydon (390,800), Ealing (367,100), Newham (351,100) and Brent (339,800). Enfield's population is estimated to be 330,000 (rounded to the nearest 100) as at the Census date in March 2021. This is an estimated increase of around 17,500 (or 5.6%) between 2011 and 2021, while the population in London and England increased by 7.7% and 6.6% respectively. Enfield is the seventh least densely population of the thirty-three London boroughs, with 4,083 people per square kilometre.

Enfield has relatively high proportions of children and young people under the age of twenty, higher than both London and England averages. The percentage of younger adults (aged 20 to 44 years) is also higher than in England in general, but slightly below that of London as a whole. Both the London areas and Enfield have proportionately fewer older residents than the England average.

It is a diverse place, which has welcomed communities from across the world. Overseas born residents make up 40% of the borough's population, according to 2021 Census. In particular, it has large numbers of Cypriot, Greek, Turkish and Albanian residents.

In the year to December 2021, the employment rate of working-age people in the borough (i.e. those aged between 16 and 64 years) was estimated to be 70.1%. 7.4% are estimated to be self-employed. The employment rate in Enfield was in decline from 2016 to 2019, and remains below that of London and the UK, despite the rise after September 2019. The 'pandemic period' of 2020/21 saw further falls in employment, followed by a recovery in mid to late 2021. It has fallen and risen roughly in line with the proportion of economically active adults (people aged 16 to 64 years who are either working or unemployed and ready to commence work). The proportion of economically inactive people remains higher than national and regional averages and represents a quarter of working-age adults.

Enfield household incomes are lower than the average for London, with estimates supplied by CACI Ltd for 2022 indicating that the mean gross household income for the borough was around £49,000. This is higher than the UK average of around £45,000, but somewhat lower than the London mean of around £52,000. As of February 2022, there were around 36% resident households in the borough receiving state help with their housing rental costs either on Housing Benefit or claiming the Housing element of Universal Credit.

Local Economy

Enfield has made it a key priority to help businesses launch and thrive as set out in the Council's Economic Development Strategy 2020-2030. Enfield has the second highest amount of industrial land in London and offers low cost industrial space and excellent locational benefits with road links into the city, to the M25 and to the main northern trunk routes, the M1 and A1(M). There are four international airports and King's Cross St Pancras all within one hour's journey and new transport projects will make travel even more efficient. There are 7,131 businesses that pay business rates in the borough. A total of . 6,831 new businesses were set up in Enfield between April 2022 and March 2023 – 133 fewer than in the previous year (Companies House data).

Executive Director's Report continued:

Corporate Objectives & Corporate Plan

The new draft Council Plan 2023-26: Investing in Enfield sets out the Council's strategic direction and priorities for the next three years. This replaces our previous Council Plan 2020-2022: A Lifetime of Opportunities.

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 the plan during 2022/23.

Further details on each plan are outlined below.

Council Plan 2020-22: A Lifetime of Opportunities

The Council Plan 2020-22 set out the Council's strategic direction and priorities for these two years based on a renewed vision for delivering a lifetime of opportunities in the borough until 2022 and beyond as well as reflecting on the many successes delivered since May 2018. The plan addressed three overarching priorities and four cross-cutting themes which are outlined in the diagram below.

Executive Director's Report continued:

A full review of the Council Plan 2020-22 was carried out between January and April 2022 to evaluate progress against these priorities and cross-cutting themes and outcomes achieved. This review informed the new Council Plan.

Council Plan 2023-26: Investing in Enfield

The new draft Council Plan 2023-26: Investing in Enfield sets out how we are investing in Enfield to deliver positive outcomes for our communities. The Plan sets out five overarching priorities; five principles; and six future outcomes we are working towards, which are outlined in the diagram below.

Council Plan Framework

Investing in Enfield

Priorities	Principles	Future outcomes
• Clean and green places • Strong, healthy and safe communities • Thriving children and young people • More and better homes • An economy that works for everyone	• Fairer Enfield • Accessible and responsive services • Financial resilience • Collaboration and early help • Climate conscious	• Residents live happy, healthy and safe lives • Residents earn enough to support themselves and their families • Children and young people do well at all levels of learning • Residents age well • Residents live in good quality homes they can afford • Residents live in a carbon neutral borough

The plan emphasises the need for financial resilience and moving to a position where we are less reliant on central government funding and instead resourced more by funding generated in-borough and through inward investment using levers such as our Local Plan.

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

Full Council Plan

Executive Director's Report continued:

Workforce

As at December 2022, Enfield directly employ 3,705 people on a range of employment contracts including full-time, part-time, job share, term-time and fixed term. We also have 542 (full-time equivalent) agency workers in post.

Our workforce strategy sets out how we are developing as a high performing organisation that is collaborative, innovative, and inclusive, where we let talent flourish and develop the skills we need to succeed.

Our vision for the workplace is to have the right people, with the right skills, connected to our communities and working together for Enfield,

Our four key priorities are:

- Resourcing and talent
- Developing our people
- Culture and transformational change
- Making our mark on equality, diversity and inclusion

Our values are to be bold; make a difference; and show you care.

Our behaviours are to take responsibility; be open, honest and respectful; listen and learn; and work together to find solutions.

We have several staff-led equalities groups within our workforce. These groups play an important part in unlocking the potential of our diverse workforce and in helping to support staff to overcome challenges.

Current Environment

The Council continues to operate in an environment of considerable uncertainty and financial challenge. Since 2010, our core funding from central government has reduced by 49.1%, whilst our population has grown by 13%. This has resulted in significant increases in demand for services which are further compounded by the cost of living crisis. The current levels of inflation are the highest seen in a generation. The war in Ukraine has led to energy price rises and supply chain disruption. In addition, the legacy issues left behind by the Covid-19 pandemic continue to present additional financial challenges and impact on the financial position.

In response to the significant challenges of reduced funding and increased demand that authorities were facing, as well as high-profile issues faced by a number of authorities, the sector has had a strong focus over recent years on the importance of strengthening financial resilience and sustainability.

Executive Director’s Report continued:

Enfield has also focused on strengthening our financial resilience and financial management arrangements with considerable work undertaken to establish a stable and more resilient position over recent years. These actions strengthened our position and ensured the original 2022/23 budget was set on a solid foundation. However, the scale of the financial challenges that have emerged this year and forecast budget gaps over future years are unprecedented with significant additional risks to our financial resilience and sustainability.

In 2022/23 the impact on the financial position has been significant, with an aggregate overspend against the base £260m General Fund budget, prior to application of reserves, of £33.5m. Key budget pressures this year include:

- Inflationary pressures across energy and fuel inflation and pay award costs in excess of those budgeted for;
- Increase in demographic costs in the Council’s demand driven services;
- Unrealised income in parking, planning, culture and schools catering;
- Cost pressures in digital services.
- Shortages of supply in the Private Rented sector has led to housing homeless households in more expensive accommodation such as commercial hotels.

As highlighted in the 2023/24 Budget Report, we expect the key areas of pressure to continue to be in the Council’s demand driven services such as:

- Adult Social Care, specifically Older People and people with physical disabilities services;
- Children’s Social Care;
- Homelessness services, specifically the provision of Temporary Accommodation

The overspend in 2022/23 has had a significant impact on reserves, with an overall reduction in General Fund reserves of £36m this year, this included the planned use of the Covid-19 reserves of £9.9m, recognising the ongoing impact on services.

Looking Forward

Looking forward, the financial environment remains one of considerable uncertainty and financial challenge.

The Council’s 2023/24 budget and Medium Term Financial Plan for 2023/24 to 2027/28 was agreed by Council in February 2023. The report set out the position for the Council which is a balanced budget for 2023/24 but with future years budget gaps totalling £73m. However, the increasing and sustained cost pressures in Temporary Accommodation in 2023/24 are presenting unprecedented financial challenges and impacting on future budget gap forecasts with actions to address this challenge underway.

The budget position remains under continuous review and the Medium Term Financial Plan will be updated to reflect the impact of changes in 2023/24 and beyond including the updated position on cost of living crisis, inflation, cost and demography pressures and the impact of the current economy on service costs and needs.

Executive Director's Report continued:

Financial Resilience is an ongoing priority for the Council, with pressures exceeding funding levels for a number of years; this has become even more challenging in the current economic climate with escalated pressures of inflation, temporary accommodation and increase interest rate rises. A financial resilience board has been set up to take forward a number of workstreams including an ongoing review of the capital programme and options to review borrowing requirements, actions to address cost pressures, and identify savings. Further a review of the Meridian Water regeneration project was considered in April with an optimised business case reflecting the current economic climate. This work will be presented in a refreshed Capital Strategy and Medium Term Financial Plan in autumn 2023

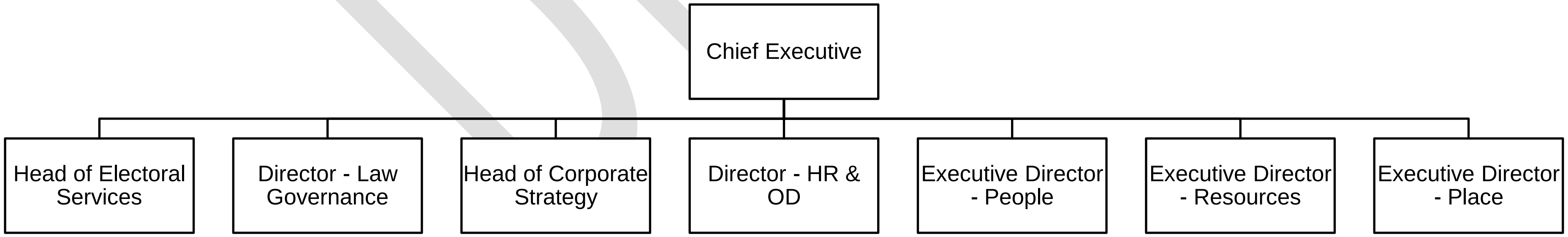
Governance and Decision Making

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. Further details on Democracy and decision making can be found on our website:

Governance and Decision Making

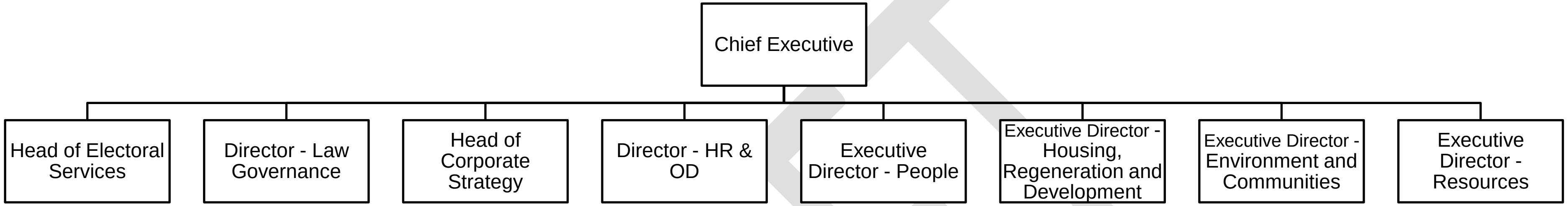
These decisions are scrutinised by Overview and Scrutiny committees, in addition there is a General Purposes Committee (which carries out the Audit Committee function in Enfield, a key component of good governance with a key focus on audit and risk) and a number of panels which are dedicated to scrutinise 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 in 2022/23 is set out below:



Executive Director’s Report continued:

A new organisational structure has been created moving forward which will enhance our focus on many frontline service areas. The overall organisation structure will now have five departments, including a new Environment and Communities department. The new structure for 2023/24 onwards is set out below:



There are a number of regulatory posts in the structure - 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 2022/23 statement will set out the robust systems and effective governance arrangements in place and identify governance issues and planned actions

Executive Director's Report continued:

Financial Performance

General Fund

The 2022/23 budget was set by Council in February 2022. 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, and to a limited extent fees and charges and reserves.

The budget this year was set against a backdrop of considerable uncertainty and financial challenge and ongoing Covid-19 pressures. The overall position was a balanced budget for 2022/23 but with the need to use £1.985m of the Council's Risk Reserve and £45.600m of further savings and efficiencies needed over the medium term. The net revenue budget of £259.825m for 2022/23, a 0.18% decrease in comparison to 2021/22. The budget contains investment in services of £1.760m and new savings/income proposals of £8.696m.

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 and 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.

The General Fund Outturn position for 2022/23 was a gross overspend of £34.5m and a net overspend of £21.6m after the application of specific reserves (including £9.9m from the covid-19 reserve). This has meant that £21.2m has had to be drawn down from the Council's risk reserve, reversing the trend of recent years.

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

- Adult and Children's Social Care, specifically Learning Disabilities and Older People and people with physical disabilities services,
- Homelessness services, specifically the provision of Temporary Accommodation

The table following sets out the final position for each Council department specifying the underlying budget position. The detail for each department will be set out in the Revenue Outturn report to be published later in the year.

Executive Director’s Report continued:

General Fund Outturn 2022/23

Department	Net Budget £000	Total Gross Variance £000	Flexible use of Capital Receipts £000	Covid-19 £000	Specific Reserves £000	Total Variance £000
Chief Executive	12,181	357	-	(440)	-	(82)
Adult Social Care & Public Health	85,037	2,426	-	(1,000)	353	1,779
Children & Families	47,709	7,825	(195)	(4,060)	(801)	2,769
Education	4,773	753	(345)	(251)	-	158
Place	39,468	15,518	(94)	(3,253)	-	12,170
Resources	29,600	6,622	(1,319)	(2,477)	-	2,825
Service Net Costs	**218,768**	**33,501**	**(1,953)**	**(11,482)**	**(448)**	**19,619**
Corporate Expenses	19,758	1,520	-	1,580	-	3,100
Minimum Revenue Provision	17,508	1,302	-	-	-	1,302
Bad Debt Provisions	791	-	-	-	-	-
Net Expenditure	**256,825**	**36,323**	**(1,953)**	**(9,901)**	**(448)**	**24,021**
Expenditure financed by:						
Business Rates	(97,426)	302	-	-	-	302
Council Tax	(139,361)	(137)	-	-	-	-
Other non-ring-fenced Gov. Grants	(21,053)	-	-	-	-	(137)
Planned use of Reserves	(1,985)	-	-	-	-	-
General Fund Financing	**(3,000)**	**36,488**	**(1,953)**	**(9,901)**	**(448)**	**24,186**
Contingency	3,000	(3,000)	-	-	-	(3,000)
Risk Reserve	-	-	-	-	(21,186)	(21,186)
Final Outturn Position	**-**	**33,488**	**(1,953)**	**(9,901)**	**(21,634)**	**-**

Executive Director's Report continued:

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 10,300 Council Homes which generated income of £60.1m in rent in 2022/23. This income is ringfenced to the HRA and can only be used for Social Housing purposes.

The HRA general balance has increased during 2022/23 to £16.8m as planned, from £3.2m in 2021/22.

The total HRA Earmarked reserves stand at £2.1m, 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 £228.4m in 2022/23, of which £173.3m is directly passported to schools and the remainder is utilised for education costs. The Dedicated Schools Grant deficit in 2022/23 totalled £2.618m arising from High Needs cost pressures and is the first call on the 2023/24 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 2022/23 is £15.236m, the DSG recovery plan is under development.

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. The pressures reported above have undone much of the progress made in recent years in ensuring financial resilience and sustainability with reserves seeing a reduction of £26m.

Executive Director's Report continued:

Summary of Usable Reserves

Usable Reserves	31-Mar-22 £000	31-Mar-23 £000
Risk Reserve	**25,471**	**3,440**
MTFP Smoothing Reserves:		
COVID-19 Reserve	15,000	-
Balance Sheet Management	3,331	2,295
Collection Fund Equalisation Reserve	13,628	15,687
Housing Benefit Smoothing Reserve	975	(726)
Adult Social Care Smoothing Reserve	3,697	3,697
NLWA Reserve	627	514
Meridian Water Reserve	1,711	1,296
MTFP Smoothing Reserves	**38,969**	**22,763**
Other Usable Reserves:		
Capital Financing	23,431	23,463
Service Specific	14,817	12,066
Property	1,371	925
Grants & Other Contributions	15,133	20,930
Other Usable Reserves	**54,752**	**57,384**
Total General Fund Usable Reserves	**119,192**	**83,587**
Schools	(387)	(1,336)
Insurance	7022	7513
Total Other General Fund Reserves	**125,827**	**89,764**
General Fund Balance	13,950	13,950
Total General Fund Earmarked Reserves	**139,777**	**103,714**
HRA Earmarked Reserves	6,568	16,163
Total Reserves	**146,345**	**119,877**

Executive Director’s Report continued:

Capital Expenditure and Financing 2022/23

The table below summarises the capital expenditure incurred, and funding applied in 2022/23 compared to the revised approved programme. The capital outturn will result in some re-profiling of the capital programme which will impact on the 2023/24 and future years’ budgets.

Capital Expenditure	Revised Budget £'000	Outturn £'000
Bereavement Services	882	730
Community Safety	458	283
Corporate Buildings and Improvements	13,131	12,513
Council Dwellings	107,370	99,862
Housing Grants	2,121	2,225
Housing Regeneration Projects	1,850	3,171
IT Infrastructure and Programmes	3,750	2,814
Regeneration Projects	100,777	62,074
Parks and Open Spaces	3,060	2,710
Schools and Educational Establishments	13,005	11,686
Transport and Environmental Schemes	16,244	15,261
Total Capital Expenditure in 2022/23	**262,648**	**213,329**
Sources of Finance:		
Capital Grants	56,302	63,388
Section 106 & CIL	1,949	3,038
Revenue Contribution	100	154
Capital Receipts	29,055	27,116
Major Repairs Allowance	11,294	5,716
Earmarked and Capital Reserves	13,410	11,444
Borrowing	150,538	102,473
Total Capital Funding 2022/23	**262,648**	**213,329**

The principal elements of expenditure for the 2022/23 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. This investment was funded by grants, capital receipts and approximately half was funded from borrowing.

Executive Director’s Report continued:

Treasury and Capital Financing Requirement

The increase in the Capital Financing Requirement (CFR) from £1,244m to £1,337m 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 total CFR is £1,337m which is split into General Fund £1,040m and HRA £297m. As at 31 March 2023 the Council’s debt was £1,118m, exclusive of interest, an increase of £103m from the previous year. Treasury cash balances decreased from £96m to £37m. Consequently, net debt grew from £919m to £1,081m, a change of £162m.

The Council had £36m in cash and cash equivalents at year-end, which has decreased from £96m from the previous financial year as a result of Central Government grant clawbacks and spend on the capital programme. 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 2022/23 £90m was borrowed from the Public Works Loan Board for the General Fund on a long term basis in a rising interest rate environment. A further £74m 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 previously established a £2bn debt ceiling for the entire organisation, the economic climate has materially changed since autumn 2022 and capital financing is being reviewed to respond to this new environment.

At the end of 2022/23, the Council had £68.6m in the Capital Grants Unapplied Account, £24m in the Capital Receipts Reserve and a nil balance in the Major Repairs Reserve to finance future capital spend. However, much of the £92.6m has strict conditions attached, meaning that it can only be used for certain projects.

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 £422.5m as at 31 March 2022 to £76.6m as at 31 March 2023. The net asset statement represents the net worth (£1,284.1m) of the Fund at 31 March 2023.

Executive Director's Report continued:

Subsidiaries and Group Performance

The Council has two wholly owned subsidiaries, Housing Gateway Limited (HGL) and Lee Valley Heat Network Operating Company Ltd (trading as Energetik). 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.

HGL, the borough's largest company, core business is to purchase homes that can be financed by the Local Housing Allowance, providing long term affordable lets in the challenging local housing market, in addition, an ethical letting agency has been established just over a year ago. 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 value of loans advanced to HGL as at 31 March 2023 was £126.8m and the underlying book value of the fixed assets totalled £157m at the end of 2022/23.

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 2022/23 Energetik continued with its planned infrastructure works, including the construction of the Meridian Water energy centre. Energetik is funded by approved loans from the Council of up to £77m. As at 31 March 2023 loans of £33.9m were outstanding and £17.75m equity funding had been invested by the Council. It is supported by tangible fixed assets of £46m. A strategic review of Energetik is underway.

Non-Financial Performance

Delivering our Council Plan during 2022/23

The Council Plan 2020-2022: A Lifetime of Opportunities 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.

A full review of the Council Plan 2020-22 was carried out between January and April 2022 to evaluate progress against these priorities and cross-cutting schemes and outcomes achieved. An overview of progress and examples of outcomes achieved against each priority and theme are provided below.

The review of the previous plan informed the new draft Council Plan 2023-26: Investing in Enfield provides a renewed strategic direction for the Council as it continues to invest in the borough to deliver positive outcomes for residents. Our achievements so far against each priority and theme are provided below.

Executive Director's Report continued:

Priority One

Clean and green places

Our achievements so far

We have dedicated resources to clearing our borough of unsightly and illegal dumping and continue to take enforcement action against people who fly-tip.

Between 2019 and 2022, we delivered on our ambitious programme to plant 100,000 trees at Enfield Chase in partnership with the charity Thames21. The new woodland will improve biodiversity, reduce flood risk and provide residents with access to nature.

Our award-winning Watercourses team created a new wetland at Albany Park which opened in October 2021, creating wildlife-rich spaces for local communities to enjoy, providing opportunities for education and volunteering and reducing flood risk to homes.

In June 2021 we made 12 School Streets across the borough permanent, improving air quality and making it safer for primary school pupils to walk, cycle and scoot to school.

In July 2022, we launched an innovative digital platform to allow materials coming out of demolition projects to be reused, supporting our commitments to reduce carbon emissions and promote the circular economy.

We were awarded an A rating for our sustainability and climate action work by internationally recognised environmental data charity CDP.

Our council buildings and communal council housing areas are now supplied by 100% certified renewable electricity.

We have delivered £3.1 million of low-carbon retrofit works to council buildings and schools, funded through the Public Sector Decarbonisation Scheme. We installed 589 solar panels to corporate buildings and 10 air source heat pumps to reduce reliance on natural gas.

Priority Two

Strong, healthy and safe communities

Our achievements so far

In 2021/22, we invested £327,000 in CCTV to help keep communities safe and prevent crime and antisocial behaviour. The locations of new cameras are selected based on reported crime levels.

We protected vulnerable residents during the pandemic, providing free Personal Protective Equipment (PPE), advice and guidance and financial support to the borough's care homes.

Our Modern Slavery team continue to work with partners in the NHS and Police to tackle modern slavery and support victims. In 2021/22, the team delivered training sessions to 455 people, raising awareness about the signs of modern slavery and how to report concerns.

Our SMART Living project is utilising technology to enable Adult Social Care users to achieve happiness, safety and independence and reduce isolation. We are the first local authority to introduce artificial intelligence PainChek technology in care homes to better identify and support residents who may be experiencing pain but unable to express this verbally.

We have opened community food pantries at Edmonton Green and Enfield Town libraries. The pantries offer nutritious food at discounted prices and form part of a network of food support provided by the Enfield Food Alliance, a partnership between the Council and voluntary and community organisations.

We have helped local people get active through the development of new and improved sports facilities, including renovated netball and tennis courts in Broomfield Park which opened in December 2021 and four cricket pitches in the east of Enfield which opened in July 2022.

In 2021 and 2022, our Month of Sundays free street festivals celebrated the rich culture, heritage and diversity of Enfield. We welcomed over 47,000 attendees in summer 2021 who enjoyed food and drink from local businesses and an exciting programme of performances from local people.

We are working in partnership with community organisation Fore Street for All to deliver a rich cultural programme of events for Angel Edmonton, hosted at the recently transformed Fore Street 'Living Room' library, which opened in July 2022.

Executive Director's Report continued:

Priority **Three**

Thriving children and young people

Our achievements so far

£1 million

In 2021, we invested £1 million in early intervention services to support children and young people with speech, language and communication needs; autism and neurodiversity; and Social Emotional and Mental Health needs.

