London Borough of Enfield

Statement of Accounts 2014-15

James Rolfe
Director of Finance, Resources and Customer Services

ENFIELD Council

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THE AUTHORITY'S RESPONSIBILITIES

The Authority is required to:

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

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

- Approve the Statement of Accounts.

THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES' RESPONSIBILITIES

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

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

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

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

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

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

Certification

I certify that the Statement of Accounts give a true and fair view of the financial position of the Authority at the reporting date and of its expenditure and income for the year ended 31 March 2015

Signed

James Rolfe
Director of Finance, Resources
& Customer Services

30 September 2015

Signed

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Chair of Audit Committee

30 September 2015

EXPLANATORY FOREWORD TO THE ACCOUNTS

1. Introduction

The purpose of the Statement of Accounts is to summarise the financial performance for financial year 2014/15 and the overall financial position of the Council. This Foreword aims to give a general guide to the main features of the information reported within the rest of the Accounts and provides a summary of the Council's overall financial position.

The Statement of Accounts for 2014/15 has been prepared on an International Financial Reporting Standards (IFRS) basis. The framework within which these Accounts are prepared and published is regulated by the Chartered Institute of Public Finance and Accountancy (CIPFA), the Financial Reporting Advisory Board and the Government.

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

The key financial statements set out within this document include:

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

- **Comprehensive Income and Expenditure Statement (CIES)** – This Statement brings together all of the functions of the Council and summarises all the resources it has generated, consumed or set aside in providing services during the year. As such, it is intended to show the true financial position of the Council, before allowing for the concessions provided by statute to raise council tax according to different rules and the ability to divert particular expenditure to be met from capital resources.

- **Balance Sheet** – This records the Council's year-end financial position. It shows the balances and reserves at the Councils disposal, its long term debt, net current assets or liabilities, and summarises information on the non-current assets held.

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

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

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

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

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

2. Review of the Financial Year

This section sets out some of the key features of the Council's financial performance for 2014/15.

The Authority's financial performance in 2014/15 must, like last year, be seen within the context of the continuing financial challenges faced by local government as it responds to the Government's programme to reduce the UK's budget deficit that includes reduced public sector spending.

The Council set its spending plans for 2014/15 against a backdrop of reduced Government funding, rising demand for services like care support and demand for pupil places within the Borough's schools. These demographic changes have placed more pressure on reducing revenue and capital budgets. In setting the Budget for 2014/15 the Council's aim was to set a balanced and deliverable budget that would effectively address spending pressures whilst protecting frontline services wherever possible and deliver a continued freeze in Council Tax for the fifth year running.

At the Council meeting on 26 February 2014 the Council approved the 2014-15 budget that included:

- New spending reductions of £11.0 million - of which most were delivered through efficiencies/back office savings with minimal impact on frontline services.
- Continuing the freeze in Council Tax - 0% increase for the 5th consecutive year. Average Band D level – Council Tax (excluding GLA precept) held at £1,100.34.
- Implementing the local finance arrangements including the Local Council Tax support scheme agreed at Council on 29th January 2014.
- A four year Capital Programme totalling £433 million (2014-15 to 2017-18) funded from internal and external resources with £201m of projects programmed for 2014-15.

3. Revenue and Budget Outturn 2014/15

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

Table 1

Service Expenditure:	**Budget 2014/15 £m's**	**Actual 2014/15 £m's**	**Variance 2014/15 £m's**
Housing, Health and Adult Social Services	92.2	92.2	0.0
Schools and Children's Services	55.9	55.9	0.0
Regeneration & Environment	33.6	33.6	0.0
Finance Resources and Customer Services	48.6	48.6	0.0
Chief Executive	3.6	3.5	(0.1)
Corporate	21.1	19.7	(1.4)
Corporate movements to / (from) reserves	(1.9)	0.2	2.1
Sub Total	**253.1**	**253.7**	**0.6**
Funding:			
Revenue Support Grant	(80.5)	(80.5)	0.0
Business Rate Top-Up	(34.6)	(34.6)	0.0
Local Business Rates (including S31 Grants)	(31.6)	(31.6)	0.0
Collection Fund	0.3	0.3	0.0
General Government Grants	(9.1)	(9.7)	(0.6)
Council Tax Due	(97.6)	(97.6)	0.0
Total Income	**(253.1)**	**(253.7)**	**(0.6)**
	0	**0**	**0**

During 2014/15, the Council's revenue expenditure against budget was monitored monthly and reported to Cabinet in some detail. The Council was committed to containing its expenditure within budget and, where pressures became evident, action was taken to minimise the impact on the overall position whilst ensuring that the delivery of key services was not jeopardised. The accounts reflect the following:-

- Growing demand for local services and expectations.
- Service levels and performance maintained and savings targets were delivered within the reduced 2014/15 budget.
- Capital investment in schools to meet increasing demand for primary school places, regeneration to meet housing and economic demand and maintaining and improving roads.

The Council's General Fund balance remains the same as 2013/14 at £14.0m (excluding the amount attributable to schools' delegated budgets). This has been assessed by the Director of Finance, Resources and Customer Services as being the minimum needed to protect the Council from future financial risks.