We launched Operation Engage in October 2020 in partnership with the Metropolitan Police. Outreach youth workers in Wood Green custody suite provide support, signposting and mentoring to young people that come into custody, supporting 310 young people in 2021/22.

In 2021, we launched our New Beginnings project. We support women who have previously had their child or children removed from their care to identify and address their personal needs and future goals, develop resilience and improve their health and wellbeing. The team is currently working with twelve women.

In 2020/21, the Enfield Safeguarding Children Partnership led on the creation of eleven safeguarding ambassadors – a group of young people who act as critical friends and work with the partnership on a range of activities including co-producing a training programme.

We launched an Inclusion Charter which sets out principles and guidance for early years settings, schools and colleges to provide an inclusive education for children and young people with special educational needs and disabilities.

We have increased in-borough provision for children and young people with special educational needs and disabilities by opening Designated Units in three of our special schools during 2021 and 2022.

We funded free swimming lessons to under-16s over the summer holidays in 2022, giving young people the opportunity to meet their friends and stay active.

We opened a brand-new youth centre in Ponders End in July 2021. The centre provides young people with a safe place to meet friends and enjoy a range of educational and recreational activities.

Priority **Four**

More and better homes

Our achievements so far

Between 2020 and 2022, we delivered 250 net additional homes through council-led projects.

In December 2021, residents living on the Joyce and Snell's Park estates voted in favour of our regeneration proposals which will provide around 2,000 sustainable and energy efficient homes, a safer estate and improved green spaces and play facilities.

Construction has commenced on our ambitious Meridian Water regeneration project and the first homes will be completed in early 2023 and offered at London Affordable Rents.

We launched our in-house repairs company, Enfield Repairs Direct, in May 2020 to ensure repairs are responded to more efficiently and to a high standard.

We launched our Housing Advisory Service in March 2020. The service aims to prevent people from becoming homeless at the earliest possible stage and equip people with the skills to manage a tenancy in the private rented sector through training and support.

We launched a borough-wide additional licensing scheme for Houses in Multiple Occupation (HMOs) in September 2020 and a selective licensing scheme covering private rented homes in 14 wards in September 2021. The schemes are helping to drive up standards in the growing private rented sector.

Our council-owned company Housing Gateway has continued to acquire new units and held a portfolio of 614 high-quality private rented homes at the end of 2021/22.

We launched an ethical lettings agency Enfield Let in October 2020. The scheme assists those who would otherwise struggle to access private rented housing and ensures residents are not discriminated against because of their financial status. As of August 2022, Enfield Let held a portfolio of 244 properties.

Executive Director's Report continued:

Priority **Five**

An economy that works for everyone

Our achievements so far

We launched our Youth Hub at Edmonton Green Library to provide tailored employment and skills support for young people aged 16 to 24 who are not in education or training, or are currently unemployed.

We held the first Create Enfield Careers Fair in June 2022 for 16 to 19-year olds in Enfield. Young people attending the fair found out about the full range of creative careers and opportunities available in the borough and across London.

Our Equals Employment Service provides support to adults with learning disabilities into sustained paid employment. In 2021, we recorded the highest proportion of working age people (16.8%) who receive support for their learning disability in paid employment in London and the fourth highest proportion nationally.

We secured £1.1 million in funding from the Mayor of London's Good Growth Fund in March 2020 which we match funded to regenerate Angel Edmonton. The £2.2m in funding has so far been used to make public realm improvements and refurbish the existing library to create the versatile and innovative 'Living Room Library'.

We have supported the growth of the film industry in Enfield, securing the new Troubadour Meridian Water Studios in spring 2021, which will deliver high quality training and employment opportunities for local people.

Our Welfare Advice and Support Team supported over 2,400 residents referred to the service in 2020/21 and 2,500 residents in 2021/22 to improve their financial situation by supporting them to access the income and benefits they are entitled to and manage their debts.

Our Skills Academy at Meridian Water is set to open in early 2023, providing opportunities for local people to gain the skills and qualifications needed to pursue a career in construction, as well as learning about sustainable construction methods.

Executive Director’s Report continued:

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
Financial Resilience	
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. The continuing impact of the challenging economic conditions 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. There are a number of heightened risks to the Council’s financial resilience including inflation, impact on services of the economic environment, cost of living impact on income levels and service need, construction costs and ongoing interest rate rises. An escalation of the cost pressure of Temporary Accommodation is presenting significant challenges in 2023/24. Further, the effect of the current national economic environment on regeneration schemes and Council Companies is an area of risk. The Council Statement of Accounts for 2019/20, 2020/21 and 2021/22 external audit has not been completed. Should any material issues be identified this will be compounded given the number of years now outstanding, thereby, increasing financial resilience risk.	Financial Resilience remains a top priority. The MTFP is under continual review, integrating the capital strategy, treasury impact and balance sheet position. The Council has a £3m contingency annual budget and general risk reserves of £3.4m in addition to smoothing reserves for collection fund, housing benefit and capital financing, which add up to a total of £43m. A small balance sheet reserve of £2m is set aside for any Statement of Accounts challenges should these be identified. Further a review of the financial thresholds for capital projects has been undertaken to reflect current economic environment. A review of the financial model of Meridian Water was considered at April Cabinet with a route to an optimised business case identified. The council companies’ business plans are subject to due diligence review, in addition hurdle rates are in place for HGL and lending to Energetik is subject to criteria setting out lending agreements. A strategic Review of both companies is underway. Preparation for the MRP outcome had been initiated earlier this year with a review of the current MRP policy undertaken by our Treasury Advisors. The Corporate Finance Team are continually driving improvements in the quality of the Statement of Accounts production under the leadership of the Strategic Head of Corporate Finance. There are three live work streams to focus the organisation on addressing the current financial challenges including in year cost pressures and future budget gap: *stabilise* the current financial year, *save* for the future years and longer term

Executive Director’s Report continued:

Risk	Mitigation
	transformational focus. These workstreams span capital and revenue budgets and progress is being driven through the new Finance Resilience Board programme. Progress will be reported in the autumn as part of the monitoring and budget setting cycles.
Income Maximisation	
Income from council tax, rents, business rates, debt collections, invoices, grants, traded services, and commercial activities is not maximized.	The Council has a dedicated Commercial team focussed on supporting services on maximising income. Fees and charges are reviewed annually and adjusted for cost increases, inflation and shaped by benchmarking information. Further actions are continuing 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 and debt collection approaches.
Financial Management	
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’.	Critically a permanent, skilled Chief Accountant has been in place for a year and the corporate finance function has been restructured to build in resilience. This post and the corporate team have had a significant impact on the quality of work undertaken and the drive to embed improved processes. In this context of unaudited Statement of Accounts, 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 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). The General Purposes Committee receives regular updates on the progress of the external audit of the accounts and the improvements in the Council’s accounts production processes. Including briefing on the sector challenges from the Public Sector Audit Appointments team.
Fraud/Corruption	
If there are ineffective internal controls and governance arrangements in place this could lead to the Council being subjected to an incident of	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

Executive Director's Report continued:

Risk	Mitigation
organised or high value fraud, bribery and/or corruption, resulting in financial and reputational loss.	regular reporting to EMT and GPC in place. The Council engages qualified anti-fraud staff and continues to take a pro-active approach to minimising fraud.
Data Management 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 & PCI legislation	A Corporate Information, Data and Governance Board (IDGB) formed of senior staff monitors data management issues. The Council policies and processes are continually reviewed to ensure they remain good practice. The Council has invested in new management software to monitor information requests.
Duty of Care If the Council fails in its statutory duties to Adults & Children within the borough, this could result in potential harm to individuals / families, potential legal challenges and reputational damage.	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.
Digital Technology Failure of the Councils ICT and/or Digital systems (due to cyberattack, hardware failure etc.) will lead to a severe disruption of service delivery.	The Council has a Cyber Digital Remediation plan in place and provides 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.
Major Incident 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	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 regularly review their plans. We continue to monitor and disseminate information from relevant agencies.

Executive Director's Report continued:

Risk	Mitigation
to respond adequately, then this could lead to significant financial loss, disruption of services and significant reputational damage.	
Housing 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.	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
Regeneration & Growth If there is a failure of key schemes (Meridian Water, Electric Quarter, Joyce Avenue and Snells Park Estates, etc.) to regenerate and improve the borough this will lead to reputational damage and financial loss.	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.
Commercial Ventures If the Council's commercial ventures (including trading companies) fail or perform poorly then this will result in significant reputational damage and financial loss.	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.

Executive Director’s Report continued:

Outlook

Medium Term Financial Strategy

The Council 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 Council’s 2023/24 Budget and updated Medium Term Financial Plan (MTFP) was agreed in February 2023 and set out the wider context for financial planning in 2023/24 and over the medium term. The budget was set based on a balanced position for 2023/24, which was in part achieved by around £3.7m use of one-off funding sources. The current high inflation environment had a considerable impact on the budget setting process for 2023/24, with an estimated pressure of £23.3m, around three times the amount that has been accounted for annually over the past decade. The Council’s net budget is £286.942m for 2023/24. The updated plan included a budget gap for 2023/24 of £15.807m; and of £76.518m for the period 2024/25 to 2027/28 and the actions being taken to address this challenging position. The Council faces a financially challenging outlook with a number of heightened risks to the Council’s financial resilience including inflation, impact on services of the economic environment, cost of living threats to reduced income levels and service need, construction costs and ongoing interest rate rises and an escalation of the cost pressure of Temporary Accommodation. Financial Resilience has been a theme of the budget strategy since 2018 and remains a key priority.

The primary purpose of the development of the Budget and Medium Term Financial Plan is to direct resources to deliver the objectives set out in the Council’s Corporate Plan and ensuring finite resources are focused on the Council’s key objectives.

The new draft Council Plan 2023-26: Investing in Enfield will replace our previous Council Plan 2020-22: A Lifetime of Opportunities. The new Council Plan provides a renewed strategic direction and priorities for the Council for the next three years as it continues to invest in the borough to deliver positive outcomes for residents. The Plan will inform how we set our budget and reflects on and takes into account our challenging financial position.

The new Council Plan sets out the following five priorities:

- Clean and green places;
- Strong, healthy and safe communities;
- Thriving children and young people;
- More and better homes;
- An economy that works for everyone.

The Plan emphasises the need for financial resilience and moving to a position where we are less reliant on central government funding and instead resourced more by funding generated in-borough (e.g. our Council Tax base and National Non Domestic Rate), and through inward investment using levers such as our Local Plan.

Executive Director's Report continued:

Enfield Council declared a climate emergency in the summer of 2019 and implemented a Climate Action Plan, including a commitment to decarbonise the Council's infrastructure. This budget helps to deliver on that commitment with ongoing investment in programmes and projects which deliver reductions in carbon emissions and improve resilience to climate change.

The Council's Commercial Strategy contributes to deliver a sustainable budget going forward through development of business cases to bring in additional income as well as service redesign. In the 2023/24 budget additional income of £2.524m has been included as part of the contribution towards closing the budget gap.

The Budget has been developed alongside the Ten Year Capital Strategy and Capital Programme 2023/24 to 2032/33 and the Ten Year Treasury Management Strategy 2023/24 to 2032/33.

Link to the Council's Medium Term Financial Strategy 2021/22 to 2025/26

Link to the Council's Medium Term Financial Plan 2023/24 to 2027/28

Capital Strategy and Ten-Year Capital Programme 2023/24 to 2032/33

The Ten-Year Capital Strategy and Programme was agreed in February 2023, setting out investment of over £1.8bn funded from grants, capital receipts and borrowing. The key investments include Meridian Water and investment in improvements to existing housing quality as well as new housing. Due diligence 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.

The Capital Strategy and Programme establish the budget framework and financial approvals for the Council's long term investment in Enfield directed by the Council Plan. The projects improve residents' lives by building homes and investing in schools, improving streets and infrastructure, regenerating the borough and creating modern workspaces for local businesses.

The aim of the Capital Programme is to set the Council's investment plans in the context of the approved Capital Strategy which in turn is informed by the Council's strategic objectives as detailed in the new Council Plan. This provides the financial framework to deliver the capital investment associated with the Council Plan.

The development of the new ten-year programme has been particularly challenging due to the increase in interest rates and double-digit inflation. These factors also impacted the delivery of the 2022/23 programme resulting in programmes being delayed and redesigned to ensure they remain affordable and deliver value for money.

Work is ongoing with service managers to ascertain how programmes funded by borrowing can be re-engineered to ensure borrowing is limited and other sources of funding maximised. A review of rolling programmes commenced during 2022/23, focused on the largest programmes, with the process continuing during 2023/24.

Executive Director’s Report continued:

A link to the Council’s Capital programme is below:

Council's Capital Programme

Treasury Management

The Council agreed its Ten-Year Treasury Management Strategy 2023/24 to 2032/33 in February 2023 alongside the Ten Year Capital Programme. 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. The CFR is the underlying need to borrow to finance the capital programme and is forecasted to remain below the self-imposed debt cap of £2bn with the peak of the debt being 2032/33 of £1.8bn.

The rolling review of the Capital Programme set out above is in place to ensure that the capital programme continues to be affordable in the adverse economic climate of interest rate rise risk.

A link to the Council’s Treasury Management Strategy Statement is below:

Treasury Management Strategy

Basis of preparation and presentation

The Statement of Accounts summarises the financial performance for the financial year 2022/23 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 2022/23 has been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, 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.

Executive Director's Report continued:

- **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 Auditors Report

Statement of Responsibilities

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 (s151 Officer)

I can confirm that this Statement of Accounts has been prepared on the basis of providing a true and fair view of the Council's financial position with the best known information at this time. However, these accounts' opening balances have not been subject to finalised external audit for over three years and, given the number of years now outstanding, the level of risk of amendment is compounded. On this basis, it is not possible to substantially confirm that these accounts present a true and fair view at this time and until the external audits have been completed for 2019/20, 2020/21 and 2021/22.

Signed

Fay Hammond
Executive Director of Resources (Section 151)

31 May 2023

Core Financial Statements

Comprehensive Income and Expenditure Statement

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.

2021/22 Gross Expenditure £'000s	2021/22 Gross Income £'000s	2021/22 Net Expenditure £'000s	On its services the council spent:	Note	2022/23 Gross Expenditure £'000s	2022/23 Gross Income £'000s	2022/23 Net Expenditure £'000s
16,612	(4,199)	12,413	Chief Executive		15,526	(2,735)	12,791
28,147	(2,955)	25,192	Corporate		128,560	(12,642)	115,918
523,094	(367,296)	155,798	People		559,220	(394,382)	164,838
167,693	(107,209)	60,484	Place		163,763	(102,834)	60,929
302,845	(248,286)	54,559	Resources		278,611	(238,813)	39,798
175,704	(69,950)	105,754	Housing Revenue Account		102,781	(76,823)	25,958
1,214,095	**(799,895)**	**414,200**	**Total Cost of Services**		**1,248,461**	**(828,229)**	**420,232**
33,542	(19,653)	13,889	Other Operating Expenditure	**7**	23,464	(30,776)	(7,312)
61,544	(52,781)	8,763	Financing & Investment Income & Expenditure	**8**	107,984	(52,909)	55,075
-	(354,760)	(354,760)	Taxation & Non-Specific Grant Income	**9**	-	(319,766)	(319,766)
1,309,181	**(1,227,089)**	**82,092**	**Deficit on the Provision of Services**		**1,379,909**	**(1,231,680)**	**148,229**
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services				
		(311,763)	(Surplus) / Deficit on revaluation of non-current assets				23,795
		(232,304)	Remeasurement of the net defined pension liability	**45**			(393,078)
		(544,067)	**Other Comprehensive Income and Expenditure**				**(369,283)**
		(461,975)	**Total Comprehensive Income and Expenditure**				**(221,054)**

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
Balance at 1 April 2022	**(139,777)**	**(6,568)**	**(766)**	**(21,248)**	**(76,899)**	**(245,258)**	**(894,323)**	**(1,139,581)**
Total Comprehensive Income and Expenditure	142,161	6,068	-	-	-	**148,229**	(369,283)	**(221,054)**
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 20)	(106,098)	(15,663)	687	(1,922)	8,137	**(114,859)**	114,859	**-**
(Increase)/Decrease In 2022/23	**36,063**	**(9,595)**	**687**	**(1,922)**	**8,137**	**33,370**	**(254,424)**	**(221,054)**
Balance at 31 March 2023	**(103,714)**	**(16,163)**	**(79)**	**(23,170)**	**(68,762)**	**(211,888)**	**(1,148,747)**	**(1,360,635)**

	General Fund Balance	Housing Revenue Account
General Fund and HRA Balance analysed over:		
Earmarked Reserves (Note 22)	(89,764)	(2,529)
Balances not earmarked	(13,950)	(13,634)
Balance at 31 March 2023	**(103,714)**	**(16,163)**

ENFIELD Council

Movement in Reserves Statement (MiRS) continued:

	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance at 1 April 2021	**(142,533)**	**(25,424)**	**(5,849)**	**(10,857)**	**(72,215)**	**(256,878)**	**(420,728)**	**(677,606)**
Total Comprehensive Income and Expenditure	(26,819)	108,911	-	-	-	**82,092**	(544,067)	**(461,975)**
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 20)	29,575	(90,055)	5,083	(10,391)	(4,684)	**(70,472)**	70,472	**-**
(Increase)/Decrease In 2021/22	**2,756**	**18,856**	**5,083**	**(10,391)**	**(4,684)**	**11,620**	**(473,595)**	**(461,975)**
Balance at 31 March 2022	**(139,777)**	**(6,568)**	**(766)**	**(21,248)**	**(76,899)**	**(245,258)**	**(894,323)**	**(1,139,581)**

General Fund and HRA Balance analysed over:		
Earmarked Reserves (Note 22)	(125,827)	(3,390)
Balances not earmarked	(13,950)	(3,178)
Balance at 31 March 2022	**(139,777)**	**(6,568)**

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 funded from taxation.

2021/22 Gross Expenditure £'000	2021/22 Gross Income £'000	2021/22 Net Expenditure £'000		2022/23 Gross Expenditure £'000	2022/23 Gross Income £'000	2022/23 Net Expenditure £'000
16,613	(4,199)	12,414	Chief Executive	15,526	(2,735)	**12,791**
28,147	(2,955)	25,192	Corporate	128,559	(12,642)	**115,917**
523,094	(367,296)	156,798	People	559,220	(394,382)	**164,838**
166,531	(107,337)	59,194	Place	164,423	(104,503)	**59,920**
302,845	(248,286)	54,559	Resources	278,611	(238,813)	**39,798**
177,891	(72,829)	105,062	Housing Revenue Account	102,076	(78,993)	**23,083**
1,215,121	**(802,902)**	**412,219**	**Total Cost of Services**	**1,248,415**	**(832,069)**	**416,347**
33,542	(19,653)	13,889	Other Operating Expenditure	23,464	(30,776)	(7,312)
55.691	(61,649)	(5,958)	Financing and Investment Income and Expenditure	88,702	(31,990)	56,712
-	(354,760)	(354,760)	Taxation and non-specific grant income	-	(319,766)	(319,766)
1,304,354	**(1,238,964)**	**65,390**	**Deficit on the Provision of Services**	**1,360,585**	**(1,214,601)**	**145,981**
		1,354	Group Tax			173
		(7,416)	Share of (surplus)/Deficit on Joint Venture			4,827
		59,328	**Deficit on the Provision of Services after Tax**			**150,981**
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services			
		(311,763)	(Surplus) / Deficit on revaluation of non-current assets			23,795
		(232,304)	Remeasurement of the net defined pension liability			(393,078)
		(544,067)	**Other Comprehensive Income and Expenditure**			**(369,283)**
		(484,739)	**Total Comprehensive Income and Expenditure**			**(218,302)**

Group Movement in Reserves Statement (MiRS)

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).

	LBE Usable Reserves £'000	LBE Unusable Reserve £'000	Total Authority Reserves £'000	Subsidiaries Usable Reserves £'000	Subsidiaries Unusable Reserves £'000	Total Group Reserves £'000
Balance at 31 March 2021	**(256,878)**	**(420,730)**	**(677,608)**	**(10,126)**	**-**	**(687,734)**
Opening Balance adjustment			**-**			
Adjusted Opening Balance	**(256,878)**	**(420,730)**	**(677,608)**	**(10,126)**	**-**	**(687,734)**
Movement in Reserves during 2021/22:						
Total comprehensive income and expenditure	82,094	(544,067)	**(461,973)**	(22,766)	-	**(484,739)**
Adjustments between accounting basis and funding basis under regulations	(70,474)	70,474	**-**	**-**	-	**-**
Reversal of Loan Impairment	(5,855)	5,855	-	-	-	-
(Increase)/decrease in year	**5,765**	**(467,738)**	**(461,973)**	**(22,766)**	**-**	**(484,739)**
Balance at 31 March 2022	**(251,113)**	**(888,468)**	**(1,139,581)**	**(32,892)**	**-**	**(1,172,473)**
Movement in Reserves during 2022/23:						
Total comprehensive income and expenditure	148,229	(369,285)	(221,056)	2,754	**-**	**(218,302)**
Adjustments between accounting basis and funding basis under regulations	(114,862)	114,862	-	**-**	**-**	**-**
Reversal of Loan Impairment	(13,560)	13,560	-	-	-	-
(Increase)/decrease in year	**19,807**	**(240,863)**	**(221,056)**	**2,754**	**-**	**(218,302)**
Balance at 31 March 2023	**(231,306)**	**(1,129,331)**	**(1,360,637)**	**(30,138)**	**-**	**(1,390,775)**

Consolidated Balance Sheet

Group 31/03/2022 £'000	Single Entity 31/03/2022 £'000		Note	Single Entity 31/03/2023 £'000	Group 31/03/2023 £'000
		Assets:			
2,252,571	2,185,608	Property, Plant & Equipment	23 & 24	2,187,853	2,274,364
5,430	5,430	Heritage Assets	25	3,929	3,929
305,198	201,952	Investment Properties	28	182,015	289,842
23,668	16,267	Intangible Assets	25	11,409	19,574
35,970	69,515	Long term Investments	19	69,150	24,127
9,932	99,122	Long term Receivables	32	103,547	9,702
2,632,769	**2,577,894**	**Long Term Assets**		**2,557,903**	**2,621,538**
970	970	Assets Held for Sale	25	1,721	1,721
2,666	2,666	Inventories		13,452	13,452
162	162	Short term Investments	32	-	-
142,000	140,665	Short term Receivables	33	126,190	125,081
114,757	97,980	Cash & Cash Equivalents	34	37,574	45,727
260,555	**242,443**	**Current Assets**		**178,937**	**185,981**
		Liabilities:			
(1,495)	(1,495)	Cash & Cash Equivalents Overdrawn	34	(1,253)	(1,253)
(73,329)	(66,701)	Short term Borrowing	32	(111,416)	(118,044)
(179,827)	(162,439)	Short term Payables	35	(113,302)	(121,123)
(3,993)	(3,993)	Short term Provisions	38	(3,922)	(3,922)
(258,644)	**(234,628)**	**Current Liabilities**		**(229,893)**	**(244,342)**
(32,088)	(26,485)	Other Long term Liabilities	40	(22,252)	(42,036)
(14,035)	(11,695)	Long term Provisions	38	(7,287)	(9,559)
(954,048)	(954,048)	Long term Borrowing	32	(1,014,012)	(1,014,012)
(422,564)	(422,564)	Pensions Liability	45	(76,670)	(76,670)
(39,472)	(31,336)	LT Capital Grants RIA	36	(26,091)	(30,125)
(1,462,207)	**(1,446,128)**	**Long Term Liabilities**		**(1,146,312)**	**(1,172,403)**
1,172,473	**1,139,581**	**Net Assets**		**1,360,635**	**1,390,775**

Consolidated Balance Sheet (continued):

Group 31/03/2022 £'000	Single Entity 31/03/2022 £'000		Note	Single Entity 31/03/2023 £'000	Group 31/03/2023 £'000
		Reserves:			
8,474	8,474	Accumulated Absences Account		8,855	8,855
(373,781)	(379,636)	Capital Adjustment account		(327,022)	(307,606)
(2,506)	(2,506)	Collection Fund Adjustment Account		(706)	(706)
422,564	422,564	Pensions Reserve	45	76,670	76,670
(947,214)	(947,214)	Revaluation Reserve		(913,369)	(913,369)
(8,623)	(8,623)	Deferred Capital Receipts Reserve		(8,411)	(8,411)
12,618	12,618	DSG Adjustment ACCT		15,236	15,236
(888,468)	**(894,323)**	**Unusable Reserves**	21	**(1,148,747)**	**(1,129,331)**
(76,899)	(76,899)	Capital Grants Unapplied Account		(68,762)	(68,762)
(21,248)	(21,248)	Capital Receipts Reserve		(23,170)	(23,170)
(42,583)	(13,950)	General Fund		(13,950)	(51,397)
(125,827)	(125,827)	GF Earmarked Reserves	22	(89,764)	(89,764)
(13,292)	(3,178)	HRA Balance		(13,634)	(25,743)
(3,390)	(3,390)	HRA Earmarked Reserves	22	(2,529)	(2,529)
(766)	(766)	Major Repairs Reserve	HRA4	(79)	(79)
(284,005)	**(245,258)**	**Usable Reserves**		**(211,888)**	**(261,444)**
(1,172,473)	**(1,139,581)**	**Reserves / Net Worth**		**(1,360,635)**	**(1,390,775)**

The Balance Sheet shows the values of assets and liabilities held by the Council and Group. The net assets of the Council and Group are matched by the reserves held by the Council and Group. The reserves are presented within two categories, usable reserves and unusable reserves. Usable reserves may be used to provide services, subject to statutory limitations on their use and the need to maintain a prudent level of reserves for financial stability. Unusable reserves cannot be used to fund Council services

Consolidated Cash Flow Statement

Group 31 March 2022 £'000	Single Entity 31 March 2022 £'000		Single Entity 31 March 2023 £'000	Group 31 March 2023 £'000
(59,328)	**(82,092)**	**Net Deficit on the provision of services**	**(148,229)**	**(150,981)**
246,938	230,264	Adjust to deficit on the provision of services for non-cash movements	177,053	150,912
(82,390)	(82,221)	Adjustments for items included in net deficit in the provision of services that are investing & financing activities.	(89,379)	(90,624)
105,220	**65,951**	**Net cash outflow/(inflow) from operating activities**	**(60,555)**	**(90,693)**
(149,758)	(100,495)	Investing activities	(100,055)	(92,723)
94,867	81,113	Financing activities	100,446	114,628
50,329	**46,569**	**Net increase/(decrease) in cash and cash equivalents**	**(60,164)**	**(68,788)**
62,933	49,916	**Cash and cash equivalents at the beginning of the reporting period**	96,485	113,262
113,262	**96,485**	**Cash and cash equivalents at the end of the reporting period:**	**36,321**	**44,474**

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

Notes to the Accounts

Note 1 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 2022/23, these proper accounting practices principally comprise:

- the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code)
- the Service Reporting Code of Practice 2022/23 (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 2023 and before the date the Statement was authorised for issue only where the events provide evidence of conditions that existed at 31 March.

Note 1 Accounting Policies continued:

1.2 Events after the Reporting Period

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts

1.3 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period

1.4 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

Expense	Accounting Basis in CIES	Funding Basis in MiRS	Adjustment Account
Revenue Expenditure Funded from Capital under Statute	Expenditure incurred in 2022/23	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 2022/23 or were received in 2022/23 without conditions	No credit	Capital Grants Unapplied Reserve (amounts unapplied at 31 March 2023) 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 1.11)	Employer's pensions contributions payable and direct payments made by the Council to pensioners for 2022/23	Pensions Reserve
Council Tax	Accrued income from 2022/23 bills	Demand on the Collection Fund for 2022/23 plus share of estimated surplus for 2021/22	Collection Fund Adjustment Account
Business Rates	Accrued income from 2022/23 bills	Budgeted income receivable from the Collection Fund for 2022/23 plus share of estimated surplus for 2021/22	Collection Fund Adjustment Account
Dedicated Schools Grant	Expenditure incurred in 2022/23 to be met from Dedicated Schools Grant	Expenditure incurred up to the amount of the Grant receivable for 2022/23.	Dedicated Schools Grant Adjustment Account
Holiday Pay	Projected cost of untaken leave entitlements at 31 March 2023	No charge	Accumulated Absences Adjustment Account

1.5 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.

Note 1 Accounting Policies continued:

Financial Assets

Financial assets are subsequently measured in one of two ways:

- amortised cost – assets whose contractual terms are basic lending arrangements (i.e., 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 28* [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.

1.6 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.

1.7 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

Note 1 Accounting Policies continued:

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.

1.8 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.

1.9 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.

1.10 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.

Note 1 Accounting Policies continued:

1.11 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.

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.

1.12 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.

1.13 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 Local Government Pension Scheme, administered by the Council.
- the NHS Pension Scheme, administered by the NHS Business Services Authority

The Teachers' and NHS Scheme provide defined benefits to members. However, Scheme arrangements mean that liabilities for these benefits cannot be attributed to the Council. The Scheme is 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 4.7% (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:

Note 1 Accounting Policies continued:

- 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 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.

1.14 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 (i.e., 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 Accounting 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)

Note 1 Accounting Policies continued:

- 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 determinable finite useful life (i.e., freehold land and certain Community Assets) and assets that are not yet available for use (i.e., 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
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.

1.15 Infrastructure Assets

Highways Network Infrastructure Assets

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. Bridges), street lighting, street furniture (e.g. illuminated traffic signals, bollards) and land which together form a single integrated network.

Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

Note 1 Accounting Policies continued:

Measurement

Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994 which was deemed at that time to be historical cost. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

Depreciation

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Annual depreciation is the depreciation amount allocated each year. Useful lives of the various parts of the highways network have either been assessed by the Group Highways Engineer, based on industry standards, based on existing inventories or by using best estimates where appropriate. The useful lives for each class will be reviewed annually and are as follows:

Category	Expected Useful Life
Carriageways - roads sub-structure	40 years
Carriageways - reconstruction	30 years
Carriageways - resurfacing	20 years
Carriageways - surface dressing	10 years
Bridges	120 years
Structures	40 years
Waterways	40 years
Footways and cycleways - on-roads	30 years
Footways and cycleways - off-roads	40 years
Alleygating	40 years
Street Lighting	25 years
Street Furniture (Including CCTV)	15 years

Disposals and derecognition

When a component of the network is disposed of, the carrying amount of the component in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). The written-off amounts of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Note 1 Accounting Policies continued:

Where a part of the network is replaced, an adaptation provided in a separate update to the Code assumes that from the introduction of the IFRS based Code when parts of an asset are replaced or restored the carrying amount of the derecognised part will be zero because parts of infrastructure assets are rarely replaced before the part has been fully consumed.

1.16 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.

1.17 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, considering relevant risks and uncertainties.

1.18 Termination Benefits

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.

Note 1 Accounting Policies continued:

1.19 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.

1.20 Current Assets Held for Sale and Surplus Assets

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

1.21 Pooled Budgets

The council has a Pooled Budget arrangement as per Section 75 of the NHS Act 2006 with the NHS North Central London Integrated Care Board "NCL". The intention of such an arrangement is to improve the functions carried out respectively by both organisations through joint working and efficiencies. The council and NCL agree to pool budgets across a range of services annually, principally though not exclusively, related to the Better Care Fund (BCF) and Improved Better Care Fund (iBCF) grant funding provided by government to each organisation based on national allocations. The agreement includes a standard share of risk in proportion to the financial contributions of the two participants unless a specific arrangement is made regarding a particular activity, these specific arrangements on risk are unlikely to be material to the overall share of risks within the pool. The council recognises assets and liabilities resulting from the pool and expenditure and income in the Balance Sheet and the Comprehensive Income and Expenditure Statement respectively

Note 2 Accounting Standards 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 2023/24:

- 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 further delayed mandatory adoption until 1 April 2024. While mandatory implementation has been deferred until 2024/25, adoption in earlier accounting periods (i.e., 2022/23 or 2023/24) is permitted on a voluntary basis
- IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction where there are group accounts
- IAS 8 – Definition of Accounting Estimates. This is presentational only leading to improved reporting, and therefore have no impact on the accounts
- IAS 1 and IFRS practice Statement 2 – Disclosures to Accounting Policies. Change in the requirement for the disclosure of significant accounting policies to one about material accounting policy information – i.e., that which users might require to understand other material information in the financial statements. This is presentational only, and therefore have no impact on the accounts

Note 3 Critical Judgements in Applying Accounting Policies

The preparation of the financial statements requires the use and determination of accounting estimates and the application of management assumptions that have the potential to cause material adjustments to the carrying amount of assets and liabilities during the 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 2023, 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.

Note 3 Critical Judgements in Applying Accounting Policies continued:

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 2023 is £420m 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 at March 31st 2023, is valued at £8.9m which is based on the Development Agreement. 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

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.

In 2022/23, we did not receive any additional covid funding however, there were number of grant transactions where funding was repaid to Central Government.

Impairment Allowances for Doubtful Debt

As at 31 March 2023, the Council had an outstanding balance of short term debtors totalling £126m. Within this debtors' balance, there is an impairment allowance of £42.5m, meaning the gross short term debtors are £168.5m It is not absolutely 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 high inflation and cost of living 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.

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. During 2022/23, the Council reviewed the debts outstanding and made adjustments reflecting the uncertainty of the collection rates as a result of the impact of the cost of living and the economy.

Note 3 Critical Judgements in Applying Accounting Policies continued:

The Council's share of bad debt provisions for doubtful debts have been calculated at 31 March 2023 as £16.791m for council tax and £4.278m for business rates (NNDR), based on overall average non-collection rates of 59% and 76% respectively. Most significantly, Enfield's Council Tax Bad Debt Provision increased from £6.448m to £16.791m.

Business Rates Appeals Provision

The Council experienced very high levels of appeals against the 2010 revaluation of business hereditaments. Most of the appeals were resolved during 2022/23 with a small residual number outstanding with the Valuation Office Agency. In addition, the 2017 revaluation saw average rateable values rise by 9%. The check, challenge, appeal process remains highly uncertain. The Collection Fund currently holds £8.7m appeals provision to counter the potential impact of successful appeals in future years.

Note 4 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.

There is uncertainty in relation to asset valuations on previous audits where the accounts have not been concluded and whilst adjustments have been made, until the accounts are signed off, asset valuations may change further.

The principal items in the Council's Balance Sheet at 31 March 2023 which may materially be affected by future events are set out below.

Note 4 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty continued:

Items	Uncertainty	Effect If Actual Results Differ from Assumptions
Property Plant and Equipment	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.	Across the asset-base, a 1-year change in the UEL would have approximately a £1.5m change in the depreciation charge.
	The valuation of Property, Plant & Equipment (PPE) reported in the Council's Balance Sheet is a significant estimate informed by the Council's expert independent valuer – who assesses the circumstances of the Council's assets to determine the appropriate valuation methodology and reports the estimated values to be included in the financial statements.	The Council's Property, Plant & Equipment includes assets that a 1% change in market values would increase/decrease the Council's net equity by £21.9m (Property, Plant & Equipment (PPE) valuation of £21.88bn includes £98m of Assets Under Construction and £41.7m of community assets). 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 £38m. The valuation of Group Property, Plant & Equipment is not significantly different to the main entity (£2.602bn vs £2.558bn). 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. A reduction of 1% in estimated value of Investment Property would result in a reduction in the revaluation reserve or loss in the CIES by £1.822m
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 £21m. b. 1% increase in assumed earnings inflation would increase the value of liabilities by approximately £1.3m. c. one-year increase in assumed life expectancy would increase the liability by approximately £33m.

Notes Supporting the Comprehensive Income and Expenditure Statement

Note 5 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 as shown in the table below:

2021/22 Net Expenditure Chargeable to General Fund and HRA Balances £'000	2021/22 Adjustments between Funding and Accounting Basis £'000	2021/22 Net Expenditure in the CIES £'000	Segment	2022/23 Net Expenditure Chargeable to General Fund and HRA Balances £'000	2022/23 Adjustments between Funding and Accounting Basis £'000	2022/23 Net Expenditure in the CIES £'000
12,448	35	12,413	Chief Executive	12,791	-	12,791
30,108	4,916	25,192	Corporate	38,944	(76,974)	115,918
155,516	(282)	156,798	People	149,667	(15,171)	164,838
60,484	-	60,484	Place	60,929	-	60,929
54,453	(106)	54,559	Resources	38,385	(1,413)	39,798
38,543	(67,211)	105,754	Housing Revenue Account	10,050	(15,908)	25,958
351,552	**(62,648)**	**414,200**	**Net Cost of Service**	**310,766**	**(109,466)**	**420,232**
(329,940)	2,168	(332,108)	Other Operating Income and Expenditure	(284,298)	(12,295)	(272,003)
21,612	**(60,480)**	**82,092**	**Deficit/(Surplus)**	**26,468**	**(121,761)**	**148,229**
(167,957)			Opening General Fund & HRA Balance	(146,345)		
21,612			In year surplus / (deficit)	26,468		
(146,345)			**Closing General Fund & HRA Balance**	**(119,877)**		

*The adjustments of £109.466m are explained below and further analysed in the table following.

Note 5 Expenditure and Funding Analysis continued:

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 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.

Note 5 Expenditure and Funding Analysis continued:

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.

2021/22					2022/23			
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
35	(2,138)	2,138	**35**	Chief Executive	-	(2,248)	2,248	**-**
54,396	(895)	(48,585)	**4,916**	Corporate	(40,154)	(930)	(35,890)	**(76,974)**
(4,799)	(13,069)	17,586	**(282)**	People	(8,418)	(12,086)	5,333	**(15,171)**
(6,101)	(10,990)	17,091	**-**	Place	(5,576)	(11,493)	17,069	**-**
(106)	(7,199)	7,199	**(106)**	Resources	(1,413)	(6,356)	6,356	**(1,413)**
(63,554)	(3,657)	-	**(67,211)**	Housing Revenue Account	(12,803)	(3,105)	-	**(15,908)**
(20,129)	**(37,948)**	**(4,571)**	**(62,648)**	**Net Cost of Service**	**(68,364)**	**(36,218)**	**(4,884)**	**(109,466)**
(12,107)	(12,344)	26,619	2,168	Other Operating Income and Expenditure	(1,334)	(10,961)	-	(12,295)
(32,236)	**(50,292)**	**22,048**	**(60,480)**	**Deficit/(Surplus)**	**(69,698)**	**(47,179)**	**(4,884)**	**(121,761)**

Adjustments between Internal Reporting & Statutory Position

These relate to:

- 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
- 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.
- 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 (including schools) and HRA balances is analysed by subjective nature of income and expenditure in the tables below.

Note 6 Expenditure and Funding Analysis

2021/22 £'000	Nature of Expenses	2022/23 £'000
360,320	Employee Related Expenses	385,360
763,901	Other Service Expenses	730,210
47,590	Depreciation & Amortisation	40,187
89,906	Impairment & Revaluation	126,981
34,940	Interest Payable & Similar Charges	34,697
8,795	Precepts & Levies	8,160
3,749	(Gain)/ Loss on disposal of non-current assets	-
1,309,181	**Expenditure Total**	**1,325,595**
-	(Gain)/ Loss on disposal of non-current assets	(15,472)
(285,360)	Fees, Charges & Other Service Income	(262,403)
(15,313)	Interest & Investment Income	(13,898)
(213,610)	Income from Council Tax & Non-Domestic Income	(203,872)
(712,806)	Government Grants & Contributions	(681,721)
(1,227,089)	**Income Total**	**(1,177,366)**
82,092	**Deficit on Provision of Services**	**148,229**

Note 7 Other Operating Income and Expenditure

2021/22 Gross Expenditure £'000	2021/22 Gross Income £'000	2021/22 Net £'000		2022/23 Gross Expenditure £'000	2022/23 Gross Income £'000	2022/23 Net £'000
1,365	-	**1,365**	Payments to Housing Capital Receipts Pool	-	-	**-**
8,795	-	**8,795**	Precepts and Levies	8,160	-	**8,160**
23,382	(19,653)	**3,729**	(Gain)/ Loss on disposal of non-current assets	15,304	(30,776)	**(15,472)**
-	-	**-**	Movement in fair value of surplus assets	-	-	**-**
-	-	**-**	Repayment of Right-to-Buy receipts	-	-	**-**
-	-	**-**	Other Operating Income	-	-	**-**
33,542	**(19,653)**	**13,889**	**Total**	**23,464**	**(30,776)**	**(7,312)**

Note 8 Financing and Investment Income and Expenditure

2021/22 Gross Expenditure £'000	2021/22 Gross Income £'000	2021/22 Net £'000		2022/23 Gross Expenditure £'000	2022/23 Gross Income £'000	2022/23 Net £'000
20,950	-	**20,950**	Interest payable and similar charges	23,730	-	**23,730**
38,526	(26,182)	**12,344**	Net interest on the net defined pension liability	47,689	(36,722)	**10,967**
-	(3,943)	**(3,943)**	Interest Receivable and Similar Income	-	(6,294)	**(6,294)**
422	(11,792)	**(11,370)**	Income and Expenditure in relation to investment properties	2,289	(9,893)	**(7,604)**
-	(10,864)	**(10,864)**	Changes in fair value of investment properties	20,479	-	**20,479**
1,563	-	**1,563**	Other Investment Income and Expenditure	13,797	-	**13,797**
83	-	**83**	Derecognition of Investment Properties	-	-	**-**
61,544	**(52,781)**	**8,763**	**Total**	**107,984**	**(52,909)**	**55,075**

Note 9 Taxation and Non-Specific Grant Income

2021/22 £000	Taxation & Non-Specific Grant Income	2022/23 £000
(138,938)	Income from Council Tax	(132,942)
(74,672)	Locally Retained Business Rates	(70,930)
(77,636)	General Government Grants and Contributions	(57,507)
(63,514)	Capital Grants and Contributions	(58,387)
(354,760)	**Total**	**(319,766)**

Note 10 Grants credited to Taxation and Non-Specific Grant Income

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

A. **Capital Grants and Contributions**

2021/22 £'000	Capital Grants and Contributions Government Grants	2022/23 £'000
(15,217)	Building Council Homes for Londoners	(19,406)
(12,000)	Heat Networks Infrastructure Grant	-
(9,876)	School Condition Allocations	(7,407)
(7,721)	Housing infrastructure Fund	(8,377)
(4,150)	Rough Sleepers Accommodation Programme	(2,887)
(2,867)	Transport for London Grant	(3,908)
(2,183)	Disabled Facilities Grant	(3,736)
(1,318)	School Basic Need Grant	(854)
(1,265)	Better Care Fund	-
-	Special Provision Capital Fund	(4,485)
(6,917)	Other Capital Grants and Contributions	(7,327)
(63,514)	**Total Capital Grants and Contributions**	**(58,387)**

Note 10 Grants credited to Taxation and Non-Specific Grant Income continued:

B. Non-Specific Revenue Grant Income

2021/22 £'000	Non-Specific Revenue Grant Income Credited to Taxation and Non-Specific Grant Income	2022/23 £'000
(1,839)	CIL Income	-
(17,668)	Revenue Support Grant	(18,214)
(12,316)	Additional Restrictions Grants	-
(10,534)	Covid-19 LA Support Grant	-
(9,393)	Social Care Grant	(12,924)
(6,395)	Covid-19 Business Rate Relief	-
(6,266)	Local CT Support Scheme	(684)
(5,995)	S31 Business Rates Grants	(12,540)
(1,601)	Housing Benefit Administration Grant	(1,559)
(1,528)	Support for lost Sales, Fees and Charges	-
(1,352)	COVID Local Support Grant	-
-	DLUHC Services Grant	(5,113)
(2,749)	Other Grants & Contributions (under £1m each)	(2,230)
-	Support for Energy Bills	(2,289)
-	Covid-19 Additional Relief Fund (CARF)	(1,955)
(77,636)	**Total Non-Specific Revenue Grant Income**	**(57,507)**

2021/22 £'000	Covid Grants credited to Taxation and Non-Specific Grant Income	2022/23 £'000
(6,395)	Covid-19 Business Rate Relief	-
(10,534)	Covid-19 LA Support Grant	-
(1,528)	Support for lost Sales, Fees and Charges	-
(1,352)	COVID Local Support Grant	-
(12,316)	Additional Restrictions Grants	-
(291)	New Burdens Covid Grant	-
(135)	Local Restrictions Support Grant Open	-
(127)	New Burdens 4 Restart Grant	-
(54)	New Burdens 6 Omicron Business Support	-
-	Covid-19 Additional Relief Fund (CARF)	(1,955)
(32,732)	**Total Non-Specific Covid Grant Income**	**(1,955)**

Note 11 Grant Income Credited to Services

2021/22 £'000	General Government Grants	2022/23 £'000
(222,293)	Dedicated Schools Grant	(228,460)
(219,519)	Housing Benefit Subsidy	(206,594)
(17,531)	Public Health Grant	(18,024)
(15,050)	NCL CCG Section 75 Schemes	(15,784)
(13,848)	Other Grants and Contributions (under £1m)	(12,865)
(11,381)	Adult Social Care Grant	(12,642)
(11,348)	Education Funding Agency- Learning & Skills Grant	(12,547)
(10,800)	Flexible Homelessness Grant	(10,439)
(8,730)	Pupil Premium Grant	(9,582)
(6,800)	PFI Grants	(6,800)
(2,848)	Household Support Fund	(5,621)
(3,230)	Asylum Grant	(4,240)
-	DFE Schools Supplementary Grant	(3,978)
(757)	Transport for London	(2,386)
-	Homes for Ukraine Grant	(2,285)
-	Hospital Discharge Funding	(2,190)
(2,277)	Universal Infant Free School Meals Grant	(2,086)
-	Rough Sleeper Accommodation Programme Phase 2	(1,960)
(2,357)	Discretionary Housing Payment	(1,671)
(1,112)	Troubled Families Grant	(1,665)
(1,474)	Holiday Activities and Food (HAF)	(1,578)
-	Recovery Premium Funding	(1,427)
(1,401)	Rough Sleeper Initiative	(1,003)
(6,679)	Contain Outbreak Management Fund (COMF)	-
(2,871)	Adult Social Care Infection Control Fund	-
(2,502)	ASC Workforce retention and recruitment	-
(1,855)	ASC Rapid Testing Fund Phase 3 (21/22)	-
(1,837)	Community Testing Funding	-
(1,195)	LA Test and Trace Support Grant	-
(969)	Covid Catch Up Premium	-
(601)	Teachers' Pension Grant (new 19/20)	-
(213)	Teachers Pay Grant (new 18/19)	-
(178)	COVID-19 Winter Grant Scheme	-
(571,656)	**General Government Grants**	**(565,827)**

2021/22 £'000	Covid grants included in this note are as follow:	2022/23 £'000
(521)	Recovery Premium Funding	(1,427)
-	Community Vaccine Champions grant	(481)
-	Schools Led Tutoring Grant	(195)
(548)	COVID 19 National Testing Programme	(69)
(238)	Other Covid Grants under £100,000	(44)
(6,679)	Contain Outbreak Management Fund (COMF)	-
(2,871)	ASC Infection Control Fund	-
(2,502)	ASC Workforce retention and recruitment	-
(1,961)	Self-Isolation Payments Funding	-
(1,855)	ASC Rapid Testing Fund	-
(1,837)	Community Testing Funding	-
(1,195)	LA Test and Trace Support Grant	-
(969)	Covid Catch Up Premium	-
(500)	Rough Sleeper Initiative - Covid	-
(378)	Reopening High Streets Safely Fund	-
(275)	Support for CEV individuals	-
(210)	Culture Recovery Fund	-
(178)	COVID-19 Winter Grant Scheme	-
(175)	Protect and Vaccinate	-
-	Reopening High Streets Safely Fund	61
(22,892)	**Total Service-Specific Covid Grant Income**	**(2,155)**

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Note 12 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 2022/23 are as follows:

	Central expenditure £'000	Individual schools' budget £'000	Total 2022/23 £'000	Total 2021/22 £'000
Final DSG for 2022/23 before academy and high needs recoupment			**381,754**	**370,883**
Academy and high needs figure recouped			**153,399**	**148,005**
Total DSG after academy and high needs recoupment for 2022/23			**228,355**	**222,878**
Plus: Brought forward from Previous Year			**-**	**-**
Less: Carry-forward to next Financial Year agreed in advance			**-**	**-**
Agreed initial budgeted distribution	**48,535**	**179,820**	**228,355**	**222,878**
In year adjustments	105	-	**105**	**(585)**
Final budget distribution	**48,640**	**179,820**	**228,460**	**222,293**
Less: Actual central expenditure	57,735	-	**57,735**	**47,805**
Less: Actual ISB deployed to schools	-	173,344	**173,344**	**179,058**
Plus: Local authority contribution current year	-	-	**-**	**-**
In Year Carry-forward	**(9,095)**	**6,477**	**(2,618)**	**(4,570)**
Plus/Minus: Carry-forward to next Financial Year agreed in advance			**-**	**-**
Carry-forward to next Financial Year			**-**	**-**
DSG unusable reserve at the end of previous year			**(12,618)**	**(8,048)**
Addition to DSG unusable reserve at the end of current year			**(2,618)**	**(4,570)**
Total of DSG unusable reserve at the end of current year			**(15,236)**	**(12,618)**
Net DSG position at the end of 2022/23			**(15,236)**	**(12,618)**

Note 13 Material Items of Income and Expenditure

The Council incurred expenditure of £20.8m in 2022/23 which was funded from Government Grants allocated to the Council this financial year to help support residents with the cost of living. Of this, £7.9m expenditure was related to discretionary funding in relation to Government schemes where the Council was responsible for distributing the payments. This is included in the Comprehensive Income and Expenditure net cost of service.