The Service expenditure headings and figures reported above reflect the Council's organisational and management structure. These are different to the Service headings reported within the Comprehensive Income and Expenditure Statement which conform to the Service Reporting Code of Practice requirements. However, information is provided in Note 25 to reconcile the financial position of the Council's management structure to that of the Comprehensive Income and Expenditure Statement.

The financing and surplus figures reported above are also not the same as those reported in the Comprehensive Income and Expenditure Statement. This is because of a number of accounting entries, such as depreciation, that are required to be reflected in the Comprehensive Income and Expenditure Statement but are reversed out through the Movement in Reserves Statement under statutory regulations.

Housing Revenue Account

The Statement of Accounts also includes the ring-fenced Housing Revenue Account (HRA) for the provision of council housing. The HRA consists of expenditure on council-owned housing, which is paid for by rental income. The 1989 Local Government and Housing Act requires a separate account to be kept for the HRA. Since 1st April 2008, the Council's housing stock has been managed by Enfield Homes Ltd, a wholly owned subsidiary company of the council.

The HRA general balance was increased by £0.6m. The full details of the Housing Revenue Account and the movements on that account are set out on pages 84 to 88.

Borrowing

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

In 2014/15, the Council has undertaken to borrow £25.9m towards the cost of financing the General Fund Capital Programme. In addition, the Council has provided nearly £16m to the Council's wholly owned company, Housing Gateway Ltd, to purchase local property to meet increasing demand for temporary accommodation which will generate savings in comparison to using short term rented accommodation.

Investments

The Council's Annual Investment Strategy, which is incorporated in the Treasury Management Strategy, outlines its investment priorities as the security and liquidity of its capital.

The Council aims to achieve the optimum return on investments commensurate with appropriate levels of security and liquidity. In the current economic climate, it is considered appropriate to keep investments short term, and only invest with high credit rated financial institutions. A list of counterparties with whom funds could be invested was compiled with reference to the credit ratings issued by the credit agencies Fitch, Moodys and Standard and Poors. By the end of 2014/15, net borrowing had increased by £19.3m to £254.7m.

4. Forward Look

Medium Term Financial Plan

The Medium Term Financial Plan is based on an analysis of the key influences on the Council's financial position and an assessment of the main financial risks facing the Council. The financial forecast set out in the table below models income and expenditure and resources available over the next four years, and is considered to be the most likely outcome based on forecasts and assumptions for pay and price inflation, etc. Council tax increases of 1% per annum are built into the forecast but this is for modelling purposes only and not a commitment.

Table 2

Medium Term Financial Plan	**2015/16 £m's**	**2016/17 £m's**	**2017/18 £m's**	**2018/19 £m's**
Council Tax	97.6	100.9	101.9	102.9
Inflation	1.7	2.5	2.5	2.5
Demographics	1.4	1.6	2.0	0.0
Temporary Accommodation	7.7	5.9	5.4	5.8
Capital Financing	2.5	2.3	1.5	1.2
Other cost increases	0.9	3.2[1]	0.0	0.0
Savings Identified	(31.6)	(9.2)	(9.1)	0.0
Reductions in Government Funding	21.5	12.6	10.3	9.8
Council Tax Freeze Grant	(1.2)	1.2	0.0	0.0
Impact of previous budget decisions	0.2	(0.6)	0.0	0.0
Council Tax Collection Fund	(3.1)	2.8	0.0	0.0
Contribution to Reserves	3.3	(3.3)	0.0	0.0
Savings still to be achieved	0.0	(18.1)	(11.7)	(18.3)
Budget Requirement	**100.9**	**101.9**	**102.9**	**103.9**
Taxbase 88,698 (2014/15)	**91,714**	**91,714**	**91,714**	**91,714**
Forecast Band D Charge	**£1,100**	**£1,111**	**£1,122**	**£1,133**
% tax change	**0.0%**	**1.0%**	**1.0%**	**1.0%**

To freeze and restrict tax increases to 1% per annum in future years, the plan indicates that the Council would need to find annual savings of over £60m over the next three years. The Council will make every effort to protect services but the scale of the cost reductions makes it impossible for the Council to guarantee that all services can be protected. In recent years capital expenditure has increased with a large proportion of the Capital Programme funded by borrowing. As such, the revenue impact of funding the capital programme is a significant cost in the Medium Term Financial Plan. The reduction in Government funding has only added to the pressure to finance investment by borrowing paid for by the Council Tax. The Council is reviewing the existing programme to ensure that the Capital Programme delivers key objectives but is also affordable and borrowing requirements are minimised by taking a more commercial approach to investment to generate financial returns that can be recycled to finance further investment by the Council in future years.

The revenue outturn for 2014/15 is again positive in that services and costs have where possible been contained within budget, even with challenging saving targets. Balances and reserves have been kept at a sufficient level to enable the Council to plan with adequate resources to invest in the improvements necessary to implement innovative solutions to service and financial challenges. This includes the `Enfield 2017' Project - where services to customers and residents will be transformed using the latest technology. Savings of £29.2m over 3 years from 2015/16 have been built into the MTFP.

The Schools' Budget

The Schools Budget is funded from the Dedicated School Grant (DSG) which is a ring-fenced grant, the majority of which is used to fund Individual Schools Budgets. It also funds Early Years, High Needs provision and certain central services provided by the local council. The Government have delayed their planned move to a National

[1] Changes to National Insurance rules £2m

Fair Funding Formula which will now not be implemented until at least 2016-17. For 2014/15 (and again in 2015/16) the DSG settlement was a flat cash settlement in terms of amount per pupil, with additional funding received for growth in pupil numbers in mainstream schools, nurseries and for special school places. The settlement is based on the October schools' census data, with an update for Early Years numbers based on the January census. Other pressures including in year growth in pupil numbers and significant growth in demand in the High Needs block have to be managed within the ring-fenced budget.