The COVID funding highlighted in this note in previous years is no longer considered a material item.

Note 14 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**

2021/22 £'000		2022/23 £'000
671	Basic allowances	666
317	Special responsibility allowances	322
988	**Total**	**988**

Note 15 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 £
Ian Davis (Chief Executive)	**2022/23**	215,785	-	-	**215,785**
Tony Theodoulou (Executive Director of People * 1)	**2022/23**	168,584	-	-	**168,584**
Sarah Cary (Executive Director of Place)	**2022/23**	132,329	-	26,731	**159,060**
Fay Hammond (Director of Resources *2)	**2022/23**	165,175	-	-	**165,175**
Terry Osborne (Director of Law & Governance *4)	**2022/23**	61,056	-	12,333	**73,389**
Terry Osborne (Interim Director of Law & Governance *3)	**2022/23**	116,850	-	-	**116,850**
Director of Public Health *5	**2022/23**	93,734	-	18,934	**112,668**

Senior Employee Designation	Year	Taxable Pay £	Performance Related Pay £	Pension Contribution £	Total £
Ian Davis (Chief Executive)	**2021/22**	211,878	-	-	**211,878**
Tony Theodoulou (Executive Director of People)	**2021/22**	166,659	-	-	**166,659**
Sarah Cary (Executive Director of Place)	**2021/22**	166,659	-	33,665	**200,324**
Fay Hammond (Director of Resources)	**2021/22**	151,508	-	-	**151,508**
Director of Law & Governance	**2021/22**	117,930	-	-	**117,930**
Dudu Sher-Arami (Director of Public Health)	**2021/22**	134,814	-	27,232	**162,046**

* 1: The Executive Director of People fulfils the statutory roles of Director of Children's Services and Director of Adult Social Services.
* 2: This post fulfils the statutory role of s151 Officer.
* 3: This post fulfils the statutory role of Monitoring Officer. Interim role from Apr22-Sep22
* 4: This post fulfils the statutory role of Monitoring Officer. Permanently appointed Oct 22
* 5: This is a statutory role.

Note 16 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.

2021/22				2022/23		
Non Schools	Schools	Total	Taxable Remuneration Band	Non Schools	Schools	Total
144	109	**253**	£50,000 - £54,999	192	108	**300**
62	82	**144**	£55,000 - £59,999	54	85	**139**
117	39	**156**	£60,000 - £64,999	122	48	**170**
22	19	**41**	£65,000 - £69,999	28	26	**54**
35	13	**48**	£70,000 - £74,999	43	16	**59**
37	13	**50**	£75,000 - £79,999	17	11	**28**
9	10	**19**	£80,000 - £84,999	36	11	**47**
8	2	**10**	£85,000 - £89,999	9	4	**13**
16	3	**19**	£90,000 - £94,999	8	1	**9**
3	5	**8**	£95,000 - £99,999	14	4	**18**
-	-	**-**	£100,000 - £104,999	1	3	**4**
-	2	**2**	£105,000 - £109,999	3	1	**4**
2	1	**3**	£110,000 - £114,999	-	-	**-**
2	-	**2**	£115,000 - £119,999	4	2	**6**
-	1	**1**	£120,000 - £124,999	-	-	**-**
7	-	**7**	£125,000 - £129,999	2	-	**2**
2	-	**2**	£130,000 - £134,999	1	1	**2**
-	1	**1**	£135,000 - £139,999	2	-	**2**
-	-	**-**	£145,000 - £149,999	1	1	**2**
1	-	**1**	£150,000 - £154,999	-	-	**-**
-	-	**-**	£155,000 - £159,999	-	-	**-**
2	-	**2**	£165,000 - £169,999	2	-	**2**
-	-	**-**	£170,000 - £174,999	-	-	**-**
1	-	**1**	£210,000 - £215,999	1	-	**1**
470	**300**	**770**	**Totals**	**540**	**322**	**862**

The above figures include severance payments to staff whose employment was terminated in the financial year.

Note 17 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.

2021/22					2022/23			
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**
40	40	80	**650**	£0 - £20,000	39	39	78	**490**
14	5	19	**590**	£20,000 - £40,000	12	6	18	**488**
2	2	4	**183**	£40,000 - £60,000	6	1	7	**323**
1	-	1	**62**	£60,000 - £80,000	-	-	-	**-**
57	**47**	**104**	**1,485**	**Total**	**57**	**46**	**103**	**1,301**

Note 18 External Audit Costs

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

2021/22 £'000		**2022/23 £'000**
-	Fees payable to the External Auditors with regard to external audit services	218
132	Fees payable 2021/22 Audit	50
-	Fees payable 2020/21 Audit	56
150	Fees payable 2019/20 Audit	61
61	Fees payable 2018/19 and pre 2018 Audit	5
343	**Audit Cost Total**	**390**

Note 19 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).

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 2022/23 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.

Note 19 Related Parties and Group Structure continued:

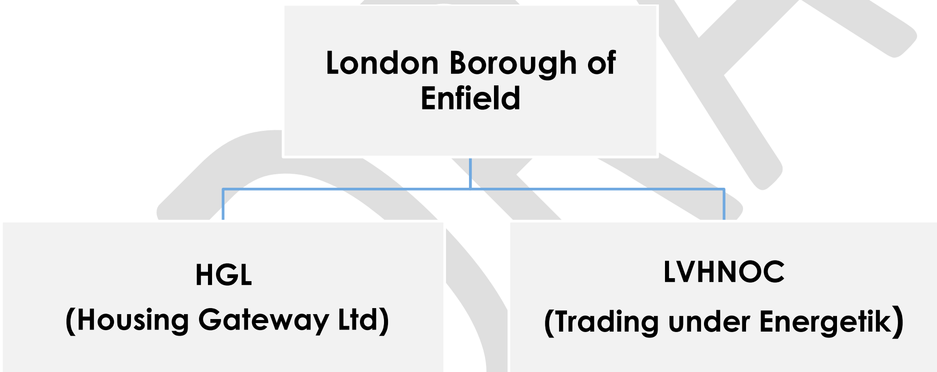
Group Structure

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 2 (2021/22: 4) companies that are active. 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.

2022/23 Structure –



Note 19 Related Parties and Group Structure continued:

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 £'000	Subsidiary	Accounting Valuation Basis	Fair Value Level	2022/23 £'000
45,796	HGL (Loans)	Amortised Cost	2	43,407
4,897	HGL (Equity)	Fair Value through Profit & Loss (FVPL)	3	4,857
1,792	LVHN (Loans)	Fair Value through Profit & Loss (FVPL)	3	4,046
17,030	LVHN (Equity)	Fair Value through Profit & Loss (FVPL)	3	16,840
69,515	**Total**			**69,150**

As at 31 March 2023 the Council held long term investments in two of its wholly owned subsidiaries: HGL and LVHN.

With respect to Housing Gateway Limited (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 £126.8m were outstanding at 31 March 2023. Consequently, proper accounting practice requires that £48.2m is deemed to be "investment in the subsidiary", that is valued on an amortised cost basis, and represents the benefit of the reduced interest rate.

There was no new equity injection in HGL during 2022/23. In accordance with Fair Value accounting the existing equity share (purchased in 2020/21) was revalued at is valued at £4.9m based on a perceived level of risk. The value of the gross equity prior to impairment was £5.0m.

The Lee Valley Heat Network Limited (LVHN) long term investment, total nominal loans of £33.9m were advanced as at 31st March 2023, of which £4.0m 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 increase in investment from £1.8m in 2021/22 is a representation of additional new capital loans being advanced to the Company on preferential rates below market rates, and therefore undergoing soft loan assessment.

There was no new equity injection in LVHN during 2022/23. In accordance with Fair Value accounting the existing equity share (purchased in 2020/21 and 2021/22) was revalued at is valued at £16.8m (a decrease in valuation from £17.0m due to the change in the underlying valuation discount rate as a result of increase in money market rates) based on a perceived level of risk. The proceeds have been used for capital purposes, and the difference between the fair value and nominal valuation is the impairment charge that has been processed through the Capital Adjustment Account. The value of the gross equity prior to impairment was £17.8m.

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Note 19 Related Parties and Group Structure continued:

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 2022/23 the Board of Directors included non-executive directors Councillor Sabri Ozaydin and Officers Kayt Wilson (Head of Legal Services) and Joanne Drew (Director of Housing & Regeneration). As at 31 March 2023, HGL had an outstanding loan balances of £126.8m (2021/22: £127.4m). No new loans were advanced during the financial year.

The HGL Loan is split between long term debtor loans of £78.6m and long term investment of £48.2m. The long term investment is a consequence of soft loan accounting following the 2020/21 loan portfolio restructure that had resulted in HGL receiving a loan rate below the Market rate.

The Council also holds a £5.0m equity share in HGL that was purchased in 2021/22. 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.

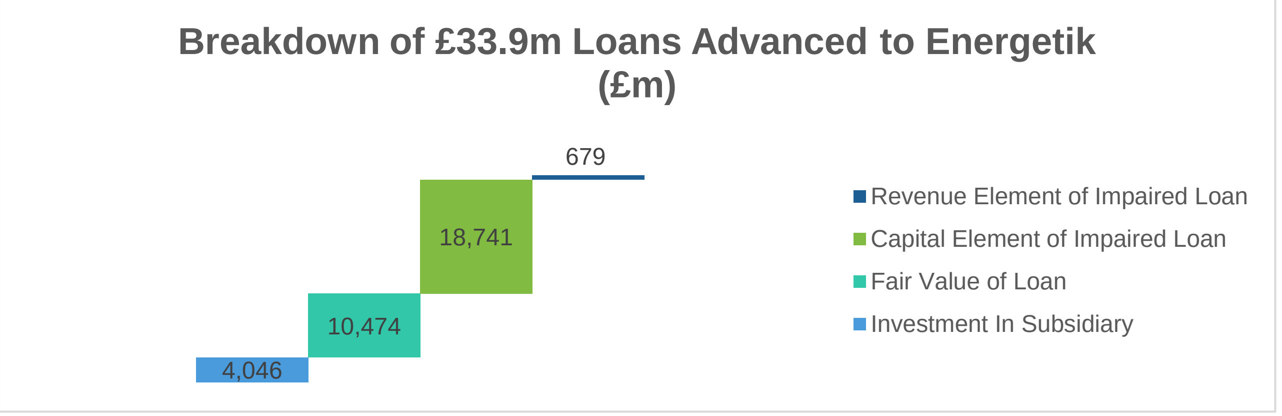
During 2022/23, the Management Board included Mrs C Clare, Mr I Guest, Mr M King, Cllr Doug Taylor and Dr T Groth. As at 31 March 2023 Energetik had outstanding loans with the Council of £33.9m (2021/22: £15.2m), a growth of £18.7m (2021/22: £2.2m) over the previous year.

There was no new equity purchased by the Council in 2022/23, and the gross value of equity remained at £17.8m which was purchased in 2021/22 (£12.8m) and 2020/21 (£5.0m). In accordance with Fair Value accounting this equity share is valued at £16.8m based on a perceived level of risk as noted in the above paragraph.

Similar to HGL, loans to Energetik are issued below the Market rate and therefore undergo a soft loan assessment 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. Therefore, of the £33.9m loans outstanding with Energetik, £4.0m is deemed to be an "investment in subsidiary" as a result of soft loan accounting; there is an impairment of £19.4m to the loan, which is split £0.7m to Revenue and £18.7m to Capital, which is reversed out of the General Fund to the Capital Adjustment Account. The balance of £10.5m loan is held on the balance sheet as a long term Debtor and comprises of revenue and capital loans. The loan is reviewed annually for possible impairments.

Note 19 Related Parties and Group Structure continued:

Breakdown of Loan to LVHN/Energetik



Joint Venture

Montagu 406 Regeneration LLP

The Council has entered into a 50:50 Joint Venture with Henry Boot Developments Limited to redevelop the Montagu Industrial Estate. Montagu 406 Regeneration LLP was incorporated on the 1 February 2018 and the Joint LLP Members Agreement, which governs arrangements for the site's redevelopment, was signed on 22 February 2018.

Following the granting of a lease in 2020/21 the LLP has completed the development of Phase 1 with the units largely now let and generating income.

The Council has transferred land to Montagu 406 Regeneration LLP to enable phase one of the development. The land was valued at £6.16m and a long term debtor has been created on the balance sheet.

A hybrid planning application has been made for the remainder of the site. Currently the details and financial viability of the remaining phases are being reviewed.

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.

Notes Supporting the Movement in Reserves Statement

Note 20 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	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 2022/23	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 2022/23 or were received in 2022/23 without conditions	No credit	Capital Grants Unapplied Reserve (amounts unapplied at 31 March 2023) 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 1.11)	Employer's pensions contributions payable and direct payments made by the Council to pensioners for 2022/23	Pensions Reserve
Council Tax	Accrued income from 2022/23 bills	Demand on the Collection Fund for 2022/23 plus share of estimated surplus for 2021/22	Collection Fund Adjustment Account
Business Rates	Accrued income from 2022/23 bills	Budgeted income receivable from the Collection Fund for 2022/23 plus share of estimated surplus for 2021/22	Collection Fund Adjustment Account
Dedicated Schools Grant	Expenditure incurred in 2022/23 to be met from Dedicated Schools Grant	Expenditure incurred up to the amount of the Grant receivable for 2022/23.	Dedicated Schools Grant Adjustment Account
Holiday Pay	Projected cost of untaken leave entitlements at 31 March 2023	No charge	Accumulated Absences Adjustment Account

Note 20 Adjustments Between Accounting Basis and Funding Basis Under Regulations continued:

2022/23	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
Adjustments to Revenue Resources							
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	(44,079)	(3,105)	-	-	-	**47,184**	Pensions Reserve
· Council tax & business rates	(1,799)	-	-	-	-	**1,799**	Collection Fund Adjustment Account
· Schools deficit	(2,618)	-	-	-	-	**2,618**	Dedicated Schools Grant Reserve
· Holiday pay	(74)	(307)	-	-	-	**381**	Accumulated Absences Account
· Capital expenditure	(85,020)	(23,110)	(30,991)	(5,029)	(52,315)	**196,465**	Capital Adjustment Account
Capital and Revenue Financing							
Resources set aside for capital financing	29,443	11,071	27,116	5,716	60,452	**(133,798)**	Capital Adjustment Account
Use of capital receipts for revenue purposes	(1,953)	-	1,953	-	-	**-**	
Transfer to and from deferred capital receipts	-	(212)	-	-	-	**212**	Deferred capital Receipts reserve
Total adjustments	**(106,100)**	**(15,663)**	**(1,922)**	**687**	**8,137**	**114,861**	

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
Adjustments to Revenue Resources							
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)	-	-	-	50,292	Pensions Reserve
· Council tax & business rates	28,207	-	-	-	-	(28,207)	Collection Fund Adjustment Account
· Schools deficit	(4,570)	-	-	-	-	4,570	Dedicated Schools Grant Reserve
· Holiday pay	536	38	-	-	-	(574)	Accumulated Absences Account
· Capital expenditure	15,846	(113,581)	(18,823)	(12,175)	(43,129)	171,862	Capital Adjustment Account
Capital and Revenue Financing							
Resources set aside for capital financing	37,324	27,680	5,934	17,258	38,445	(126,641)	Capital Adjustment Account
Use of capital receipts for revenue purposes	(1,133)	(1,365)	2,498	-	-	-	
Transfer to and from deferred capital receipts	-	830	-	-	-	(830)	Deferred capital Receipts reserve
Total adjustments	**29,575**	**(90,055)**	**(10,391)**	**5,083**	**(4,684)**	**70,472**	

Note 21 Unusable Reserves

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

Adjustments between Accounting and Funding Basis 2022/23

Unusable Reserves 2022/23	Opening Balance 1 April 2022 £'000	Other Comprehensive Income and Expenditure £'000	Adjustments to Revenue Resources £'000	Capital and Revenue Financing £'000	Other Movements £'000	Closing Balance 31 March 2023 £'000
Revaluation Reserve	(947,214)	23,795	-	-	10,050	**(913,369)**
Capital Adjustment Account	(379,636)	-	196,462	(133,798)	(10,050)	**(327,022)**
Collection Fund Adjustment Account	(2,506)	-	1,800	-	-	**(706)**
Dedicated Schools Grant Reserve	12,618	-	2,618	-	-	**15,236**
Accumulated Absences Account	8,474	-	381	-	-	**8,855**
Pensions Reserve	422,564	(393,078)	47,184	-	-	**76,670**
Deferred Capital Receipts Reserve	(8,623)	-	212	-	-	**(8,411)**
Total	**(894,323)**	**(369,283)**	**248,656**	**(133,798)**	**-**	**(1,148,747)**

Adjustments between Accounting and Funding Basis 2021/22

Unusable Reserves 2021/22	Opening Balance 1 April 2021 £'000	Other Comprehensive Income and Expenditure £'000	Adjustments to Revenue Resources £'000	Capital and Revenue Financing £'000	Other Movements £'000	Closing Balance 31 March 2022 £'000
Revaluation Reserve	(653,576)	(311,763)	-	-	18,125	**(947,214)**
Capital Adjustment Account	(406,732)	-	171,862	(126,641)	(18,125)	**(379,636)**
Collection Fund Adjustment Account	25,701	-	(28,207)	-	-	**(2,506)**
Dedicated Schools Grant Reserve	8,048	-	4,570	-	-	**12,618**
Accumulated Absences Account	9,048	-	(574)	-	-	**8,474**
Pensions Reserve	604,576	(232,304)	50,292	-	-	**422,564**
Deferred Capital Receipts Reserve	(7,793)	-	(830)	-	-	**(8,623)**
Total	**(420,728)**	**(544,067)**	**197,113**	**(126,641)**	**-**	**(894,323)**

Note 22 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-Mar-2022 £'000	Net Transfers 2022/22 £'000	31-Mar-2023 £'000
General Fund – Earmarked Reserves			
01 – Risk + MTFP Smoothing Reserves	(64,441)	38,238	(26,203)
02 - Capital Financing	(23,431)	(32)	(23,463)
03 - Service Specific	(14,817)	2,751	(12,066)
04 - Insurance	(7,022)	(491)	(7,513)
05 - Property	(1,371)	446	(925)
06 - Grants & Other Contributions	(15,132)	(5,798)	(20,930)
07 - Schools	387	949	1,336
Sub Total	**(125,827)**	**36,063**	**(89,764)**
08 – General Fund Balance	(13,950)	-	(13,950)
Total General Fund Reserves	**(139,777)**	**36,063**	**(103,714)**
Housing Revenue Account - Earmarked Reserves			
09 - Grants & Other Contributions	-	-	-
10 - Insurance	(634)	111	(523)
11 - Property	(2,756)	750	(2,006)
Sub Total	**(3,390)**	**861**	**(2,529)**
12 – HRA Balance	(3,178)	(10,456)	(13,634)
Total HRA Reserves	**(6,568)**	**(9,595)**	**(16,163)**
Total Revenue Reserves	**(146,345)**	**26,468**	**(119,877)**

General Fund Earmarked Reserves includes:

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 Supporting the Consolidated Balance Sheet

Notes Supporting the Consolidated Balance Sheet

Note 23 Property, Plant and Equipment

Balances as at 31 March 2023	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Cost or Valuation	757,848	681,002	48,034	41,418	434,344	97,924	**2,060,570**
Accumulated Depreciation	-	(18,208)	(38,956)	-	-	-	**(57,164)**
Carrying Amount	**757,848**	**662,812**	**9,078**	**41,418**	**434,344**	**97,924**	**2,003,406**
Owned	757,848	653,278	9,078	41,418	434,344	97,924	**1,993,890**
PFI	-	9,516	-	-	-	-	**9,516**
Carrying Amount	**757,848**	**662,794**	**9,078**	**41,418**	**434,344**	**97,924**	**2,003,406**

Movement in Carrying Amount	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
As at 1 April 2022	**763,980**	**637,610**	**8,439**	**61,947**	**435,347**	**94,778**	**2,002,101**
Additions	42,729	13,200	3,839	612	33,851	67,081	**161,312**
Revaluation increases / (decreases) recognised in Revaluation Reserve	(4,708)	12,625	-	8,129	(38,498)	-	**(22,452)**
Revaluation increases / (decreases) recognised in the CIES	(53,389)	(6,764)	-	(29,673)	(553)	-	**(90,379)**
Depreciation	(4,553)	(10,722)	(4,473)	-	-	-	**(19,748)**
Impairments recognised in the CIES	-	(1,442)	(89)	-	-	-	**(1,531)**
Disposals and Decommissioning	(8,644)	(2,050)	-	-	(3)	(3,417)	**(14,114)**
Transfer to Inventory	-	-	-	-	-	(10,842)	**(10,842)**
Reclassifications	22,433	21,166	1,362	439	4,200	(49,600)	**-**
Reclassifications (to) / from Assets held for Sale	-	(468)	-	-	-	-	**(468)**
Reclassifications (to) / from Investment Property		(361)	-	(36)	-	(76)	**(473)**
As at 31 March 2023	**757,848**	**662,794**	**9,078**	**41,418**	**434,344**	**97,924**	**2,003,406**

ENFIELD Council

Notes Supporting the Consolidated Balance Sheet

Note 23 Property, Plant and Equipment continued:

Balances as at 31 March 2022	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Cost or Valuation	764,016	647,492	42,833	61,947	435,347	94,778	**2,046,413**
Accumulated Depreciation	(35)	(9,882)	(34,394)	-	-	-	**(44,311)**
Carrying Amount	**763,981**	**637,610**	**8,439**	**61,947**	**435,347**	**94,778**	**2,002,102**
Owned	763,981	589,844	8,439	61,947	435,347	94,778	**1,954,336**
PFI	-	47,766	-	-	-	-	**47,766**
Carrying Amount	**763,981**	**637,610**	**8,439**	**61,947**	**435,347**	**94,778**	**2,002,102**

Movement in Carrying Amount	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Surplus Assets* £'000	Assets Under Construction £'000	Total £'000
As at 1 April 2021	**683,333**	**623,519**	**12,304**	**61,345**	**253,461**	**70,110**	**1,704,072**
Additions	47,691	13,543	2,409	602	33,594	45,976	**143,815**
Revaluation increases / (decreases) recognised in Revaluation Reserve	156,825	20,835	-	-	134,104	-	**311,764**
Revaluation increases / (decreases) recognised in the CIES	(111,740)	(9,696)	-	-	22,255	-	**(99,181)**
Depreciation	(11,341)	(9,235)	(6,274)	-	-	-	**(26,850)**
Disposals and Decommissioning	(17,075)	(36)	-	-	(430)	(6,482)	**(24,023)**
Reclassifications	16,289	(438)	-	-	(1,025)	(14,826)	**-**
Reclassifications (to) / from Investment Property and Surplus Assets	-	(880)	-	-	(6,612)	-	**(7,492)**
Other Movements in Depreciation	(1)	(2)	-	-	-	-	**(3)**
As at 31 March 2022	**763,981**	**637,610**	**8,439**	**61,947**	**435,347**	**94,778**	**2,002,102**

*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 £420m of the net book value in 2022/23 and £435m in 2021/22.

Notes Supporting the Consolidated Balance Sheet

Note 23a Group Property, Plant and Equipment

Within the consolidation of the group accounts, £37.0m of Investment Properties are reclassified as Property, Plant & Equipment (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 Property, Plant & Equipment (PPE)

31-Mar-2022 £'000		31-Mar-2023 £'000
2,185,608	Council's Property, Plant & Equipment (PPE)	2,187,853
43,780	Reclassified from Investment Property (Housing Gateway Ltd)	48,789
-	Reclassified from Investment Property (Social Care)	-
130	Housing Gateway Limited (HGL)	119
23,053	Lee Valley Heat Network (LVHN)	37,603
2,252,571	**Total**	**2,274,364**

Note 24 Infrastructure Assets

In accordance with the temporary relief offered by the 'CIPFA Bulletin 12 – Accounting for Infrastructure Assets – Temporary Solution' issued in January 2023, this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

As infrastructure assets are not disclosed on the face of the Balance Sheet, a reconciling note below shows the totals for Property Plant and Equipment.

2021/22 £'000		2022/23 £'000
182,327	**Net book value as at 1 April**	**183,506**
14,410	Additions and Enhancements	16,128
(13,232)	Depreciation	(13,515)
-	Impairments recognised in the CIES	(961)
-	Disposals and Derecognitions	(711)
1	Other Depreciation Movements	-
183,506	**Net Book Value as at 31 March**	**184,447**
183,506	Infrastructure assets	184,447
2,002,102	Other Property, Plant & Equipment (PPE) assets	2,003,406
2,185,608	**Total Property Plant and Equipment**	**2,187,853**

Note 25 Movement in Investment Property, Heritage Assets, Intangible Assets and Assets Held for Sale

Balances as at 31 March 2023	Investment Property £'000	Heritage Assets £'000	Assets Held for Sale £'000	Intangible Assets £'000
Cost or Valuation	182,015	3,929	1,721	18,331
Accumulated Depreciation	-	-	-	(6,922)
Carrying Amount	**182,015**	**3,929**	**1,721**	**11,409**

Movements in Carrying Amount 2022/23	Investment Property £'000	Heritage Assets £'000	Assets Held for Sale £'000	Intangible Assets £'000
As at 1 April 2022	201,952	5,430	970	16,267
Additions	831	-	-	2,064
Revaluation increases / (decreases) recognised in Revaluation Reserve	-	(1,344)	-	-
Revaluation increases / (decreases) recognised in the CIES	(20,478)	(157)	-	-
Depreciation	-	-	-	(6,922)
Disposals and Decommissioning	-	-	(480)	-
Reclassifications (to) / from Assets Held for Sale	(763)	-	763	-
Reclassifications (to) / from Property, Plant & Equipment	473	-	468	-
As at 31 March 2023	**182,015**	**3,929**	**1,721**	**11,409**

Notes Supporting the Consolidated Balance Sheet

Note 25 Movement in Investment Property, Heritage Assets, Intangible Assets and Assets Held for Sale continued:

Balances as at 31 March 2022	Investment Property £'000	Heritage Assets £'000	Assets Held for Sale £'000	Intangible Assets £'000
Cost or Valuation	201,952	5,430	970	23,777
Accumulated Depreciation	-	-	-	(7,510)
Carrying Amount	**201,952**	**5,430**	**970**	**16,267**

Movements in Carrying Amount 2021/22	Investment Property £'000	Heritage Assets £'000	Assets Held for Sale £'000	Intangible Assets £'000
As at 1 April 2021	177,747	5,430	970	21,626
Additions	5,880	-	-	2,151
Revaluation increases / (decreases) recognised in Revaluation Reserve	-	-	-	-
Revaluation increases / (decreases) recognised in the CIES	10,864	-	-	-
Depreciation	-	-	-	(7,510)
Disposals and Decommissioning	(31)	-	-	-
Reclassifications	-	-	-	-
Reclassifications (to) / from Investment Property and Surplus Assets	7,492	-	-	-
As at 31 March 2022	**201,952**	**5,430**	**970**	**16,267**

Notes Supporting the Consolidated Balance Sheet

Note 26 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. All property has been valued as at 31 March 2023.

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

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.

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
Carried at Historical / Depreciated Historical Cost	-	-	48,034	365,134	41,418	-	97,924	-	3,930	1,721	54,297	**612,458**
Valued at current value as at:												
31 March 2023	757,848	93,149	-	-	-	434,344	-	182,015	-	-	-	**1,467,356**
31 March 2022	-	319,085	-	-	-	-	-	-	-	-	-	**319,085**
31 March 2021	-	142,791	-	-	-	-	-	-	-	-	-	**142,791**
31 March 2020	-	109,354	-	-	-	-	-	-	-	-	-	**109,354**
31 March 2019	-	16,623	-	-	-	-	-	-	-	-	-	**16,623**
Total Cost or Valuation	**757,848**	**681,002**	**48,034**	**365,134**	**41,418**	**434,344**	**97,924**	**182,015**	**3,930**	**1,721**	**54,297**	**2,667,667**

Notes Supporting the Consolidated Balance Sheet

Note 27 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 2023, the level of observable inputs were all deemed to be Level 2. This includes the value of the Meridian Water assets.

Level 2

2022/23	31-Mar-2022 £'000	Transfers In £'000	Transfers Out £'000	Additions £'000	Disposals £'000	Fair Value Movements £'000	31-Mar-2023 £'000
Land	435,000	-	-	33,228	-	(48,228)	420,000
Buildings	-	-	-	-	-	-	-
	435,000	**-**	**-**	**33,228**	**-**	**(48,228)**	**420,000**

Level 2

2021/22	31-Mar-2021 £'000	Transfers In £'000	Transfers Out £'000	Additions £'000	Disposals £'000	Fair Value Movements £'000	31-Mar-2022 £'000
Land	245,000	-	-	33,594	-	156,406	435,000
Buildings	-	-	-	-	-	-	-
	245,000	**-**	**-**	**33,594**	**-**	**156,406**	**435,000**

Note 28 Investment Properties

The fair value of the Council's investment property is measured annually at each reporting date. For 2022/23 the fair value for investment properties has been certified by RICS qualified valuers (Knight Frank, Spencer Craig & 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:

2021/22 £'000		2022/23 £'000
80,561	Land	75,001
60,498	Commercial Units	47,756
31,900	Shops	31,097
28,993	Other	28,161
201,952	**Total**	**182,015**

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

2021/22 £'000		2022/23 £'000
(11,792)	Rental and Service Charge Income from Investment Property	(9,893)
422	Related Operating Expenses	2,289
(10,864)	Changes in Fair Value	20,479
(22,234)	**Net (gain)/loss**	**12,875**

Notes Supporting the Consolidated Balance Sheet

Note 28 Investment Properties continued:

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 2022/23 or the preceding year.

The breakdown of the Level 3 Properties for 2021/22 and 2022/23 is as follows:

2022/23	**Land £'000**	**Commercial Units £'000**	**Other £'000**	**Total £'000**
Opening Balances	27,234	6,143	-	33,377
Opening Balance adjustment				
Adjusted Opening Balance	**27,234**	**6,143**	**-**	**33,377**
Additions	344	-	-	344
Disposals	361	(415)	-	(54)
Unrealised Gains/Losses	(127)	(42)	-	(169)
Closing Balances	**27,812**	**5,686**	**-**	**33,498**

2021/22	**Land £'000**	**Commercial Units £'000**	**Other £'000**	**Total £'000**
Opening Balances	26,339	6,035	30	32,404
Opening Balance adjustment				
Adjusted Opening Balance	**26,339**	**6,035**	**30**	**32,404**
Additions	-	-	-	-
Disposals	-	-	(30)	(30)
Unrealised Gains/Losses	895	108	-	1003
Closing Balances	**27,234**	**6,143**	**-**	**33,377**

Notes Supporting the Consolidated Balance Sheet

Note 28a 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 2022/23 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-2022 £'000		31-Mar-2023 £'000
276,604	**Balance at the start of the year**	**305,198**
9,379	Capital expenditure	3,407
(31)	Write out of disposals	(650)
13,771	Nets gains/(losses) from fair value adjustments	(20,284)
	Transfers:	
5,475	From Property, Plant and Equipment	2,171
-	To Property, Plant and Equipment	-
-	From Assets Under Construction	-
305,198	**Balance at the end of the year**	**289,842**

31 March 2022 £'000		31 March 2023 £'000
80,561	Land	75,001
60,498	Commercial Units	47,756
31,900	Shops	31,097
103,246	Housing	107,827
28,993	Other	28,161
305,198	**Total**	**289,842**

Notes Supporting the Consolidated Balance Sheet

Note 29 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 25

Notes Supporting the Consolidated Balance Sheet

Note 30 Capital Expenditure and Capital Financing

2021/22 £'000		2022/23 £'000
1,172,203	**Opening Capital Financing Requirement**	1,244,716
	Capital Investment:	
143,815	Property, Plant and Equipment	161,312
14,410	Infrastructure Assets	16,128
5,880	Investment Properties	831
2,151	Intangible Assets	2,064
-	Assets Held for Sale	-
-	Long Term Investment	-
10,900	Revenue Expenditure Funded from Capital Under Statute (REFCUS)	13,994
-	Heritage Assets	-
21,250	Companies Investment	19,000
198,406	**Total Capital Investment**	**213,329**
	Sources of Finance	
(5,934)	Capital Receipts	(27,116)
(58,714)	Government Grants and Contributions	(66,570)
(17,258)	HRA Major Repairs Reserve	(5,716)
(25,461)	Direct Revenue Contributions	(11,454)
(15,674)	Minimum Revenue Provision	(18,969)
(840)	Repayment of Loans	(921)
(3,600)	Decrease in PFI Contract Liabilities	(3,973)
527	Adjustment for impairment of Companies Equity Share	230
1,061	Adjustment for impairment of Energetik loan	13,243
(125,893)	**Total Sources of Finance**	**(121,246)**
1,244,716	**Closing Capital Financing Requirement**	**1,336,799**
72,513	Increase in underlying need to borrow	92,083
72,513	**Increase in Capital Financing Requirement**	**92,083**

Note 31 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 2023 total £105.6m (£88.1m as at 31 March 2022). Details are below:

31-Mar-2022 £'000	Schemes	31-Mar-2023 £'000
-	Children & Family Services	293
25	Customer Experience & Change	20
183	Digital Data & Technology	1,139
4,992	Education	3,971
1,778	Environment & Operations	4,735
38,229	HRA	56,014
38,308	Meridian Water	31,939
4,582	Property & Economy	7,481
88,097	**Total**	**105,592**

Note 32 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-Mar-2022			31-Mar-2023	
Long term	Short term		Long term	Short term
£'000	£'000		£'000	£'000
		Fair Value through Profit or Loss		
		Debtor		
7,587	-	Loan to LVHN	10,474	-
		Amortised Cost		
		Debtor		
-	-	Loans to LVHN	-	-
81,604	-	Loans to HGL	83,365	-
-	162	Accrued Interest on above loans	-	-
-	-	School Loans	-	-
-	35,867	Trade debtors	-	42,874
1,451	-	Finance lease	1,439	-
8,480	-	Other Long term debtors	8,269	-
-	97,980	Cash and Cash Equivalents	-	37,574
99,122	**134,009**	**Total**	**103,547**	**80,448**

Notes Supporting the Consolidated Balance Sheet

Note 32 Financial Instruments continued:

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 trading but not yet in position to distribute surpluses to the Joint Venture partners. 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 decreased by £60.4m. Most of this decrease related to cash balances that were held in Money Market Funds used to support daily cashflow operational requirements. There was a reduction of £2.8m in Cash advances to LBE schools to support school cashflow

2021/22 £'000	Cash and Cash Equivalents movement	2022/23 £'000	Change £'000
57	Petty Cash	20	**(37)**
95,000	Money Market Funds	36,865	**(58,135)**
640	Call Accounts	-	**(640)**
(9,212)	Cash In Transit	(8,292)	**920**
222	Bank	497	**275**
11,273	School Loans	8,484	**(2,789)**
97,980	**Cash and Cash Equivalents**	**37,574**	**(60,406)**

As at 31st March 2023 Loans advanced to Housing Gateway Limited (HGL) were valued on a cash basis at £126.8m 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, £43.4m 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 £0.6m in the nominal loan balance for HGL representing the repayment of loans during the year. The value of the element that is classified as a long term debtor loan changed by £1.8m from £81.6m to £83.4m. No new loans were raised during the year and £0.6m of loan capital was repaid. The impact of soft loan accounting has resulted in a decrease of £2.4m as a result of equity investment being revalued within HGL (from £45.8m to £48.2m) as a result of a difference between amortised cost valuation and cash basis valuation. A high-level reconciliation is shown below.

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Notes Supporting the Consolidated Balance Sheet

Note 32 Financial Instruments continued:

2021/22 HGL £'000	2021/22 LVHN £'000	Company Loan Accounting	2022/23 HGL £'000	2022/23 LVHN £'000
122,012	12,950	Opening loan balance (cash basis)	127,400	15,234
6,000	2,500	New loans advanced in year	-	19,000
(612)	(216)	Loans repaid in year	(628)	(293)
127,400	**15,234**	**Closing nominal loan balance (cash basis)**	**126,772**	**33,941**
(45,796)	(1,792)	Value of long term investment (Equity) that has risen upon soft loan accounting	(43,407)	(4,046)
-	(5,855)	Loan Impairment	-	(19,421)
81,604	**7,587**	**Value of long term debtors' loans**	**83,365**	**10,474**

Loans advanced to Lee Valley Heat Network Limited (LVHN) were valued on a cash basis at £33.9m as at 31st March 2023 and were also categorised (in part) as soft loans. New loans of £19.0m were advanced by the Council to LVHN to support ongoing capital works for the construction of a heat network. £0.3m of loan capital was repaid by LVHN to the Council. In accordance with soft loan accounting, £4.0m 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 31st March 2023 was £19.4m. The net change in the nominal loan balance for LVHN was £18.7m, the value of the loan element that is classified as a long term debtor loan changed by £3.0m from £7.6m to £10.5m.

Notes Supporting the Consolidated Balance Sheet

Note 32 Financial Instruments continued:

Financial Instruments – Liabilities: The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

31-Mar-2022 Long term £'000	31-Mar-2022 Short term £'000		31-Mar-2023 Long term £'000	31-Mar-2023 Short term £'000
		Amortised Cost		
		Borrowings		
(954,048)	(61,050)	Principal	(1,014,012)	(104,224)
-	(5,651)	Accrued interest	-	(7,192)
		Creditors		
(3,847)	(1,320)	PFI - Highlands School	(2,399)	(1,448)
(9,172)	(1,132)	PFI - Street lighting	(8,041)	(1,131)
(13,322)	(1,520)	PFI - Starksfield & Refurbishment	(11,668)	(1,654)
(145)	-	Finance leases	(145)	-
-	(91,597)	Trade creditors	-	(88,095)
-	(1,495)	**Cash and Cash Equivalents**	-	(1,253)
(980,534)	**(163,765)**	**Total**	**(1,036,265)**	**(204,997)**

During the reported financial year, the Council had repaid short term principal debt of £61.1m. This was mainly comprised reclassified long term PWLB debt (£22.6m) and local authority short term loans (£35.0m). As at 31st March 2023 short term debt was valued at £104.2m, and mainly consists of reclassified PWLB long term debt (£27.8m) and local authority short term loans (£74.0m) that is repayable in 2023/24 financial year.

There were no changes in contract terms for financial instrument liabilities during the reported period. The Council does not offset financial assets and financial liabilities on its balance sheet.

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 wholly owned subsidiaries, Housing Gateway Limited (HGL) and Lee Valley Heat Network Limited (LVHN).

For HGL, of the total £126.8m outstanding nominal loan, proper accounting practice requires that £48.2m is deemed to be "investment in the subsidiary" and this is detailed in Note 19 Related Parties and Group Structure. It represents the benefit of the reduced interest rate. The remaining balance (£78.6m) is held at amortised cost as a long term debtor.

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 £33.9m outstanding nominal loan, proper accounting practice required that £4.0m be deemed to be investment in subsidiary, £10.5m

Notes Supporting the Consolidated Balance Sheet

Note 32 Financial Instruments continued:

as a long term debtor, with the balance (£19.4m) being a prudent assessment of the inherent business risk of lending to an organisation that does not yet have large cash inflows and subsequently impaired mainly through the Capital Adjustment Account and the CIES. 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.

2021/22 HGL £'000	2021/22 LVHN £'000		2022/23 HGL £'000	2022/23 LVHN £'000
		Total Loans (nominal values)		
122,012	12,950	Opening Balance	127,400	15,234
6,000	2,500	New Loans Granted	-	19,000
(612)	(216)	Loans Repaid	(628)	(293)
127,400	**15,234**	**Closing Balance of nominal loans**	**126,772**	**33,941**
		. . . of which:		
-	5,961	Loans at Market Rates	-	5,929
127,400	9,273	Loans at Sub-Market Rates	126,773	28,012
127,400	**15,234**		**126,773**	**33,941**
		Loans are shown on the Balance Sheet as:		
81,604	-	Debtors at Amortised Cost	83,365	-
-	7,587	Debtors at Fair Value	-	10,474
81,604	**7,587**	**Total**	**83,365**	**10,474**
(45,796)	(7,647)	Difference to nominal loan value	(43,407)	(23,467)
45,796	1,792	Loan element classified as investment in subsidiary (Equity) and not deemed as a financial instrument	43,407	4,046
-	5,499	Impairment charged to Capital Adjustment Account (Cumulative)	-	18,741
-	356	Impairment charged to CIES (Cumulative)	-	680
-	**-**	**Soft Loan Reconciliation Total**	**-**	**-**

Note 32 Financial Instruments continued:

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 2023 the Council had advanced loans of £33.9m to LVHN, but the loans on the Balance Sheet were valued at £14.5m (inclusive of the loan element that is classified as Equity investment due to soft loan accounting). The residual amount of £19.4m has been charged to the CIES over the last five years as an impairment charge, of which £18.7m 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. There were no defaults in loan repayments during the financial year.

The Council has also assessed the HGL loans under IFRS 9 for an expected credit loss allowance provision. As at 31st March 2023 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. There were no defaults in loan repayments during the financial year.

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:

2021/22 £'000	Net (gains)/losses on:	2022/23 £'000
(25)	Financial Assets at Fair Value in Profit and Loss	323
-	Financial Assets at Amortised Cost	-
-	Financial Liabilities at Amortised Cost	-
(3,970)	Interest Revenue	(6,467)
27,539	Interest Expense	30,944
23,544	**Total**	**24,800**

The £0.3m debit charge against Financial assets at fair value in profit and loss relates the impairment assessment of the LVHN loans. The debit has arisen due an increase in the underlying the discount rate used to impair the loans upon credit assessment and relates to loans that have been used to support revenue expenditure. The increase in the discount rate was due to the average 12-month money market rate increasing throughout the financial year as a result.

Note 32 Financial Instruments continued:

of changes in the Bank of England Base Rate. 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 re 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.
- 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.

Notes Supporting the Consolidated Balance Sheet

Note 32 Financial Instruments continued:

31-Mar-2022 Carrying amount £'000	Fair Value £'000		Fair Value Level	31-Mar-2023 Carrying amount £'000	Fair Value £'000
		Financial Liabilities:			
(1,020,749)	(1,050,373)	Total Borrowing	2	(1,125,428)	(843,744)
(30,457)	(27,458)	PFI and Finance Lease Liabilities*	2	(26,484)	(22,059)
(1,495)	(1,495)	Cash and Cash Equivalents	N/A	(1,253)	(1,253)
(91,597)	(86,710)	Trade Payables (Creditors)	N/A	(88,095)	(88,095)
(1,144,298)	**(1,166,036)**	**Total Financial Liabilities**		**(1,241,260)**	**(955,151)**
		Financial Assets:			
81,604	81,604	Long Term Loans to HGL	2	83,365	83,365
15,234	7,587	Long Term Loans to LVHN	3	33,941	10,474
-	-	Long Term School Loans	N/A	-	-
1,451	1,451	Finance Leases	N/A	1,439	1,439
8,480	8,480	Other long term debtors	N/A	8,269	8,269
35,867	35,867	Trade Receivables (Debtors)	N/A	42,874	42,874
97,980	97,980	Cash and Cash Equivalents	N/A	37,574	37,574
240,616	**232,969**	**Total Financial Assets**		**207,462**	**183,995**

*This includes PFI short term liabilities of £4.0m (2021/22) and £4.2m (2022/23) also within Short Term Liabilities

The fair value for total borrowings reflects the increase in PWLB rates as a result of the underlying increase in UK Gilt rates during 2022/23. The increase Gilt rates have been driven by inflationary pressures in the UK economy as well as the increase in Bank of England's Bank Rate as a response to controlling inflation. The reduction in the fair value of borrowings represents a discount that would be achieved if the Authority had prematurely repaid its total loans at 31 March due to the discount rate being significantly higher than the fixed interest rates of the loans within the portfolio.

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 2021.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The 2022/23 Treasury Management Strategy was approved at the Council's meeting on the 23 February 2023. The strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces treasury management practices specifying the practical arrangements to be followed to manage these risks.

Note 32 Financial Instruments continued:

The treasury management strategy includes an investment strategy in compliance with the Department for Levelling Up, Housing and Communities (DLUHC) 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 (from £33.9m to £14.5m), 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, 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.

Notes Supporting the Consolidated Balance Sheet

Note 32 Financial Instruments continued:

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

31-Mar-2022 Long Term £'000	31-Mar-2022 Short Term £'000	Credit Rating	31-Mar-2023 Long Term £'000	31-Mar-2023 Short Term £'000
-	95,000	AAA	-	36,865
-	640	A+	-	-
-	**95,640**	**Total**	**-**	**36,865**

Cash balances held in Money Market Funds (AAA) and Call Accounts (A+) as illustrated in the above table decreased during the financial year by 61% to finance the Council's daily cashflow requirement including the repayment of unused government grants, maturing debt and the capital programme. 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.

The Council holds £40.2m of liquid financial assets that can be withdrawn or sold at short notice if required to meet cash outflows on financial liabilities.