5. OTHER MATERIAL TRANSACTIONS, PROVISIONS AND CONTINGENCIES

At the time of producing this statement there are no material transactions relating to these accounts.

6. CAPITAL EXPENDITURE AND INCOME

The principal elements of the capital programme in 2014/15 were further investment in school buildings, particularly to meet forecast demand for new primary school places through both temporary arrangements and permanent expansions across the schools portfolio, and improvements to the housing stock through the Decent Homes programme. Local properties have been acquired by the Council's Subsidiary Company - Housing Gateway Ltd - to reduce the increasing cost of providing short term temporary accommodation. Major regeneration plans are also in place to meet increasing demand for housing and jobs. Road infrastructure is also a vital factor in the plans to improve local conditions. The table below shows the capital expenditure incurred in 2014/15 compared to the approved programme. The capital outturn will require some re-profiling of the capital programme which will impact on the 2015/16 and future years' budgets.

Table 3

	2014/15	
Capital Expenditure:	**Projected £m's**	**Outturn £m's**
Schools and Educational Establishments	38.8	36.0
Council Dwellings	31.1	26.3
Housing Grants	2.8	2.2
Residential and Day Care Services	2.1	1.9
Transport and Environmental Schemes	13.7	12.9
Leisure and Culture	4.9	2.5
Corporate Buildings and Improvements	7.3	5.7
Regeneration Projects	20.7	7.2
Temporary Accommodation	21.0	15.8
Housing Regeneration Projects	11.3	14.3
Community Safety	1.5	1.4
Parks and Open Spaces	3.1	1.6
Residents Priority Fund	0.9	0.4
IT infrastructure and programmes	1.7	1.6
Total Capital Expenditure in 2014/15	**160.9**	**129.8**
Sources of Finance:		
Borrowing	45.4	25.9
Borrowing funded by deferred capital receipts	20.0	15.7
Capital Receipts	4.4	16.1
Major Repairs Reserve	11.6	10.6
Government Grants/Reimbursements and Other Contributions	53.6	48.6
Revenue	25.9	12.9
Total Capital Financing	**160.9**	**129.8**

The Council generated new General Fund capital receipts in the year of £8.5m (net of disposal costs). In addition, net receipts of £15.8m were received from the sale of Council Housing Stock under Right to Buy provisions - of which £1.2m is payable to the Government under the housing finance regulation. The Council's Capital Financing Requirement (CFR), which represents the amount of accumulated capital expenditure to date for which resources have yet to be set aside, has increased from £422.6m to £453.2m during the year. The increase is reflected in amount of capital expenditure funded from borrowing shown in table 3 less the Minimum Revenue Provision (set aside to repay borrowing)[2]. This is analysed between the HRA (£157.7m) and General Fund (£295.4m). The Council has kept its use of borrowing within its existing plans agreed in the budget setting process and has provided for the statutory reduction in its existing General Fund CFR in the Medium Term Financial Plan. The HRA CFR is managed through the HRA Business Plan under the HRA Self Financing framework.

At 31st March 2015, the Council had capital resources available to fund future expenditure of £13.9m (unapplied capital grants), £15.8m (unapplied capital receipts) and £26m (revenue reserves earmarked for capital investment).

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

7. PENSION LIABILITY

The Statement of Accounts incorporates in full the accounting requirements of IAS19 (Employee Benefits) as contained in the Local Authority Code of Practice on Local Authority Accounting. Further information and details are provided in Note 42 to the Core Financial Statements.

The Pension Liability reflects the underlying long term commitments the Council has to pay retirement benefits. The net pension liability has increased from £358.3m as at 31 March 2014 to £418.4m as at 31 March 2015. This adverse movement is predominantly because the increase in the Present Value of Scheme Liabilities exceeded the increase in the Fair Value of Scheme Assets, which resulted in net re-measurement losses on the Net Defined Pension Liability of £48.3m.

Adjustments made to comply with changes to the accounting standard IAS19, have had the following effect on the 2014/15 Comprehensive Income and Expenditure Account:

- Reported expenditure within the Net Cost of Services has been reduced by £2.9m representing the difference between employers pension contributions made in the year to the cost of pension benefits actually earned under the Accounting Standard;
- A charge for Net Interest Cost on the Defined Benefit Liability – which forms part of Financing and Investment Income and Expenditure in the CIES, of £14.7m. This represents the interest on the present value of scheme liabilities and interest on the net changes in those liabilities over the period; and
- Under Other Comprehensive Income & Expenditure, Net re-measurement losses of £48.3m have been recognised on the re-measurement of the net defined Pension Liability.

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

8. CHANGES IN ACCOUNTING POLICIES AND PRIOR PERIOD ADJUSTMENTS

In preparing the Statement of Accounts for 2014-15, the Council has adopted the following changes in Accounting Policy:

8.1 Contingent Assets & Liabilities

Previously, whilst all identified events under IAS37 were considered and included in the working papers, only those estimated to be in excess of £500k were included in the Disclosure Note. Upon review, inclusion of an event in the Disclosure Note has been amended to those estimated to be in excess of £1m. This is consistent with the Authority's Materiality Threshold.