Credit Risk: Trade and Lease Receivables

Customers for goods and services are assessed on their financial position, experience and other factors, and are further considered with parameters set by the Council. Trade debtors are general debtors to the Council, and do not include Government departments, other local authorities or housing rents. The Council does not generally allow credit for its trade debtors. Debt not assessed individually have been assessed on a collective basis based on unique method for each service area. Debtors are written off (i.e. derecognised) when there is no reasonable expectation of recovery. During the reporting period the Council held no collateral as security.

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.

Note 32 Financial Instruments continued:

Liquidity Risk Disclosure at 31 March 2023 (Undiscounted)	<1 Year £000s	1-2 Years £000s	2-5 years £000s	5-10 Years £000s	10-20 Years £000s	20- 40 Years £000s	> 40 years £000s	Total £000s
Borrowing	104,223	31,770	62,922	178,680	304,111	281,528	155,000	**1,118,234**
Trade Payables	83,863	-	-	-	-	-	-	**83,863**
Lease payables	4,232	4,447	10,171	7,634	-	-	-	**26,484**
Total Financial Liabilities	**192,318**	**36,217**	**73,093**	**186,314**	**304,111**	**281,528**	**155,000**	**1,228,581**
Liquid Financial Assets	40,212	-	-	-	-	-	-	**40,212**
Net Liquidity Risk	**152,106**	**36,217**	**73,093**	**186,314**	**304,111**	**281,528**	**155,000**	**1,188,368**

Liquidity Risk Disclosure at 31 March 2022 (Undiscounted)	<1 Year £000s	1-2 Years £000s	2-5 years £000s	5-10 Years £000s	10-20 Years £000s	20- 40 Years £000s	> 40 years £000s	Total £000s
Borrowing	61,051	24,969	51,747	147,090	291,181	245,273	193,789	**1,015,099**
Trade Payables	87,625	-	-	-	-	-	-	**87,625**
Lease payables	3,972	4,233	11,390	10,862	-	-	-	**30,457**
Total Financial Liabilities	**152648**	**29,202**	**63,137**	**157,952**	**291,181**	**245,273**	**193,789**	**1,133,181**
Liquid Financial Assets	96,485	-	-	-	-	-	-	96,485
Net Liquidity Risk	**56,163**	**29,202**	**63,137**	**157,952**	**291,181**	**245,273**	**193,789**	**1,036,696**

Notes Supporting the Consolidated Balance Sheet

Note 32 Financial Instruments continued:

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 Supporting the Consolidated Balance Sheet

Note 32 Financial Instruments continued:

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

2021/22 Principal £'000	2021/22 Interest £'000	2021/22 Portion %		2022/23 Principal £'000	2022/23 Interest £'000	2022/23 Portion %
			Short Term			
61,051	25,554	4.23%	1 Year	104,223	30,969	5.09%
			Long Term			
24,969	24,708	4.09%	1-2 Years	31,770	27,600	4.53%
51,747	48,157	7.97%	2-5 years	62,922	53,230	8.74%
147,090	111,562	18.46%	5-10 Years	178,680	119,447	19.62%
139,030	97,668	16.16%	10-15 Years	175,544	98,652	16.21%
152,151	80,201	13.27%	15-20 Years	128,567	77,150	12.67%
49,777	71,157	11.78%	20-25 Years	63,377	69,807	11.47%
69,458	60,947	10.09%	25-30 Years	94,429	57,650	9.47%
85,038	39,285	6.50%	30-35 Years	48,934	34,983	5.75%
41,000	24,930	4.13%	35-40 Years	74,789	23,301	3.83%
88,789	13,374	2.21%	40-45 Years	50,000	10,789	1.77%
105,000	6,653	1.10%	45+ Years	105,000	5,159	0.85%
1,015,100	**604,196**	**100%**		**1,118,235**	**608,7387**	**100%**
			Short Term			
-	5,651	-	Accrued Interest	-	7,192	-
1,015,100	**609,847**		**Total**	**1,118,235**	**615,929**	

Notes Supporting the Consolidated Balance Sheet

Note 32 Financial Instruments continued:

The total interest commitment on all outstanding borrowing (as shown in the table above) if all borrowing is held to maturity is £615.9m

During 2022/23 the Council serviced its debts in a timely manner and there was no breach of any loan covenants or default on loan repayments. The Council repaid back £61m of loan capital and raised new loans of £164m (£90m long term PWLB loans; £69m short term local authority loans; and £5m short term bank loan). The table below summarises debt and other long term liabilities outstanding at 31 March 2023:

31-Mar-2022 £'000	Loans and other long term liabilities outstanding (nominal value)	31-Mar-2023 £'000
904,787	Public Works Loans Board	966,953
49,262	Market Debt	46,734
-	Other Loans	325
954,049	**Long Term Borrowing**	**1,014,012**
35,000	Temporary Borrowing	74,000
26,051	Other Loans Less than 1 year	30,223
5,651	Accrued Interest	7,192
1,020,751	**Long & Short term Borrowing**	**1,125,427**
30,457	Deferred Liabilities – PFI and finance leases	26,484
1,051,208	**Total**	**1,151,911**

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).

Note 32 Financial Instruments continued:

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 2023, 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 2022/23 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 2023, with all other variables held constant, the financial effect would be:

31-Mar-2022 £'000	Interest Rate Risk	31-Mar-2023 £'000
Nil	Increase in interest payable on variable rate borrowings	Nil
Nil	Increase in interest receivable on variable rate investments	Nil
-	**Impact on Comprehensive Income and Expenditure Account**	**-**
(93)	**Increase in interest payable on HRA cash balances***	**(374)**
6	Increase in fair value of fixed rate investment assets	-
848	Increase in fair value of investment assets held at FVPL	325
854	**Impact on Other Comprehensive Income and Expenditure***	**325**
187,468	**Decrease in fair value of fixed rate borrowings liabilities***	**111,498**

*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.

ENFIELD Council

Note 32 Financial Instruments continued:

Equity Instruments

As at 31st March 2023, the Council held cash balances across six Sterling money market investment funds with a nominal balance of £36.9m. 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 Nt 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.

31-Mar-22 Carrying Amount £'000	31-Mar-22 Fair Value £'000	Money Market Funds (MMFs) held at Fair Value Through Profit and Loss	31-Mar-23 Carrying Amount £'000	31-Mar-23 Fair Value £'000
-	-	Long term	-	-
95,000	95,000	Short term	36,865	36,865
95,000	**95,000**	**Total**	**36,865**	**36,865**
(55)	**(55)**	**Dividends distributed by MMFs during 2022/23**	**(1,834)**	**(1,834)**

The Council received monthly dividends equating to £1.8m during 2022/23 on balances held in the money market funds, 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. The significant change in the value of dividends received during the year (from £0.06m to £1.8m) reflects the change in fund interest rates driven by the change in Bank of England Bank Rate throughout 2022/23. Cash balances held in Money Market Funds (AAA) and Call Accounts (A+) as illustrated in the above table decreased during the financial year by 61% to finance the Council's daily cashflow requirement.

Note 32a 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 31-Mar-2022 £'000	Short term 31-Mar-2022 £'000		Long term 31-Mar-2023 £'000	Short term 31-Mar-2023 £'000
		Debtors' at Amortised Cost		
-	37,225	Trade debtors	-	43,551
1,451	-	Finance lease	1,439	-
-	114,757	Cash and Cash Equivalents	-	45,727
1,451	**151,982**	**Total**	**1,439**	**89,278**

Notes Supporting the Consolidated Balance Sheet

Note 33 Short Term Debtors

31-Mar-22 £'000	Short Term Debtors	31-Mar-23 £'000
31,244	Sundry Debtors	38,875
12,016	Central Government Debtors	7,399
2,490	Business Rate Debtors	862
7,676	Payments In Advance	8,885
10,898	Tax Debtors	10,797
7,838	Rent Debtors	8,261
18,227	Council Tax Debtors	11,401
10,815	Housing Benefit Overpayments	10,541
1,212	Court Costs	1,158
11,397	Local Government Debtors	4,677
24,666	NHS Debtors	20,124
2,,133	Leaseholder Debtors	3,138
53	Other Debtors	72
140,665	**Total**	**126,190**

The debtors below are for the entire Collection Fund:

31-Mar-2022 £'000	Local Taxation Debtors	31-Mar-2023 £'000
	Council Tax	
11,738	Under 1 year	12,835
20,153	Over 1 Year	24,077
31,891	**Total Council Tax**	**36,912**
	National Non-Domestic Rates	
9,789	Under 1 year	7,342
11,459	Over 1 Year	11,316
21,248	**Total National Non-Domestic Rates**	**18,658**

Note 33a Group Short Term Debtors

31-Mar-2022 £'000		31-Mar-2023 £'000
	Analysis of Group Short Term Debtors	
146,993	Group Debtors	129,902
(4,993)	Less Related Parties (from Subsidiaries)	(4,821)
142,000	**Total**	**125,081**

Note 34 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-Mar-2022 £'000	Type	31-Mar-2023 £'000
57	Petty Cash	20
95,000	Money Market Funds	36,865
640	Call Accounts	-
(9,212)	Cash in Transit	(8,293)
222	Bank	497
-	Imprest Accounts	-
11,273	School Loans	8,484
(1,086)	Trust Funds	(1,102)
(409)	Credit	(150)
96,485	**Cash and Cash Equivalents**	**36,321**

Notes Supporting the Consolidated Balance Sheet

Note 35 Short Term Payables

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

31-Mar-2022 £'000		31-Mar-2023 £'000
(2,952)	Deposits	(3,501)
(77,039)	Sundry Creditors	(72,131)
(1,924)	Business Rate Creditors	(2,246)
(3,972)	Lease Creditors	(4,232)
(5,096)	Council Tax Creditors	(5,515)
(56,890)	Central Government Creditors	(10,426)
(335)	Local Government Creditors	(410)
(5,026)	Rent Creditors	(5,304)
(5)	Housing Benefit Overpayment Creditors	-
(726)	Leaseholder Creditors	(682)
(8,474)	Leave Creditors	(8,855)
(162,439)	**Total**	**(113,302)**

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

Notes Supporting the Consolidated Balance Sheet

Note 36 Revenue Grant and Contributions - Receipts in Advance (Current)

2021/22 £'000	Revenue Grants Receipts In Advance	2022/23 £'000
(6,338)	Covid-19 Additional Relief Fund	(4,383)
(481)	Community Vaccine Champions	-
(348)	Local Restrictions Open and Additional Restriction Grants	(93)
(324)	ASC Omicron Support Fund	-
(216)	Self-Isolation Payments Funding	(216)
(68)	Protect and vaccinate	-
(20)	Recovery Premium Funding	(474)
-	S31 Business Rates Grant	(2,421)
(7,795)	**Covid Grant Receipts In Advance**	**(7,587)**
(2,279)	Energy Bills Rebate	-
(1,696)	TfL Mini Hollands Cycle Risk Funding	-
(1,030)	Housing Benefits Subsidy Rent Allowance	-
(1,067)	Other non-Covid Grants (under £1m)	(1,067)
(13,867)	**Total**	**(8,654)**

Note 37 Capital Grant and Contributions - Receipts in Advance (Non-Current)

2021/22 £'000	Capital Grants Receipts In Advance	2022/23 £'000
(22,879)	Building Council Homes for Londoners Grant	(18,215)
(6,459)	S106 Capital RIA	(6,903)
(788)	Social Housing Decarbonisation Fund Wave 1	-
(652)	National Net Zero Retrofit Grant	-
(450)	GLA Heat Networks Grant	(105)
-	One Public Estate Grant	(628)
-	Homes for London Grant	(240)
(108)	Other (under £100,000)	-
(31,336)	**Total**	**(26,091)**

Notes Supporting the Consolidated Balance Sheet

Note 38 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 2022 £'000	Raised in year £'000	Utilised in Year £'000	Written back to revenue in year £'000	Balance 31 March 2023 £'000
Short Term					
Legal	(1,293)	(792)	620	-	**(1,465)**
Insurance	(1,973)	(1,953)	1,973	-	**(1,953)**
Redundancy	(639)	(504)	-	639	**(504)**
Other Minor Provisions	(88)	-	-	88	**-**
Short Term	**(3,993)**	**(3,249)**	**2,593**	**727**	**(3,922)**
Long Term					
Insurance	(5,252)	(4,664)	5,252	-	**(4,664)**
Tenant Water Rate Refund	(2,903)	-	-	2,903	**-**
Business Rate Valuation Appeals	(3,540)	(905)	1,822	-	**(2,623)**
Long Term	**(11,695)**	**(5,569)**	**7,074**	**2,903**	**(7,287)**
Total Provisions	**(15,688)**	**(8,818)**	**9,667**	**3,630**	**(11,209)**

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 £2.6m provision for business rate valuation appeals is Enfield’s share of a total provision of £8.7m set out in more detail in the Collection Fund.

Note 39 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 40 Other Long term Liabilities

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

31-Mar-2022 £'000		31-Mar-2023 £'000
(26,340)	Amounts due to be paid under PFI Contracts	(22,107)
(145)	Amounts due to be paid under other Finance Leases	(145)
(26,485)	**Total**	**(22,252)**

Note 41 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 2022 £'000		31 March 2023 £'000
1,004	Not later than one year	939
3,728	Later than one year and not later than five years	3,718
23,888	Later than five years	22,958
28,620	**Total**	**27,615**

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

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 2022/23 was £12.2m (£11.8m in 2021/22). 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 2022 £'000		31 March 2022 £'000
5,425	Amount due not later than one year	4,155
13,608	Amount due between one and five years	11,342
43,063	Later than five years	41,173
62,096	**Total**	**56,670**

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

Note 42 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 23 Property, Plant and Equipment. 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 2023 are shown below.

Period	**Payment for Services**	**Reimbursement of Capital Expenditure**	**Interest**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Within one year	5,268	4,233	2,174	**11,675**
2 - 5 years	20,439	14,618	5,135	**40,192**
6 - 10 years	11,666	7,488	909	**20,063**
11 - 15 years	-	-	-	**-**
Total	**37,373**	**26,339**	**8,218**	**71,930**

The carrying value of the scheme assets are shown in Note 23 Property, Plant and Equipment

2021/22 £'000	**Outstanding Liability for Reimbursement of Capital Expenditure**	**2022/23 £'000**
(33,915)	Balance outstanding 1 April	(30,312)
3	Prior Year Rounding Correction	-
3.600	Payments during the year	3,973
(30,312)	**Balance outstanding 31 March**	**(26,339)**

Note 43 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 2022/23 employer contributions of £17.5m were paid to the Teacher's Pension Scheme (£17.1m paid in 2021/22), 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 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 2022/23 the Council's employer contributions to the NHS Pension Scheme were £ £23,396 (£26,013 in 2021/22).

Note 44 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 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.

Notes Supporting the Consolidated Balance Sheet

Note 44 Defined Benefit Pension Schemes continued:

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 45 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.

Notes Supporting the Consolidated Balance Sheet

Note 45 Pension Liability continued:

2021/22 Scheme Assets £'000	2021/22 Pensions Obligations £'000	2021/22 Net Pensions Liability £'000		2022/23 Scheme Assets £'000	2022/23 Pensions Obligations £'000	2022/23 Net Pensions Liability £'000
1,248,190	(1,852,766)	**(604,576)**	Opening Balance at 1 April	**1,355,264**	**(1,777,828)**	**(422,564)**
2,036	(3,988)	**(1,952)**	Prior Year Adjustments	**-**	**-**	**-**
1,250,226	**(1,856,754)**	**(606,528)**	**Opening Balance at 1 April**	**1,355,264**	**(1,777,828)**	**(422,564)**
-	(70,733)	**(70,733)**	Current Service Cost	-	(71,720)	**(71,720)**
-	(895)	**(895)**	Past Service cost and gains/losses on curtailments	-	(929)	**(929)**
26,182	(38,526)	**(12,344)**	Interest Income and Expense	36,722	(47,689)	**(10,967)**
-	-	**-**	Settlements	-	-	**-**
26,182	**(110,154)**	**(83,972)**	**Total post-employment benefits charged to Surplus or Deficit on Provision of Services**	**36,722**	**(120,338)**	**(83,616)**
			Contributions			
33,680	-	**33,680**	• The Council	36,432	-	**36,432**
9,964	(9,964)	-	• Employees	10,996	(10,996)	-
43,644	**(9,964)**	**33,680**	**Employers contributions payable to scheme**	**47,428**	**(10,996)**	**36,432**
			Payments			
(47,553)	47,553	**-**	• Retirement Grants and Pensions	(42,328)	42,328	**-**
(47,553)	**47,553**	**-**	**Total payments**	**(42,328)**	**42,328**	**-**
			Remeasurements			
82,765	-	**82,765**	• Return on Plan Assets	(112,898)	-	**(112,898)**
-	18,605	**18,605**	• Actuarial Gains and Losses arising from changes in demographic assumptions	-	188	**188**
-	112,720	**112,720**	• Actuarial Gains and Losses from changes in Financial Assumptions	-	642,479	**642,479**
-	20,166	**20,166**	•Experience loss /(gain) on defined benefit obligation	-	(136,691)	**(136,691)**
82,765	**151,491**	**232,304**	**Post-Employment Benefits Charged to other Comprehensive Income and Expenditure Statement**	**(112,898)**	**505,976**	**393,078**
1,355,264	**(1,777,828)**	**(422,564)**	**Closing Balance at 31 March**	**1,284,188**	**(1,360,858)**	**(76,670)**

Notes Supporting the Consolidated Balance Sheet

Note 45 Pension Liability continued:

Composition of Scheme Assets:

31-Mar-2022 Total	Scheme Asset Type	Quoted	Unquoted	31-Mar-2023 Total
51.40%	Equity Investments	38.40%	7.90%	46.30%
18.20%	Property	3.10%	14.60%	17.70%
6.10%	Government Bonds	5.50%	0.00%	5.50%
8.90%	Corporate Bonds	15.90%	0.00%	15.90%
3.70%	Multi Asset Credit	3.70%	0.00%	3.70%
7.60%	Cash	5.80%	0.00%	5.80%
4.10%	Other Assets	0.00%	5.10%	5.10%
100.00%	**Total**	**72.40%**	**27.60%**	**100.00%**

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 2023. The principal assumptions used by the actuary are shown in the table below:

2021/22	Mortality Assumptions:	2022/23
	Future lifetime for Males	
22.3	Member aged 65 at accounting date	21.8
23.0	Member aged 45 at accounting date	23.2
	Future lifetime for Females	
24.2	Member aged 65 at accounting date	24.2
25.0	Member aged 45 at accounting date	25.6
	Economic Assumptions:	
2.7%	Discount Rate	4.7%
	RPI Inflation	
3.0%	CPI Inflation	2.7%
3.0%	Rate of increase to pensions	2.7%
4.5%	Rate of general increase in salaries	4.2%

Note 45 Pension Liability continued:

Sensitivity Analysis

Impact on the Defined Benefit Obligation	Increase in Assumption £'000	Decrease in Assumption £'000
Discount Rate (increase or decrease by 0.1%)	(21,203)	21,203
Rate of increase in salaries (increase or decrease by 0.1%)	1,325	(1,325)
Rate of increase in pensions (increase or decrease by 0.1%)	19,878	(19,878)
Longevity (increase or decrease by 1 year)	33,130	(34,455)

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 2022/23 are £32.2m and £1.8m, respectively. The duration of the liabilities for the funded LGPS benefits are 16.3 years.

Notes Supporting the Cashflow Statement

Note 46 Cashflow Adjustments to Net Deficit on The Provision of Services

2021/22 Council £'000		2022/23 Council £'000
40,080	Depreciation of Non-Current Assets	33,265
88,319	Impairment of Non-Current Assets	113,507
7,510	Amortisation of intangible Fixed Assets	6,922
50,292	Pension Fund adjustments	47,184
1,588	Impairment losses on loans & advances debited to the CI&E in year	13,473
(536)	Increase/decrease in impairment for provision for bad debts	(3,301)
(830)	Transfer to the Deferred capital Receipts	212
(8,158)	Contributions to Provisions	(4,477)
23,466	Carrying amount of PP&E, investment property and intangible assets sold	15,304
(437)	(Increase)/Decrease in Inventories	(10,786)
26,070	(Increase)/Decrease in Debtors	14,475
2,968	Increase/(Decrease) in Creditors	(49,137)
(68)	Other non-cash movement	412
230,264	**Total adjustments to net deficit on the provision of services**	**177,053**

2021/22 Council £'000		2022/23 Council £'000
(20,950)	Interest Paid	(23,730)
3,943	Interest Received	6,294
(17,007)	**Total adjustments to net deficit on the provision of services**	**(17,436)**

Notes Supporting the Consolidated Balance Sheet

Note 47 Cashflow from Investing Activities

2021/22 Council £'000		2022/23 Council £'000
(166,257)	Purchase of property, plant and equipment, investment property and intangible assets	(180,335)
(19,623)	Other payments for investing activities	(3,901)
18,823	Proceeds from sale of property plant equipment & investment property and other capital receipts	30,991
66,562	Capital Grants Received	53,189
-	Other receipts from investing activities	-
(100,495)	**Total Cashflow from Investing Activities**	**(100,056)**

Note 48 Cashflow from Financing Activities

2021/22 Council £'000		2022/23 Council £'000
49,449	Cash receipts of short and long term borrowing	59,964
(3,973)	Cash payments for the reduction of outstanding liabilities relating to finance leases and on balance sheet PFI contracts	(4,233)
35,637	Repayments of short and long term borrowing	44,715
-	Other payments for financing activities	-
81,113	**Total Cashflow from Financing Activities**	**100,446**

Notes Supporting the Consolidated Balance Sheet

Note 49 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:

2021/22 Council £'000		2022/23 Council £'000
(18,823)	Proceeds from sale of property plant equipment & investment property and other capital receipts	(30,991)
(63,398)	Any other items for which the cash effects are investing or financing cash flows: Capital Grants & Contributions	(58,387)
(82,221)	**Total Financing Activities**	**(89,378)**

Note 50 Reconciliation of Liabilities Arising From Financing Activities

	2021/22 £'000	Financing £'000	Investing £'000	Non-Cash Changes £'000	2022/23 £'000
Long term Borrowings	**(954,048)**	(59,964)			**(1,014,012)**
Short term Borrowings	**(66,701)**	(44,715)	(100,056)	100,056	**(111,416)**
Other Long term Liabilities	**(26,485)**	4,233			**(22,252)**
Total Liabilities from Financing Activities	**(1,047,234)**	**(100,446)**	**(100,056)**	**100,056**	**(1,147,680)**

Other Notes

Note 51 Events After the Reporting Period

The Executive Director of Resources authorised the Statement of Accounts on 31 May 2023. 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 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Supplementary Accounts and Notes to Accounts

Housing Revenue Account (HRA)

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

Housing Revenue Account Income and Expenditure Statement

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

Notes Supporting the Consolidated Balance Sheet

Housing Revenue Account continued:

2021/22 £'000		Notes	2022/23 £'000
	Income		
(54,927)	Dwelling rents (gross)		(56,512)
(3,472)	Non-dwelling rents (gross)		(3,604)
(11,153)	Charges for services and facilities		(16,505)
(398)	Contributions towards expenditure		(202)
(69,950)	**Total Income**		**(76,823)**
	Expenditure		
12,097	Repairs and maintenance		11,488
31,821	Supervision and management	5	29,862
1,997	Rents, rates, taxes and other charges		2,565
12,028	Depreciation		5,030
117,670	Revaluation	7	53,310
-	Impairment	7	126
-	Revenue Expenditure Funded from Capital Under Statute	7	-
(49)	Movement in the allowance for bad debts	3	252
175,564	**Total Expenditure**		**102,633**
105,614	**Net Expenditure or Income of HRA Services as included in the Whole Authority Comprehensive Income and Expenditure Statement**		**25,810**
140	HRA services' share of Corporate & Democratic Core		148
105,754	**Net Cost of HRA Services**		**25,958**
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
8,328	(Gain) or loss on sale of HRA non-current assets		(16,104)
-	Repayment of right-to-buy receipts		-
9,833	Interest payable and similar charges		11,267
(1)	Interest and Investment income		(753)
(632)	Income and expenditure and changes in fair value of Investment Properties	8	1,012
(15,043)	Capital grants and contributions receivable		(15,262)
1,365	Amounts payable into the Capital Receipts Pool		-
(693)	Other Operating Expenditure		(50)
108,911	**(Surplus)/ Deficit for The Year on HRA Services**		**6,068**

ENFIELD Council

Notes Supporting the Consolidated Balance Sheet

Housing Revenue Account continued:

2021/22 £'000	Statement of Movement on the Housing Revenue Account	Notes	2022/23 £'000
(9,944)	**Balance on the HRA at the end of the previous reporting period**		**(3,178)**
108,911	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement		6,068
(90,055)	Adjustments between Accounting and Funding Basis under Statute		(15,663)
18,856	**Net (Increase) or Decrease before transfers or from reserves**		**(9,595)**
(12,090)	Transfers to/(from) earmarked reserves		(861)
6,766	**(Increase) or decrease in-year on the HRA Balance**		**(10,456)**
(3,178)	**Balance on the HRA at the end of the reporting period**		**(13,634)**
	Adjustments between Accounting and Funding Basis under Statute		
12,175	Transfer to Major Repairs Reserve		5,029
(129,698)	Offsetting transfer in from capital adjustment account		(58,466)
15,043	Difference between any other items of income and expenditure determined in accordance with the Code and determined in accordance with statutory HRA requirements		15,262
632	Investment property - Gain / loss on disposal & movement in fair and market value		(1,012)
(9,159)	MIRS-Gain on sale of HRA non-current assets		16,317
-	Repayment of right-to-buy receipts		-
(3,657)	HRA share of contribution to / from pension reserve		(3,105)
25,106	Capital expenditure funded by the HRA		10,831
-	Derecognition of other noncurrent assets - Aerials & AUC		-
(1,365)	Transfer from Capital Receipts Reserve equal to the amounts payable into the Capital Receipts Pool		-
830	Transfers to / from Deferred Capital Receipts Reserve		(212)
38	Accumulated Absences		(307)
(90,055)	**Total Adjustments between Accounting and Funding Basis under Statute**		**(15,663)**

Notes Supporting the Consolidated Balance Sheet

HRA 1 Housing Stock

The Council was responsible for managing a Housing Revenue Account stock of 10,419 properties at 31 March 2023 compared with a total of 10,433 properties at 31st March 2022. 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-Mar-2022 Number of Properties		31-Mar-2023 Number of Properties
3,055	Houses	3,102
111	Bungalows	109
1,623	Maisonettes	1,574
5,644	Flats	5,634
10,433	**Total Housing stock**	**10,419**

HRA 2 Stock Valuation

The open market value of the Council's dwellings was £3.031bn at 31 March 2023 (£3.055bn at 31 March 2022). The difference between this value and the existing use value of £757.848m at 31 March 2023 (£763.981m at 31 March 2022) 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 2023 are £4.3m compared to £4.1m at the 31st March 2022. The provision for impairment of debts was £0.80m (2021/22 £0.79m). In 2022/23 there was a contribution of the Impairment of debt of £0.01m (£0.05m release in 2021/22).

Notes Supporting the Consolidated Balance Sheet

HRA 4 Major Repairs Reserve

2021/22 £'000		2022/23 £'000
(5,849)	Balance at 1 April	**(766)**
(12,028)	Transfer in at depreciation for operational assets	(5,029)
(147)	Voluntary Transfer	-
17,258	Amount applied to expenditure on council dwellings during year	5,716
(766)	**Balance at 31 March**	**(79)**

HRA 5 Repairs & Maintenance

The balance forms part of the Council's earmarked reserves as set out in Note 22 Transfers (To)/From Earmarked Reserves within Core Financial Statements.

2021/22 £'000		2022/23 £'000
(10,064)	Balance brought forward	(1,584)
-	Opening balance adjustment	-
14,782	Expenditure for the year	14,385
(6,302)	Contribution to the Repairs Fund	(13,735)
(1,584)	**Balance carried forward**	**(934)**

Notes Supporting the Consolidated Balance Sheet

HRA 6 HRA Assets

Operational Assets	01-Apr-2022 £'000	Acquisitions & Transfers £'000	Disposals £'000	Depreciation £'000	Net Revaluation £'000	31-Mar-2023 £'000
Council Dwellings	**763,980**	65,162	(8,644)	(4,553)	(58,097)	**757,848**
Other Land and Buildings	**72,852**	912	(676,720)	(468)	(117)	**(603,541)**
Intangible Assets	**16**	-	-	(8)	-	**8**
Total Property, Plant & Equipment	**836,848**	**66,074**	**(685,364)**	**(5,029)**	**(58,214)**	**154,315**
Total Investment Properties - Shops	**30,933**	76	-	-	(862)	**30,147**
TOTAL	**867,781**	**66,150**	**(685,364)**	**(5,029)**	**(59,076)**	**184,462**

Capital expenditure in the year amounted to £99.9m consisting of:

2021/22 £'000	Expenditure on:	2022/23 £'000
45,766	Works to Stock – General Works	39,208
2,674	Leaseholder Buy Backs	1,402
35,184	Buying Out Commercial and Residential Interests (Regeneration Projects)	59,251
83,624	**Total**	**99,862**
	Funded by:	
(2,785)	Capital Grants and Contributions	(29,368)
(3,805)	Capital Receipts	(25,610)
(25,106)	Earmarked Reserves	(10,831)
(34,670)	Prudential Borrowing	(28,337)
(17,258)	Major Repairs Reserve	(5,716)
(83,624)	**Total**	**(99,862)**

Notes Supporting the Consolidated Balance Sheet

HRA 7 Depreciation and Impairment

2021/22 £'000		2022/23 £'000
	Depreciation	
(11,341)	Council Dwellings	(4,553)
(679)	Other Land and Buildings	(468)
(8)	Amortisation of Intangible Assets	(8)
	Impairment and Downward Valuation	
(116,692)	Council Dwellings	(53,389)
(978)	Other Land and Buildings	(47)
-	Surplus Properties	-
(129,698)	**Total Capital Charges**	**(58,465)**

HRA 8 Investment Properties

2021/22 £'000		2022/23 £'000
(349)	Rental Income from Investment Properties	(351)
67	Direct Operating Expenses arising from Investment Property	-
632	Net (gain)/loss from fair value adjustments	(1,012)
350	**Net (Gain) / Loss**	**(1,363)**

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 45 Pension Liability of the main statement.

Collection Fund

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

The Council belonged to a London-wide pool for business rates for several years but was not part of a business rate pool for 2021/22. In 2022/23 the Council became part of an eight authority, London based pool for business rates. This pool is forecast to benefit Enfield, as the participating Councils retain and then share the growth across the pool authorities. The estimated forecast benefit to Enfield was £2.1m for 2022/23.

In 2022/23, the share of retained NNDR collection due to Central Government was 33% (the same as 2021/22) with the remaining 67% (split 30% to the London Borough of Enfield and 37% to the GLA). Council Tax income has grown from £175.494m in 2021/22 to £184.149m in 2022/23. Business Rate income that the Council was required to collect increased in 2022/23 compared to 2021/22, from £94.370m to £100.175m.

The Collection Fund Business Rate income for 2022/23 also includes the combined estimated deficit of £12.247m, our share of which was £3.674m.

Subsequently the Council's 2022/23 NNDR deficit of £2.419m was reversed via the Movement in Reserves Statement into an Unusable Reserve (Collection Fund Adjustment Account), alongside its £3.125m surplus Council Tax equivalent, or £0.706m in total. During the next year in line with statutory guidance (introduced to address the extraordinary deficits brought about by Covid), the remaining deficit balance will be charged to revenue and the earmarked reserves released accordingly to offset the impact.

The provision for business rate appeals has reduced by £3.053m this reflects that nearly all of the 2010 valuation list appeals have now been settled and that the 2017 list is now closed to any new appeals. In light of the cost of living crisis there has been a review of the council tax debt outstanding at 31st March 2023 and the provision for bad and doubtful debt has been increased by £14.830m. Following a similar review of business rate debt and due to continued economic uncertainty the 2022/23 business rates bad debt provision has been increased by £3.651m.

Notes Supporting the Consolidated Balance Sheet

Collection Fund Income and Expenditure Account	Note	2021/22 Council Tax £000	Business Rates £000	Total £000	2022/23 Council Tax £000	Business Rates £000	Total £000
Income							
Council taxpayers	1	(181,495)	-	**(181,495)**	(184,149)	-	**(184,149)**
Business ratepayers	2	-	(138,018)	**(138,018)**	-	(112,620)	**(112,620)**
Transitional Protection Payment		-	1,144	**1,144**	-	1,469	**1,469**
Business Rate Supplement	3	-	(2,068)	**(2,068)**	-	(2,447)	**(2,447)**
		(181,495)	**(138,942)**	**(320,437)**	**(184,149)**	**(113,598)**	**(297,747)**
Expenditure							
Council Tax Precepts and demands:							
London Borough of Enfield demand		133,108	-	**133,108**	139,361	-	**139,361**
London Borough of Enfield surplus		-	-	**-**	-	-	**-**
Greater London Authority precept		33,808	-	**33,808**	38,123	-	**38,123**
Greater London Authority surplus		-	-	**-**	22	-	**22**
Business Rates Retention:							
Central Government		-	34,558	**34,558**	-	31,296	**31,296**
Greater London Authority		-	38,747	**38,747**	-	35,089	**35,089**
London Borough of Enfield		-	31,417	**31,417**	-	28,451	**28,451**
Cost of collection allowance		-	319	**319**	-	315	**315**
GLA Business Rate Supplement							
Payment to GLA		-	2,068	**2,068**	-	2,447	**2,447**
Bad and Doubtful Debts:							
Council Tax		181	-	**181**	14,830	-	**14,830**
Business Rates		-	(415)	**(415)**	-	3,651	**3,651**
Provision for Business Rate Appeals		-	(23,958)	**(23,958)**	-	(3,053)	**(3,053)**
		167,097	**82,736**	**249,833**	**192,336**	**98,196**	**290,532**
Deficit / (Surplus) for the Year		**(14,398)**	**(56,206)**	**(70,604)**	**8,187**	**(15,402)**	**(7,215)**
Collection Fund Balances							
Balance brought forward at 1 April		2,156	79,691	**81,847**	(12,242)	23,485	**11,243**
(Surplus) / Deficit for year		(14,398)	(56,206)	**(70,604)**	8,187	(15,402)	**(7,215)**
Balance Carried Forward at 31 March		**(12,242)**	**23,485**	**11,243**	**(4,055)**	**8,083**	**4,028**
Allocated to:							
London Borough of Enfield		(9,545)	7,040	**(2,505)**	(3,125)	2,419	**(706)**
Greater London Authority		(2,697)	8,686	**5,989**	(930)	2,987	**2,057**
Government		-	7,759	**7,759**	-	2,677	**2,677**
Balance Carried Forward at 31 March		**(12,242)**	**23,485**	**11,243**	**(4,055)**	**8,083**	**4,028**

ENFIELD Council

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 2022/23 is as follows:

Band	Chargeable properties adjusted for discounts	Band D equivalent adjusted for estimated non-collection
A	2,597	1,678
B	6.199	4,672
C	23,017	19,825
D	27,856	26,993
E	17,590	20,832
F	8,382	11,732
G	5,502	8,885
H	904	1,752
	92,047	**96,369**

This basic amount of Council Tax for a Band D property, £1,841.71. 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	2021/22 £000	2022/23 £000
Council Tax Provision for Impairment of debt brought forward	(8,576)	(8,212)
Amount written off	545	1,451
(Contribution to) / release from Provision for Impairment of debt	(181)	(14,831)
Council Tax Bad Debt Provision	**(8,212)**	**(21,592)**

The figures above show the total Council Tax impairment of debt reflecting both the GLA precept and Enfield elements of the provision. Note33 (Debtors and Payments in Advance) shows the Enfield proportion of the Impairment of debt only.

Collection Fund Explanatory Notes

Coll 2 Business Rates

Business rates are organised on a national basis and re-valued periodically by the Valuation Office Agency (VOA). The latest revaluation taking affect from 1st April 2023. In 2022/23 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 2022/23, 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 2022/23 and paid to each body and charged to the Collection Fund. Variations between the estimated and actual income will create a surplus or deficit which is repaid or recovered from each body in the following year.

In addition, authorities must meet the cost of appeals against the rateable values set by the VOA. This provision is charged and provided for in proportion to the preceptors' shares (total £8.744m* in 2022/23). The provision for appeals is in addition to the provision for bad debts set out below.

Local Business Rates Bad Debt Provision	**2021/22 £000**	**2022/23 £000**
Provision for impairment of debt brought forward	(13,466)	(11,926)
Amount written off / (on)	1,116	1,318
Contribution to Provision for Impairment of debt	424	(3,651)
Local Business Rates Bad Debt Provision	**(11,926)**	**(14,259)**

*Enfield's share is £2.623m, which is shown under the provisions in Note 38.

Coll 3 Business Rates Supplement

Government legislation gives the Greater London Authority (GLA) 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 2022/23 after reliefs and provisions was £2.447m.

Pension Fund Accounts

London Borough of Enfield

Pension Fund Draft Statement of Accounts 2022/23

Pension Fund Accounts

2021/22 £000s	London Borough of Enfield Pension Fund Account	Notes	2022/23 £000s
	Dealings with members, employers and others directly involved in the Fund		
51,904	Contributions	7	56,214
2,984	Transfers in from other pension funds	8	12,591
54,888			**68,805**
(46,888)	Benefits payable	9	(49,478)
(4,750)	Payments to and on account of leavers	10	(3,766)
(51,638)			**(53,244)**
3,250	**Net additions/(withdrawals) from dealings with members**		**15,561**
(12,605)	Management expenses	11	(12,485)
(9,355)	**Net additional/(withdrawals) including fund management**		**3,076**
	Returns on investments		
16,664	Investment income	12	22,223
-	Taxes on income	13A	-
109,437	Profit & losses on disposal of investments and changes in the market value of investments	14A	(92,408)
126,101	**Net returns on investments**		**(70,185)**
116,746	**Net change in assets available for benefits during the year**		**(67,109)**
1,406,033	**Opening net assets of the scheme**		1,522,779
1,522,779	**Closing net assets of the scheme**		**1,455,670**

Pension Fund Accounts continued:

2021/22 £000s	Net Assets Statement for Year Ended 31 March 2023	Notes	2022/23 £000s
1,448,148	Investment assets	14	1,325,345
(233)	Investment liabilities		(103)
1,447,915	**Total net investments**		**1,325,242**
73,478	Cash deposits	14	128,959
2,624	Other investment balances -assets	14	1,991
(785)	Other investment balances - liabilities		(872)
1,523,232	**Other investment balances**	14	**1,445,320**
113	Long Term Debtor	20a	117
874	Current assets	20	612
(1,439)	Current liabilities	21	(379)
1,522,779	**Net assets of the fund available to fund benefits at the end of the reporting period**		**1,455,670**

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.

I can confirm that these Statement of Accounts have been prepared on the basis of providing a true and fair view of the Council's financial position with the best known information at this time. However, these accounts' opening balances have not been subject to finalised external audit for over three years and, given the number of years now outstanding, the level of risk of amendment is compounded. On this basis, it is not possible to substantially confirm that these accounts present a true and fair view at this time and until the external audits have been completed for 2019/20, 2020/21 and 2021/22.

Signed:

Fay Hammond
Executive Director Resources & S151
31 May 2023

Pension Fund Explanatory Notes

Pension Fund Explanatory Accounts

Note 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.

Note 1 Description of the Fund continued:

There are 54 employer organisations within the fund (including the Council itself), and 25,421 individual members, as detailed below. A full analysis is included below:

Enfield Pension Fund	31-Mar-2022	31-Mar-2023
Number of employers with active members	7,952	7,719
Number of pensioners	6,196	6,489
Deferred pensioners	7,789	8,179
Frozen/undecided	2,709	3,034
Total number of members in pension scheme	**24,646**	**25,421**

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 2022 has employer contribution rates range from 13.8% to 22.4% of pensionable pay.

d) Benefits

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

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

Note 1 Description of the Fund continued:

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.

Note 2 Basis of Preparation

The statement of accounts summarises the fund’s transactions for the 2022/23 financial year and its position at year-end as at 31 March 2023. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, 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.

Note 3 Accounting Policies

Fund Account – Revenue Recognition

A. **Contribution income**

Normal contributions are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes that rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the fund actuary for the 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.

Note 3 Accounting Policies continued:

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**

a) **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.

b) **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.

c) **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.

d) **Movement in the 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, providing that payment has been approved.

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Note 3 Accounting Policies continued:

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.

a) **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.
b) **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
c) **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 some fund 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.

Note 3 Accounting Policies continued:

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).

Pension Fund Explanatory Accounts

Note 3 Accounting Policies continued:

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.

Contingent assets and liabilities are not recognised in the net asset statement but are disclosed by way of narrative in the notes.

Note 4 Critical judgements in applying Accounting Policies

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.

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

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.

The items in the net assets statement at 31 March 2023 (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
Actuarial present value of promised retirement benefits (Note 19)	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 an increase in the pension liability of approximately £410m. b. 1% increase in assumed earnings inflation would increase the value of liabilities by approximately £13m. c. if life expectancy increases by 1 years, it would increase the liability by approximately £88.7m. 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.
Hedge fund of funds (Note 15)	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 £37.4m. 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 +/- £3.7m. It should be noted that the Fund is currently in the process of exiting it's hedge fund investments.
Private equity – venture capital investments (Note 15)	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 £108m. There is a risk that this may be over or understated. Further detail is shown in Note 15 regarding the sensitivity of this valuation.
Pooled property investments (Note 15)	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 £10.6m, on carrying values of £106.8m.

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:

2021/22 £000s		2022/23 £000s
12,847	**Employees' contributions**	14,057
	Employers' contributions:	
35,296	Normal	38,524
2,583	Deficit recovery contributions	2,891
1,178	Augmentation contributions	742
39,057	**Total employers' contributions**	**42,157**
51,904		**56,214**

By Authority:

2021/22 £000s		2022/23 £000s
41,002	Administering authority	44,404
10,586	Scheduled bodies	11,450
316	Admitted bodies	360
51,904		**56,214**

Note 8 Transfers in from other Pension Funds

2021/22 £000s		2022/23 £000s
2,984	Individual transfers	12,591
2,984		**12,591**

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Note 9 Benefits Paid/Payable

By category

2021/22 £000s		2022/23 £000s
38,392	Pensions	40,608
7,591	Commutation and lump sum retirement benefits	7,905
905	Lump sum death benefits	965
46,888		**49,478**

By authority

2021/22 £000s		2022/23 £000s
43,877	Administration authority	46,129
2,523	Scheduled bodies	2,858
488	Admitted bodies	491
46,888		**49,478**

Note 10 Payments to and on Account of Leavers

2021/22 £000s		2022/23 £000s
166	Refunds to members leaving service	141
4,584	Individual transfers	3,625
4,750		**3,766**

Note 11 Management Expenses

2021/22 £000s		2022/23 £000s
1,337	Administrative costs	1,458
97	Oversight and governance costs	336
11,171	Investment management expenses	10,691
12,605		**12,485**

Note 11a Investment Management Expenses

2021/22 £000s		2022/23 £000s
8,023	Management fees	7,665
1,355	Performance related fees	2,876
1,580	Transaction costs	79
70	Custody fees	71
143	Other	-
11,171		**10,691**

Note 12 Investment Income

2021/22 £000s		2022/23 £000s
2,155	Income from equities	2,207
3,282	Income from bonds	3,314
2,275	Pooled property investments	2,521
8,675	Pooled investments – unit trusts and other managed funds	12,706
277	Interest on cash deposits	1,475
16,664		**22,223**

Note 13 Other Account Fund Disclosures

Note 13a External Audit Fees

2021/22 £000s		2022/23 £000s
21	Paid in respect of external audit (excluding VAT)	25
21		**25**

Note 14 Investments

Market Value as at 31/03/2022 £000		Market Value as at 31/03/2023 £000
	Investment assets	
93,110	Bonds	74,997
49,985	Equities	41,779
	Pooled Investments	
148,263	Fixed income unit trust	211,811
807,269	Equity unit trust	713,921
31,272	Hedge funds	37,405
1,129,899		**1,079,913**
	Other Investments	
121,403	Pooled property investments	106,680
196,746	Venture Capital	138,389
-	Derivative contracts:	-
97	Futures	260
4	Forward currency contracts	103
318,250		**245,432**
73,478	Cash deposits	128,959
1973	Investment Income due	1,992
650	Amounts receivable for sales	-
-	Amounts receivable for pending spot FX	-
76,101		**130,951**
1,524,250	**Total Investment assets**	**1,456,296**
	Investment liabilities	
	Derivative contracts:	
(145)	Futures	(95)
(88)	Forward currency contracts	(8)
(785)	Amounts payable for purchases	(872)
(1,018)	**Total Investment liabilities**	**(975)**
1,523,232	**Net Investment assets**	**1,455,320**

Pension Fund Explanatory Accounts

Note 14a: Reconciliation of Movements in Investments and Derivatives

Period 2022/23	Market Value as at 31/03/2022 £000s	Purchases during the year and derivative payments £000s	Sales during the year and derivative receipts £000s	Management Fees in market Value £000s	Change in Market Value during the year £000s	Market Value as at 31/03/2023 £000s
Bonds	93,110	19,685	(17,267)	-	(20,531)	74,997
Equities	49,985	96	(97)	-	(8,205)	41,779
Pooled Investments	986,804	135,585	(161,240)	-	1,988	963,137
Pooled property Investments	121,403	8,089	(31)	-	(22,781)	106,680
Private equity/Infrastructure	196,746	14,101	(19,238)	-	(53,220)	138,389
Property	-	-	-	-	-	-
Diversified Alternatives	-	-	-	-	-	-
Management fees taken off value	-	-	-	9,110	(9,110)	-
	1,448,048	**177,556**	**(197,873)**	**9,110**	**(111,859)**	**1,324,982**
Derivative contracts:						
Futures	(48)	1,702	(456)	-	(1,032)	166
Purchased/written options	-	-	-	-	-	-
Swaps	-	-	-	-	-	-
Forward currency contracts	(83)	791	(349)	-	(263)	96
	1,447,917	**180,049**	**(198,678)**	**9,110**	**(113,154)**	**1,325,244**
Other Investment balances:						
Cash deposits	73,478			-	2,539	128,959
Amount receivable for sales of investments	650			-	3	-
Investment income due	1,973			-	-	1,992
Spot FX contracts	-			-	(16)	(3)
Amounts payable for purchases of Investments	(786)			-	-	(872)
	1,523,232	**-**	**-**	**9,110**	**(110,628)**	**1,455,320**

Note 14a Reconciliation of Movements in Investments and Derivatives continued:

Period 2021/22	Market Value as at 31/03/2021	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Management Fees in market Value	Change in Market Value during the year	Market Value as at 31/03/2022
	£000s	£000s	£000s	£000s	£000s	£000s
Bonds	99,209	23,571	(19,391)	-	(10,280)	93,109
Equities	48,424	-	(12)	-	1,572	49,984
Pooled Investments	925,799	12,854	(7,505)	-	55,656	986,804
Pooled property Investments	96,682	8,335	(56)	-	16,442	121,403
Private equity/Infrastructure	122,681	59,468	(29,915)	-	44,511	196,745
Management Fees in market value	-	-	-	8,036	(8,036)	-
	1,292,795	**104,228**	**(56,879)**	**8,036**	**99,865**	**1,448,045**
Derivative contracts:						
Futures	(136)	714	(548)	-	(78)	(48)
Forward currency contracts	44	201	(241)	-	(88)	(83)
	1,292,703	**105,143**	**(57,668)**	**8,036**	**99,699**	**1,447,914**
Other Investment balances:						
Cash deposits	100,369			-	1,652	73,478
Receivables	240			-	(1)	650
Investment income due	2,445			-	-	1,973
Spot FX contracts	-			-	50	3
Payables	(735)			-	-	(78)
	1,395,022	**-**	**-**	**8,036**	**101,400**	**1,523,232**

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 Explanatory Accounts

Note 14b Analysis of Investments

2021/22 £000	%		2022/23 £000	%
Investments managed by London CIV regional pool:				
108,523	7.1	LCIV Baillie Gifford Global Alpha Paris - Aligned Fund	102,865	7.1
32,252	2.1	LCIV Henderson emerging market equities	31,855	2.2
104,834	6.9	LCIV Longview Global Equity Focus fund	110,802	7.6
55,874	3.7	LCIV CQS Multi asset	53,558	3.7
-	-	LCIV PIMCO Global Bond Fund	77,365	5.3
301,483	**19.8**		**376,445**	**25.9**
Investments managed outside London CIV pool:				
92,193	6.0	Western Fixed Income	74,997	5.1
49,985	3.3	INPP Equities	41,779	2.9
92,389	6.1	Blackrock Illiquid Gilts	80,888	5.6
255,962	16.8	Blackrock low carbon tracker	245,477	16.9
154,338	10.1	MFS Global Equity	79,878	5.5
32,396	2.1	Insight IIFIG Bond Plus	30,356	2.1
83,525	5.5	M&G Inflation opportunities	65,069	4.5
32,462	2.1	Davinson Kemper Hedge Fund	34981	2.4
31,272	2.1	CFM Hedge Fund	-	-
2,978	0.2	York Credit	2,424	0.2
41,055	2.7	Blackrock property Fund	33,680	2.3
41,908	2.8	LGIM Property	36,248	2.5
38,439	2.5	CBRE Property Fund	36,752	2.5
24,628	1.6	Antin Infrastructure	20,790	1.4
9,410	0.6	Brockton	9,295	0.6
114,032	7.5	Adams Street Partners - Private Equity	108,304	7.4
48,675	3.2	Adept Investment Management strategy equities	47,618	3.3
34,099	2.2	Goldman Sachs Money Market Fund	48,631	3.3
42,003	2.8	Cash	81,708	5.6
1,221,749	**80.2**		**1,078,875**	**74.1**
1,523,232	**100.0**		**1,455,320**	**100.0**

Note 14b Analysis of Investments continued:

The following investments represent more than 5% of the net assets of the scheme.