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

8.2 Intangible Assets

Amended to refer to the advance purchase of CRC Emission Rights, which under the Code are classified as Current Intangible Assets.

8.3 Financial Relationships with Companies and Other Organisations

Reference made to Housing Gateway Ltd (HGL) a new wholly owned Subsidiary which became operational in 2014 with the purpose of acquiring property to let to tenants at affordable housing rates. In light of HGL, the Council's Policy of not preparing Group Accounts on materiality grounds was reviewed but maintained.

MOVEMENT IN RESERVES STATEMENT

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

MOVEMENT IN RESERVES STATEMENT 2014/15

2014-15	General Fund & Schools Balances	Housing Revenue Account Balance	Earmarked General Fund Reserves	Earmarked Housing Revenues Account Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Useable Reserves	Total Unusable Reserves	Total Reserves
	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's
Balance b/fwd	**(27.4)**	**(12.9)**	**(77.0)**	**(15.2)**	**(13.0)**	**(8.5)**	**(12.5)**	**(166.5)**	**(659.8)**	**(826.3)**
(Surplus) / Deficit on the provision of services	41.4	(13.7)	0.0	0.0	0.0	0.0	0.0	**27.7**	**0.0**	**27.7**
Other comprehensive income and expenditure	0.0	0.0	0.0	0.0	0.4	0.0	0.5	**0.9**	**(39.7)**	**(38.8)**
Total comprehensive income and expenditure	41.4	(13.7)	0.0	0.0	0.4	0.0	0.5	**28.6**	**(39.7)**	**(11.1)**
Adjustments between accounting basis and funding basis under regulations.	(24.0)	3.4	0.0	0.0	(3.2)	(4.2)	(1.9)	**(29.9)**	**29.9**	**0.0**
Net (increase) or decrease before transfers to Earmarked Reserves:	17.4	(10.3)	0.0	0.0	(2.8)	(4.2)	(1.4)	**(1.3)**	**(9.8)**	**(11.1)**
Transfers to/(from) Earmarked Reserves	(15.3)	9.7	15.3	(9.7)	0.0	0.0	0.0	**0.0**	**0.0**	**0.0**
(Increase)/decrease in year	2.1	(0.6)	15.3	(9.7)	(2.8)	(4.2)	(1.4)	**(1.3)**	**(9.8)**	**(11.1)**
Balance carried forward 31st March 2015	**(25.3)**	**(13.5)**	**(61.6)**	**(24.9)**	**(15.8)**	**(12.8)**	**(13.9)**	**(167.8)**	**(669.5)**	**(837.3)**

Analysis of General Fund Balance	**31-Mar-14**	**31-Mar-15**
	£m's	**£m's**
School Balance	(13.5)	(11.3)
General Balance	(13.9)	(14.0)
General Fund Balance	**(27.4)**	**(25.3)**

MOVEMENT IN RESERVES STATEMENT 2013/14

2013-14	General Fund & Schools Balances	Housing Revenue Account Balance	Earmarked General Fund Reserves	Earmarked Housing Revenues Account Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Useable Reserves	Total Unusable Reserves	Total Reserves
	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's
Balance b/fwd	**(29.8)**	**(13.9)**	**(71.4)**	**(15.4)**	**(13.6)**	**(7.7)**	**(11.9)**	**(163.7)**	**(492.6)**	**(656.3)**
(Surplus) / Deficit on the provision of services	11.3	16.9	0.0	0.0	0.0	0.0	0.0	**28.2**	**0.0**	**28.2**
Other comprehensive income and expenditure	0.0	0.0	0.0	0.0	(0.3)	0.0	0.0	**(0.3)**	**(197.9)**	**(198.2)**
Total comprehensive income and expenditure	11.3	16.9	0.0	0.0	(0.3)	0.0	0.0	**27.9**	**(197.9)**	**(170.0)**
Adjustments between accounting basis and funding basis under regulations	(14.5)	(15.6)	0.0	0.0	1.0	(0.8)	(0.7)	**(30.7)**	**30.7**	**0.0**
Net (increase) or decrease before transfers to Earmarked Reserves:	(3.2)	1.3	0.0	0.0	0.6	(0.8)	(0.7)	**(2.8)**	**(167.2)**	**(170.0)**
Transfers to/(from) Earmarked Reserves	5.6	(0.2)	(5.6)	0.2	0.0	0.0	0.0	**0.0**	**0.0**	**0.0**
(Increase)/decrease in year	2.4	1.1	(5.6)	0.2	0.7	(0.8)	(0.7)	**(2.8)**	**(167.2)**	**(170.0)**
Balance carried forward 31st March 2014	**(27.4)**	**(12.9)**	**(77.0)**	**(15.2)**	**(13.0)**	**(8.5)**	**(12.5)**	**(166.5)**	**(659.8)**	**(826.3)**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