Security	Market value 31-Mar-2022 £000s	% of total Fund	Market value 31-Mar-2023 £000s	% of total Fund
Blackrock low carbon tracker equities	255,962	16.8	245,477	16.9
LCIV Longview Global Equity Focus fund	104,834	6.9	110,802	7.6
Adams Street Partners - Private Equity	114,032	7.5	108,304	7.4
LCIV Baillie Gifford Global Alpha Paris - Aligned Fund - Equities	108,523	7.1	102,865	7.1
Blackrock – indexed linked bonds	92,389	6.1	80,888	5.6
MFS global equities	154,338	10.1	79,878	5.5
LCIV PIMCO Global Bond Fund	-	-	77,365	5.3
Western Asset – corporate bonds	92,193	6.1	74,997	5.2
Total Value of Investments	**922,271**		**880,576**	

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**.**

Assets and liabilities have been classified into three levels, according to the quality and reliability of information used to determine fair values.
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 valuation basis for each category of investment asset is set out below:

Note 15 Fair Value – Basis of Valuation continued:

Description of asset	Valuation hierarchy	Basis of valuation	Observable & Unobservable Inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required
Futures and options in UK bonds	Level 1	Published exchange prices at the year-end	Not required	Not required
Forward foreign exchange derivatives	Level 2	Market forward exchange rates at the year-end	Exchange rate risk	Not required
Overseas bond options	Level 2	Option pricing model	Annualised volatility of counterparty credit risk	Not required
Pooled investments – overseas unit trusts and property funds	Level 2	Published bid market price at the end of accounting period.	NAV per share	Not required
Pooled investments – hedge funds	Level 2	Most recent valuation	NAV published, Cashflow transactions, i.e., distributions or capital calls	Not Required
Property held in a limited partnership	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 funds own reporting date, audited accounts received and the pension funds' year end.
Private equity	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation guidelines 2018 and IPEV's Board Special Valuation Guidance (March 2020)	- EBITDA multiple - Revenue multiple - Control Premium	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts

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Note 15 Fair Value – Basis of Valuation continued:

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 2023.

Description of asset	Assessed valuation range (+/-) %	Value at 31 March 2023 £000s	Value on increase £000s	Value on decrease £000s
Overseas Venture Capital	15.00%	138,389	159,147	117,631
UK Property Funds	10.00%	36,752	40,428	33,077
UK Venture Capital	15.00%	9,295	10,690	7,901
Total		**184,436**	**210,265**	**158,609**

Note 15a Fair Value Hierarchy

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

2022/23	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant observable inputs Level 3 £000	Total £000
Financial assets at fair value through profit and loss				
Bonds	-	74,997	-	74,997
Equities	41,779	-	-	41,779
Pooled investments	583,559	379,577	-	963,136
Pooled Property Investments	-	69,927	36,752	106,679
Private Equity	-	-	138,389	138,389
Derivative Assets	261	353	-	614
Cash deposits	128,675	35	-	128,710
Other investment assets	-	-	-	-
Investment income due	562	1,430	-	1,992
Amounts Receivable for Sales	-	-	-	-
Non-financial assets at fair value through profit and loss				
Property	-	-	-	-
Financial liabilities at fair value through profit and loss				
Payable for investment purchases	-	(872)	-	(872)
Other investment liabilities	-	-	-	-
Derivative liabilities	(95)	(9)	-	(104)
Net financial assets	**754,741**	**525,438**	**175,141**	**1,455,320**

Note 15a Fair Value Hierarchy continued:

2021/22	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant observable inputs Level 3 £000	Total £000
Financial assets at fair value through profit and loss				
Bonds	-	93,110	-	93,110
Equities	49,985	-	-	49,985
Pooled investments	255,962	730,842	-	986,804
Pooled Property Investments	-	82,963	38,440	121,403
Private Equity	-	-	196,746	196,746
Derivative Assets	97	239	-	336
Cash deposits	73,208	35	-	73,243
Other investment assets	-	-	-	-
Investment income due	579	1,394	-	1,973
Amounts Receivable for Sales	-	650	-	650
Non financial assets at fair value through profit and loss				
Property	-	-	-	-
Financial liabilities at fair value through profit and loss				
Payable for investment purchases	-	(785)	-	(785)
Other investment liabilities	-	-	-	-
Derivative liabilities	(145)	(88)	-	(233)
Net financial assets	**379,686**	**908,360**	**235,186**	**1,523,232**

ENFIELD Council

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 as at 31/03/2022 £000	Transfers in/out of level 3 £000	Purchases £000	Sales £000	Unrealised gains (losses) £000	Realised gains (losses) £000	Market Value as at 31/03/2023 £000
Overseas Venture Capital	141,729	-	14,101	(19,145)	(15,724)	8,132	129,093
UK Property Funds	38,440	-	8,089	(31)	(9,745)	-	36,752
UK Venture Capital	58,086	-	-	(49,779)	988	-	9,295
	238,255	**-**	**22,190**	**(68,955)**	**(24,481)**	**8,132**	**175,140**

Pension Fund Explanatory Accounts

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

2021/22 Designated as fair value through profit and loss £000	2021/22 Loans and receivables £000	2021/22 Financial liabilities £000		2022/23 Designated as fair value through profit and loss £000	2022/23 Loans and receivables £000	2022/23 Financial liabilities £000
			Financial assets			
93,110	-	-	Bonds	74,997	-	-
49,985	-	-	Equities	41,779	-	-
986,804	-	-	Pooled investments	963,137	-	-
121,403	-	-	Pooled property Investments	106,680	-	-
196,746			Private Equity	138,389		
-	-	-	Property	-	-	-
101	-	-	Derivative Assets	364	-	-
34,134	39,344	-	Cash deposits	48,666	80,293	-
-	1,973	-	Other investment balances	-	1,992	-
-	650	-	Debtors	-	-	-
1,482,283	**41,967**	**-**		**1,374,012**	**82,285**	**-**
			Financial liabilities			
(233)	-	-	Other Investment balances	(105)	-	-
-	-	(785)	Creditors	-	-	(872)
(233)	**-**	**(785)**		**(105)**	**-**	**(872)**
1,482,050	**41,967**	**(785)**	**Total**	**1,373,907**	**82,285**	**(872)**
		1,523,232	**Grand Total**			**1,455,320**

ENFIELD Council

Note 16b Net Gains and Losses on Financial Instruments

2021/22 £000		2022/23 £000
	Financial assets	
110,970	Fair value through profit and loss	(105,818)
2,481	Loans and receivables	2,541
-	Financial liabilities measured at amortised cost	-
	Financial liabilities	
(165)	Fair value through profit and loss	(1,295)
(1)	Loans and receivables	(16)
-	Financial liabilities measured at amortised cost	-
113,285		**(104,588)**

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

ENFIELD Council

Note 17 Nature and Extent of Risks Arising from Financial Instruments

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 assets – 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 Fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

The fund manages these risks in two ways:

I. the exposure of the fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels
II. 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 by individual fund managers. It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

Note 17 Nature and Extent of Risks Arising from Financial Instruments continued:

Other price risk

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

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

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

Other price risk – sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the fund’s investment advisors, the Fund has determined that the following movements in market price risk are reasonably possible for the 2022/23 reporting period (based on assumption made in March 2023 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.

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).

Pension Fund Explanatory Accounts

Note 17 Nature and Extent of Risks Arising from Financial Instruments continued:

Asset type	Market Value as at 31/03/2023 £000	Percentage change %	Value on increase £000	Value on decrease £000
Cash and cash equivalents	128,959	0%	128,959	128,959
Investment portfolio assets:				
Bonds	74,997	3%	76,872	73,122
Equities	41,779	9%	45,539	38,019
Fixed Income unit trusts	211,811	3%	217,106	206,516
Equity unit trusts	713,921	9%	778,174	649,668
Hedge funds	37,405	3%	38,676	36,133
Pooled property Investments	106,680	5%	112,334	101,026
Private equity/Infrastructure funds	138,389	9%	151,259	125,518
Net derivatives	259	0%	261	261
Investment income due	1,992	0%	1,992	1,992
Amounts payable for purchases	(872)	0%	(872)	(872)
Total assets available to pay benefits	**1,455,320**		**1,550,300**	**1,360,342**

Asset type	Market Value as at 31/03/2022 £000	Percentage change %	Value on increase £000	Value on decrease £000
Cash and cash equivalents	73,478	0%	73,478	73,478
Investment portfolio assets:				
Bonds	93,110	3%	95,437	90,782
Equities	49,985	9%	54,483	45,486
Fixed Income unit trusts	148,263	3%	151,970	144,557
Equity unit trusts	807,269	9%	879,923	734,615
Hedge funds	31,272	3%	32,335	30,209
Pooled property Investments	121,403	5%	127,837	114,969
Private equity/Infrastructure funds	196,746	9%	215,043	178,449
Net derivatives	(132)	0%	(132)	(132)
Investment income due	1,973	0%	1,973	1,973
Pending Spot FX	-	0%	-	-
Amounts receivable for sales	650	0%	650	650
Amounts payable for purchases	(785)	0%	(785)	(785)
Total assets available to pay benefits	**1,523,232**		**1,632,213**	**1,414,251**

Note 17 Nature and Extent of Risks Arising from Financial Instruments continued:

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 2023 and 31 March 2022 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.

Asset type	Average Duration Years	Market Value as at 31/03/2023 £000	Change in year in the net assets available to pay benefits £000	£000
Cash and cash equivalents				
Cash		128,959	1,290	(1,290)
Bonds				
UK public sector quoted	16.7850	2,769	(465)	465
UK quoted	10.4541	40,026	(4,184)	4,184
Overseas public sector quoted	17.8143	669	(119)	119
Overseas quoted	9.5922	31,534	(3,025)	3,025
Total change in assets		**203,956**	**(6,503)**	**6,503**

Note 17 Nature and Extent of Risks Arising from Financial Instruments continued:

Asset type	Average Duration Years	Market Value as at 31/03/2022 £000	Change in year in the net assets available to pay benefits £000	£000
Cash and cash equivalents				
Cash		73,478	735	(735)
Bonds				
UK public sector quoted	16.0258	1,400	(224)	224
UK quoted	12.6030	48,938	(6,168)	6,168
Overseas public sector quoted	18.6598	1,608	(300)	300
Overseas quoted	11.5118	41,163	(4,739)	4,739
Total change in assets available		**166,587**	**(10,696)**	**10,696**

Income exposed to interest rate risks	Amount receivable as at 31 March 2023 £000	Potential movement on 1% change in interest rates £000	Value on increase £000	Value on decrease £000
Interest on cash deposits	1,474	15	1,489	1,460
Bonds	3,314	33	3,347	3,281
Total	**4,788**	**48**	**4,836**	**4,741**

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

Note 17 Nature and Extent of Risks Arising from Financial Instruments continued:

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

Currency risk

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

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

Currency risk – sensitivity analysis

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%.

Currency exposure - asset type	Market Value as at 31/03/2023	Change in year in the net assets available to pay benefits	
		10%	10%
	£000	£000	£000
Overseas public sector quoted	669	736	602
Overseas quoted	31,534	34,687	28,380
Overseas Equity Funds	378,567	416,424	340,711
Overseas Venture Capital	129,093	142,003	116,184
Total change in assets available	**539,863**	**593,850**	**485,877**

Note 17 Nature and Extent of Risks Arising from Financial Instruments continued:

Currency exposure - asset type	Market Value as at 31/03/2022	Change in year in the net assets available to pay benefits	
		10%	10%
	£000	£000	£000
Overseas public sector quoted	1,608	1,769	1,447
Overseas quoted	41,163	45,279	37,047
Overseas Equity Funds	403,134	443,448	362,821
Overseas Hedge Fund	31,272	34,399	28,145
Overseas Venture Capital	141,729	155,902	127,556
Total change in assets available	**618,906**	**680,797**	**557,016**

b) Credit risk

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

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

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

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

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

The Council believes it has managed its exposure to credit risk and has had no experience of default or uncollectable deposits over the past five financial years. The fund's cash holding under its treasury management arrangements at 31 March 2023 was £126.2m (31 March 2021 - £73.5m). This was held with the following institutions:

Note 17 Nature and Extent of Risks Arising from Financial Instruments continued:

	Rating	Balances as at 31 March 2022 £000	Balances as at 31 March 2023 £000
Money market funds			
Goldman Sachs money market fund	AAAm	34,099	48,631
Blackrock money market fund	AAAm	35	-
Bank current accounts			
HSBC	AA-	12	2
Northern Trust Custodian	AA-	39,344	77,591
		73,490	**126,224**

c) Liquidity risk

This 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 2023 are due within one year.

a) 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 2022 and the next valuation is due to take place as at 31 March 2025.

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 2022 actuarial valuation, the fund was assessed as 103.6% funded.

Financial assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the fund assets at their market value.

The key financial assumptions adopted for the 2022 valuation were as follows:

Demographic assumptions

The mortality assumptions are based on actual mortality experience of members within the Fund based on an analysis carried out as part of the 2022 Actuarial Valuation and allow for expected future mortality improvements. Sample life expectancies at age 65 in normal health resulting from these mortality assumptions are shown below:

Life expectancy from age 65 as valuation date	Males	Females
Current pensioners aged 65 at the valuation date	21.7	24.1
Future pensioners aged 45 at the valuation date	23	25.5

Note 18 Funding Arrangements continued:

Discount rate (scheduled and subsumption body) *	4.4% p.a.
Rate of pay increases	3.8% p.a.
Rate of increase to pension accounts **	2.3% p.a.
Rate of increases in pensions in payment ** (in excess of Guaranteed Minimum Pension)	2.3% p.a.

Note 19 Actuarial Present Value of Promised Retirement Benefits

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013 (the 'LGPS Regulations').

The LGPS 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 2022 by Aon, in accordance with Regulation 62 of the LGPS Regulations.

Actuarial Position

a) The valuation as at 31 March 2022 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 2022 (of £1,522.8 M) covering 103.6% of the liabilities.

b) The valuation also assessed each individual employer's (or group of employers') position separately. Contribution requirements were determined based on the principles in the Fund's Funding Strategy Statement and are set out in Aon's report dated 31 March 2023 (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.

Note 19 Actuarial Present Value of Promised Retirement Benefits continued:

Total contributions payable by all employers over the three years to 31 March 2026 are estimated to be:

Year from 1 April	% of pensionable pay	Plus total contribution amount (£000)
2023	18.80%	27.9
2024	18.80%	28.3
2025	18.80%	29.9

c) 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.

d) The valuation was carried out using the projected unit actuarial method for most employers, allowing for future increases in pensionable pay. The main financial actuarial assumptions used for assessing the funding target and the contribution rates were as follows:

Discount rate (scheduled and subsumption body) *	4.4% p.a.
Rate of pay increases	3.8% p.a.
Rate of increase to pension accounts **	2.3% p.a.
Rate of increases in pensions in payment ** (in excess of Guaranteed Minimum Pension)	2.3% p.a.

** The scheduled and subsumption body discount rate was also used for employers whose liabilities will be subsumed after exit by a scheduled body.*
*** In addition, a 15% uplift has been applied to the past service liabilities to make allowance for short term inflation above the long term assumption, and the risk of higher than expected inflation over the next three years.*

In addition, the discount rate and rate of increases to pensions for already orphaned liabilities (i.e. where there is no scheme employer responsible for funding those liabilities and the employer has exited the Fund) were assumed to be 1.7% p.a. and 3.4% p.a. respectively.

The assets were valued at market value.

Note 19 Actuarial Present Value of Promised Retirement Benefits continued:

e) 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) S3 (Heavy) mortality tables with appropriate scaling factors applied based on a Fund membership postcode analysis using Aon's Demographic Horizons^{TM} longevity model, and included an allowance for future improvements based on the 2021 Continuous Mortality Investigation Projections Model, 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 (for normal health retirements) were:

Life expectancy from age 65 as valuation date	Males	Females
Current pensioners aged 65 at the valuation date	21.7	24.1
Future pensioners aged 45 at the valuation date	23	25.5

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

f) The valuation results summarised in paragraph 1 above are based on the financial position and market levels at the valuation date, 31 March 2022. 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.

g) The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2023 to 31 March 2026 were signed on 31 March 2023. 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 2025 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.

h) 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 their actuarial valuation which was carried out as at 31 March 2022. 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.

i) The report on the actuarial valuation as at 31 March 2022 is available on the Fund's website at the following address:

https://new.enfield.gov.uk/pensions/

Aon Solutions UK Limited

May 2023

Note 20 Current Assets

31-Mar-2022 £000s		31-Mar-2023 £000s
	Debtors	
226	Contributions due - employees	146
631	Contributions due - employers	456
857		**602**
	Cash balances	
13	Current account	10
870		**612**

Note 20a Long Term Debtors

31-Mar-2022 £000s		31-Mar-2023 £000s
	Debtors	
113	Pensioner Tax liability	117
113		**117**

Note 21 Current Liabilities

31-Mar-2022 £000s		31-Mar-2023 £000s
(1,336)	Sundry creditors	(280)
(103)	Benefits payable	(99)
(1,439)		**(379)**

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 2022 £000s	Contributions & Transfers £000s	Sums Paid Out £000s	Investment Return £000s	Closing Balance at 31 March 2023 £000s
Plan Value	**4,034**	980	(500)	42	**4,556**
	4,034	**980**	**(500)**	**42**	**4,556**

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 £1.378m (2021/22: £1.337m) 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 £44.4m to the fund in (2021/22 £41m). At year end the Pension Fund owed the Council £13k (£106k in 2021/22).

Note 24 Related Party Transactions continued:

Scheduled and admitted bodies owed the Fund £730k (£861k in 2021/22) from employer & employee contributions. All payments were received by 19th April 2023.

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), the Head of Exchequer Services. As required by paragraph 3.9.4.2 of the CIPFA code of practice 2022/23 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-Mar-2022 £000s		31-Mar-2023 £000s
268	Short term benefits	279
74	Post-employment benefits	77
342		**356**

Note 25 Contingent Liabilities And Contractual Commitments

The total outstanding capital commitments (investments) at 31 March 2023 are £29.8m (31 March 2022 were £60.5m).

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.

Glossary of Terms

Accruals	Amounts charged to the accounts for goods and services received during the year for which payments or transfers of economic benefit are expected to be made in the next or a subsequent reporting period. Amounts credited to the accounts for goods and services provided during the year for which payments or transfers of economic benefit are expected to be received in the next or subsequent reporting period.
Actuary	A specialised Professional who calculates projections for pensions and insurance purposes.
Amortise	To liquidate (a debt, such as a mortgage) by instalment payments, or payment into a sinking fund; or to write off an intangible asset by pro-rating the cost or income over the life of the related asset.
Appropriation	The assignment of revenue to a specific purpose.
Balance Sheet	A formal statement of the assets, liabilities and reserves of the Council.
Capital Expenditure	Payments for the acquisition, replacement or enhancement of assets that are considered to be of benefit to the Council over a period of more than one year, e.g. buildings and land, vehicles and equipment. Payments of grants and financial assistance to third parties towards the cost of capital expenditure. Expenditure that is classified as capital following a ministerial direction, e.g. capitalised redundancy costs.
Capital Financing Requirement (CFR)	The measure of the Council's underlying need to borrow in order to fund capital expenditure.
Capital Adjustment Account	This reserve includes amounts set aside from revenue, capital receipts and capital grants to fund capital expenditure and makes contributions in the Movement in Reserves Statement to offset net depreciation charges included in the Comprehensive Income and Expenditure Statement.
Capital Grants	Grant received from Government departments, other statutory bodies and external parties to finance capital expenditure.
Capital Receipts	Income received from the sale of land, buildings and other capital assets.
Collection Fund	A separate account that discloses the income and expenditure relating to Council Tax and National Non Domestic Rates.
Comprehensive Income and Expenditure Statement	A statement showing the net cost for the year of all the services for which the Council is responsible and how that cost has been financed from general government grants and income from local taxpayers.
Contingent Liability	A possible liability at the Balance Sheet Date to transfer future economic benefit to a Third Party, where the existence of the liability is subject to one or more future uncertain events that are outside the control of the Council.
Council Tax	A local tax on domestic property values.
Creditors	Amounts owed by the Council for goods received or services provided but not yet paid for as at the Balance Sheet date.

Glossary of Terms

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	Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements (International Accounting Standards Board Framework). Materiality therefore relates to the significance of transactions, balances and errors contained in the financial statements. Materiality defines the threshold or cut off point after which financial information becomes relevant to the users. Information contained in the financial statements must therefore be complete in all material respects (both qualitative and quantities) in order for them to present a true and fair view of the affairs of the entity.
Minimum Revenue Provision	The statutory minimum amount that the Council must charge to revenue to provide for the reduction in the Capital Financing Requirement.
Non-Domestic Rates (NDR)	Also known as Business Rates, this is a flat rate in the pound set by Central Government and levied on businesses in the borough. The money is essentially collected by Enfield and then shared between Enfield, the Greater London Authority and Central Government. These arrangements were introduced under the Localism Act in April 2013, so that the Council gets to retain a proportion of Business Rate Income growth locally without sharing.
Net Expenditure	Expenditure less income

ENFIELD Council

Glossary of Terms

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.