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

On its services the council spent:	Notes	2013/14 Net Expenditure £m's	2014/15 Gross Expenditure £m's	2014/15 Gross Income £m's	2014/15 Net Expenditure £m's
Adult social care		90.6	119.9	(30.1)	89.8
Central services to the public	28	22.6	45.0	(22.4)	22.7
Children's and education services		92.5	435.9	(346.4)	89.5
Cultural and Related services		25.1	26.8	(4.3)	22.5
Environment and Regulatory Services		27.8	30.5	(5.8)	24.7
Highways and transport services		25.8	42.0	(17.5)	24.4
Housing services		44.2	461.2	(428.4)	32.8
Planning Services		8.3	10.5	(3.9)	6.6
Public Health		0.0	14.4	(14.7)	(0.3)
Continuing Operations - sub-total		**336.9**	**1,186.2**	**(873.5)**	**312.7**
Operations Acquired in Year - Public Health		(0.5)	0.0	0.0	0.0
Cost of Services		**336.4**	**1,186.2**	**(873.5)**	**312.7**
Other Operating Income and Expenditure					
(Gain) / Loss on disposal of non-current assets		(3.0)			7.3
Payments to Housing Capital Receipts Pool		1.1			1.2
Precepts and Levies		6.5			6.5
Sub total		**4.6**			**15.0**
Financing and investment income and expenditure	5	**23.3**			**20.6**
Taxation and general grant income	6	**(336.1)**			**(320.5)**
Deficit on the Provision of Services		**28.2**			**27.8**
Items not allowed to be accounted for elsewhere in the CIES:					
Surplus on revaluation of non-current assets	24	(94.8)			(88.0)
Remeasurement of the net defined Pension Liability – Actuarial losses on fund assets & liabilities	24	(103.1)			48.3
Other comprehensive (gains) / losses		(0.3)			0.9
Other Comprehensive (Income) / Expenditure		**(198.2)**			**(38.8)**
Total Comprehensive (Income) / Expenditure		**(170.0)**			**(11.0)**

BALANCE SHEET

The Balance Sheet shows the value of the assets and liabilities recognised by the Authority as at 31 March 2015. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories: -

The first category of reserves are usable reserves, i.e. those reserves that the Council can use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council cannot use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31-Mar-14 £m's		Note	31-Mar-15 £m's
	NON CURRENT ASSETS		
1,384.3	Property, Plant and Equipment	11	1471.1
7.3	Heritage Assets	13	3.8
105.4	Investment Property	12	103.6
1.3	Intangible Assets	14	0.9
6.3	Long Term Debtors	19	20.4
1,504.6	**Total: Non-Current Assets**		**1,599.8**
	CURRENT ASSETS		
27.5	Short Term Investments	16	25.0
0.8	Inventories	18	0.8
81.1	Short Term Debtors	19	87.0
0.0	Intangible Current Assets		0.6
47.8	Cash and Cash Equivalents	17	43.5
157.2	**Total: Current Assets**		**156.9**
	CURRENT LIABILITIES		
(18.4)	Cash and Cash Equivalents	17	(14.3)
(39.4)	Short Term Borrowing	16	(46.9)
(81.0)	Short Term Creditors	22	(98.9)
(14.4)	Provisions	23	(15.1)
(153.2)	**Total: Current Liabilities**		**(175.3)**
	NON CURRENT TERM LIABILITIES		
(52.4)	Long Term Creditors	22	(49.8)
(3.9)	Provisions	23	(2.8)
(262.5)	Long Term Borrowing	16	(269.4)
(358.3)	Pension Liability	42	(418.4)
(5.1)	Capital Grants Received in Advance		(3.6)
(682.3)	**Total: Non-Current Liabilities**		**(744.1)**
826.3	**NET ASSETS**		**837.3**
(659.8)	Unusable Reserves	24	**(669.5)**
(166.5)	Usable Reserves	10	**(167.8)**
(826.3)	**TOTAL RESERVES / NET WORTH**		**(837.3)**

James Rolfe - Director of Finance, Resources and Customer Services

The Unaudited Accounts were authorised for issue on 30th June 2015 by James Rolfe, Director of Finance, Resources and Customer Services. The Final Audited Accounts were authorised for Issue on 23rd September 2015 by the Council's Audit Committee.

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

	2013/14 * £m's	**2014/15 £m's**
Net Deficit on the provision of services	(28.2)	(27.8)
Adjust deficit on the provision of services for non-cash movements	131.4	144.8
Adjust deficit on provision of services for investing & financing activities	(65.3)	(55.6)
Net cash flow from operating activities	**37.9**	**61.4**
Investing activities (see Note 26)	(44.0)	(72.9)
Financing activities (see Note 27)	4.2	11.3
Net (increase) in cash and cash equivalents	**(1.8)**	**(0.2)**
Cash and cash equivalents at the beginning of the reporting period	31.2	29.4
Cash and cash equivalents at the end of the reporting period:	**29.4**	**29.2**

*Restated

Cash Flow Statement - Adjustments to net (surplus)/deficit on the provision of services:	**2013/14* £m's**	**2014/15 £m's**
Capital Charges Debited to the CIES	107.6	85.9
Movement in creditors	4.1	18.5
Movement in debtors	(3.8)	(5.6)
Movement in Inventories	0.8	0.0
Recognition of post employee benefits in CIES	20.8	11.7
Carrying amount of non-current assets sold	10.0	31.6
Other Non- Cash Movements	(8.1)	2.7
Total adjustments to net deficit on the provision of services	**131.4**	**144.8**

*Restated

NOTE 1. STATEMENT OF ACCOUNTING POLICIES

1.1 GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the financial year and its financial position as at 31 March 2015. This note sets out the Accounting Policies and the basis of estimation the Council has selected in preparing the Accounts. The general principles adopted in compiling the Accounts are consistent with the CIPFA's Code of Practice on Local Authority Accounting and Service Area Reporting Code of Practice, which are based on International Financial Reporting Standards and Statutory Regulation. Unless specifically required to the contrary, balances are stated in GBP pounds and are rounded to the nearest one hundred thousand pounds (£0.1m). Consequently, rounded balances in the Notes may not arithmetically agree to the primary statements.

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

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

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

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

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

1.2 DEBTORS AND CREDITORS

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

Impairment of debt is deducted from debtors' balances. If there is evidence that debts are irrecoverable, they are written off against the appropriate provision.

Impairment of debts are maintained at levels that reflect the age profile of the outstanding arrears and the likelihood of recovery based on expected collection rates.

1.3 CASH AND CASH EQUIVALENTS

For the purposes of the Balance Sheet and Cash Flow Statement, cash comprises cash in hand, deposits held on call with banks, other short term highly liquid investments with original maturities of three months or less from the date of acquisition and bank overdrafts which are used in the treasury management function on a day to day basis to the extent that none of these represent cash sums held against a specific liability. Cash held on behalf of other parties under non Council controls are not accounted for as cash. The Cash Flow Statement has been prepared using the indirect method as recommended by the CIPFA Code.

1.4 EXCEPTIONAL ITEMS

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

1.5 PRIOR PERIOD ADJUSTMENTS

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

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

1.6 EMPLOYEE BENEFITS

The Council's Accounting Policy for Employee Benefits was revised in April 2013 following the Code's adoption of the 2011 amendments to IAS19, being the relevant International Financial Reporting Standard for this area.

Under the IAS19 standard there are two classes of defined benefit costs which are recognised in the financial statements, namely:-

- net interest on the net defined benefit liability, and
- re-measurements of the net defined benefit liability

Benefits Payable During Employment

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

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

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

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

Termination Benefits

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

Post Employment Benefits

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

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

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

Former NHS Employees - On 1 April 2013 Public Health staff and services were transferred from Primary Care Trusts (PCTs) to local authorities. To discharge their new public health responsibilities, local authorities were provided with a ring-fenced public health grant. Under the new arrangements for Public Health, staff performing public health functions who were compulsorily transferred from the PCTs to local authorities and who had access to the NHS Pension Scheme on 31 March 2013 retained access to that Scheme on transfer at 1 April 2013. The NHS pension scheme is an unfunded, defined benefit scheme which is a multi-employer defined benefit scheme. In the NHS, the scheme is accounted for as if it were a defined contribution scheme. Therefore it is not possible to identify the underlying scheme assets and liabilities for those staff who were transferred from the PCT to the Authority in April 2013. Given this, the Council has decided to follow the recommendation from CIPFA's Local Authority Accounting Panel and to account for the NHS pension scheme on a defined contribution basis. This is in accordance with paragraph 6.4.1.7 of the 2013-14 Code.

- **London Pension Fund Authority (LPFA) Scheme –** One member of staff employed by the Council has retained membership of the above fund, which is a funded scheme. The LPFA is designated an 'Administering Authority' within the Local Government Superannuation Regulations 1995. The LPFA maintains the Fund and administers the terms of the scheme in respect of those who participate in it. The pension costs that are charged to the Council's accounts in respect of the relevant employee are equal to the employer's contribution rate paid to the funded scheme.

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

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

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

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

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

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

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

  - <u>Current service costs</u> – the increase in liabilities as a result of the years of service earned in the year allocated to service revenue accounts within the Cost of Services;

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

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

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

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

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

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

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

1.7 EVENTS AFTER THE REPORTING PERIOD

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

Within this context there are two type of events.

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

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

1.8 GRANTS AND CONTRIBUTIONS

Revenue Grants and Contributions

Service revenue grants and contributions are accounted for on an accruals basis and are credited as income to appropriate service headings within the Comprehensive Income and Expenditure Statement once the Council has satisfied conditions of the grant/contribution, to the extent that the grant/contribution does not have to be repaid to the awarding body and there is reasonable certainty that the funding is receivable.

Specific grants not received at the balance sheet date but where the related expenditure has been incurred and the grant conditions have been complied with are recorded in the Balance Sheet as debtors.

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

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

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

Capital Grants and Contributions

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

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

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

1.9 COST OF SUPPORT SERVICES

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

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

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

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

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

1.10 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

The Council has adopted a de minimus level of £1m for the disclosure of contingent assets and contingent liabilities.

1.11 COUNCIL TAX

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

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

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

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

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

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

1.12 NATIONAL NON DOMESTIC RATES

The Council collects of business rates, proportions of which are then paid to the Council, the Greater London Authority (GLA) and Central Government. 30% of business rates are retained by the Council and included in the Comprehensive Income and Expenditure Statement as accrued income. The Council also retains the cost of collection allowance which is also recognised in the Comprehensive Income and Expenditure Statement. The Council's share of arrears, provision for impairment of debt, prepayments and overpayments are shown on the balance sheet.

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

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

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

The Council accounts for the GLA's Business Rate Supplement on an agency basis through the Collection Fund and only accounts for the receipt of the associated cost of collection allowance in its Comprehensive

Income and Expenditure Statement. The year end balances attributable to the collection of the Business Rate Supplement including arrears, overpayments and impairment of debt is disclosed as a net debtor/creditor with the GLA in the Balance Sheet.

1.13 INTANGIBLE ASSETS

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

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

1.14 PROPERTY, PLANT AND EQUIPMENT

Acquisition and Recognition

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

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

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

- infrastructure assets - are included at depreciated historic cost;

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

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

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

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

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

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

Revaluations

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

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

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

The Revaluation Reserve records the effect of the revaluation of property, plant and equipment and intangible fixed assets. The reserve was created with a zero balance on 1st April 2007. The historic cost of assets was taken to be their current value at that date. The balance on the Revaluation Reserve therefore includes only the net effect of revaluations subsequent to 1st April 2007.

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

Impairment

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

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

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

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

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

Disposals

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

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

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

1.15 DEPRECIATION

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

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

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

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

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

*In line with CIPFA guidelines Council Dwellings have been depreciated by an amount equal to the Major Repairs Allowance as being a proxy for depreciation. A new componentised model has been created and will be fully implemented from 1st April 2015. Other Housing properties are depreciated in the normal manner.

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

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

The carrying value of items within a parent asset not identified as a component, are de-recognised when the capitalised cost of a replacement is incurred.

Components or groups of components having the same expected life are identified and reviewed at the time the asset is inspected.

1.16 HERITAGE ASSETS

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

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

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

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

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

Historical buildings are re-valued in accordance with the five year rolling programme of property valuations; other items including civic regalia, the museum collections and works of art (where material) are valued every five years – the date of the most recent valuation of these artefacts was October 2010.

1.17 INVESTMENT PROPERTIES

Investment properties are held either for earning rental income or for capital appreciation; they do not have a function that supports the delivery of council services.

They are valued at fair value annually reflecting the market conditions at the balance sheet date; they are not depreciated. Rental income and revaluation gains or losses are recognised in the Comprehensive Income and Expenditure Statement under Financing and Investment Income and Expenditure. Disposal and revaluation gains and losses are reversed out to the Capital Adjustment Account through the Movement in Reserves Statement.

1.18 CURRENT ASSETS HELD FOR SALE AND SURPLUS ASSETS

Current Assets Held for Sale comprise those assets that the Council has determined are for immediate sale in their present condition and are expected to be sold in the next twelve months. These assets are valued at the lower of their carrying value or their fair value less costs to sell. Fair values are determined on the basis of current market conditions. The assets are not depreciated. Assets that are not in operational use and do not meet the definition of investment properties, nor current assets held for sale, are classified as surplus assets. They are valued according to their most recent use by the Council. Generally, they refer to properties where the Council has yet to proceed with the disposal of the properties or is considering developing them for alternative use.

1.19 CHARGES TO REVENUE FOR NON CURRENT ASSETS

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

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

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

However, the Council is required to set aside an annual provision from revenue to reduce its overall underlying borrowing requirement. This is known as the minimum revenue provision and must be determined prudently in accordance with guidance provided by DCLG and charged to the General fund through the Movement in Reserves Statement. For 2013/14, the Council has set aside:

- 4% of the Council's adjusted General Fund Capital Financing Requirement at 1st April 2012 where this relates to capital expenditure funded from borrowing as at 31st March 2008 and capital expenditure incurred thereafter and funded from supported borrowing (i.e. where there is revenue provision recognised in the Council's Revenue Support Grant Settlement); and
- Provision for the amortisation of unsupported borrowing incurred at 31st March 2014 reflecting the estimated life of the related expenditure.

1.20 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

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

1.21 PFI CONTRACTS

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

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

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

The accounting policy for PFI contracts:

- recognises on the Council's Balance Sheet the assets/enhancements provided and a corresponding liability for the amounts due to the contractor to pay for the assets;
- recognises on the Council's Balance Sheet all non-current assets that were transferred to the PFI contractor at the start of the contract and used directly in the delivery of services; and

- provides for the depreciation and revaluation of assets in the same way as other property, plant and equipment owned by the Council.

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

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

1.22 LEASING

Finance Leases

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

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

Assets owned by the Council that are leased out and which meet the Finance Lease recognition criteria result in an amounts due to the Council. Amounts due to the Council under finance leases are accounted for as long term debtors; the related asset is not recognised in the Balance Sheet. The repayment of the principal element is applied in reducing the long term debtor and classified as a capital receipt. The interest element of the lease repayment is credited in the Comprehensive Income and Expenditure Statement as interest receivable. In accordance with statutory regulation, an amount equivalent to the total principal repaid to the Council under finance leases taken out prior to 1st April 2010 is transferred from the Usable Capital Receipts Reserve to the General Fund through the Movement in Reserves Statement.

Operating Leases

Lease rentals payable or receivable under operating leases (including all leases of land) are debited or credited to service revenue accounts in equal instalments over the term of the lease net of incentives contained in the lease (such as rent free periods). Assets acquired under operating leases are not recorded as assets in the financial statements.

Assets leased out under operating leases are recognised in the Balance Sheet and depreciated over their expected useful life consistent with similar owned property, plant and equipment. Lease rentals receivable are credited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement over the life of the lease on a straight line basis.

1.23 INVENTORIES

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

1.24 PROVISIONS, RESERVES AND BALANCES

Provisions

Provisions are recognised when the Council has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources will be required to settle the obligation and where a reasonable estimate of the provision can be made. Provisions are reviewed at the Balance Sheet date and adjusted to reflect current available information. When it is considered very likely that the provision is no longer needed, the provision is reversed and credited back to the relevant revenue account.

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

Reserves and Balances

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

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

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

Certain reserves do not represent usable resources for the Council and can only be used for specific statutory purposes. The purpose of these reserves is explained in the relevant policies e.g. the Revaluation Reserve represents the surplus balance arising from the periodic revaluation of property, plant and equipment and intangible assets; the Capital Adjustment Account represents the amounts set aside from revenue, capital grants and usable capital receipts to finance new capital expenditure and for the statutory repayment of the Council's underlying borrowing requirement. The Capital Adjustment Account also includes the contra entries to the debits/credits posted to the Comprehensive Income and Expenditure Statement for depreciation, impairment and revaluation, the carrying value of assets disposed of and revenue expenditure funded from capital under statute (REFCUS[3]).

1.25 TRUST FUNDS

Certain sums of money are administered by the Council as custodian on behalf of others, in particular where the Council acts as the trustee of a Charitable Body. Such sums are not included in the Financial Statements but are detailed in Note 44 for information purposes. The investments of the Funds are shown both at cost and market value as at 31 March each year.

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

1.26 INTEREST ON BALANCES

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

[3] See glossary for definition

1.27 SCHOOLS

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

The accounting treatment of land and buildings for each type of school is based on the legal framework and practical obligations underlying each type of school. The Council owns the land and buildings of Community Schools and their value is included in the Council's Balance Sheet under Non-Current Assets. For Foundation Schools, whilst legal title technically lies with the school's Foundation Trust, the Council carries the bulk of risks and rewards associated with ownership and therefore the value of land and buildings for these schools is also included in the Council's Balance Sheet under Non-Current Assets. However, CIPFA's 2014 in depth analysis of the IASB Conceptual Framework concluded that assets owned by Religious Bodies are not controlled by the Voluntary Aided School as an entity. Accordingly a HM Treasury and CIPFA/LASAAC Working Group concluded that the assets of the Religious Body should not be recognised as Assets of the School or the Local Authority. Whilst the Council does not recognise the land and buildings of VA Schools on its Balance Sheet, any resources which it chooses to allocate to a Voluntary Aided School for the purpose of Capital Expenditure is treated in the Council's accounts as Revenue Expenditure Financed from Capital under Statute (REFCUS) and charged to the Comprehensive Income and Expenditure Statement under Children's and Education Services.

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

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

As at 31 March 2015 the Council has 22 Maintained Schools which are classified as Voluntary Maintained. Whilst the income, expenditure and balances pertaining to Voluntary Maintained Schools are consolidated in the Council's Accounts, the value of the land and property is not. This is the Council's interpretation of the requirements of the Code of Practice.

1.28 FINANCIAL LIABILITIES

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

Gains or losses on the repurchase or early settlement of borrowing are credited or debited to the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification and exchange of existing instruments, the premium and discount is respectively added to or deducted from the amortised cost of the new or modified loan, and the write down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate. Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund to be spread over future years. The council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. With regard to the HRA, premiums and discounts on the repurchase of HRA debt is amortised to the HRA over the remaining life of the debt repaid or ten years, whichever is the lower.

The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to, or from, the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

1.29 FINANCIAL ASSETS

Financial assets are classified into two types:

- Loans and receivables – assets that have fixed and determinable payments but are not quoted in an active market; and
- Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable repayments.

Loans and receivables

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

Available-for-sale assets

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

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

- Instruments with quoted market prices – the market price;
- Other instruments with fixed and determinable payments – discounted cash flow analysis; and
- Equity shares with no quoted market prices – independent appraisal of company valuations.

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

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

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

1.30 VAT

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

1.31 FINANCIAL RELATIONSHIPS WITH COMPANIES AND OTHER ORGANISATIONS

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

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

Enfield Homes Limited

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

Enfield Norse Limited

On 1st May 2009, the Council entered into an agreement with Norse Commercial Services Limited (the trading arm of Norfolk County Council) to establish Enfield Norse Limited. The company provides building cleaning services to the Council and its Schools. The Company is a Joint Venture operation. Norse Commercial Services Ltd own 60% of the issued Share Capital, however both parties share equal voting rights and have equal rights to assets upon winding up. As a Joint Venture, the Council's interest in Enfield Norse Limited falls within the Group Boundary. However, a professional judgement on the materiality, size and impact on incorporating this interest into the Group Accounts concluded that the time and cost in doing so would not be justified by the additional benefits to the users of the accounts. Information on the financial performance and standing of Enfield Norse and how this relates to the Council is provided in Note 35 to the Core Financial Statements.

Lea Valley Heat Network Limited

In 2011, the Council set up New River Services Limited, a company wholly owned by the Authority with the Board made up of Councillors and Senior Officers. The purpose of the Company is to provide a legal platform which will enable the Authority to trade its services with other public bodies on a commercial basis. The Company was renamed Lea Valley Heat Network Ltd in June 2013. As and when the Company becomes operational, its inclusion into the Group Accounts will be dependent on materiality and cost versus benefit considerations as outlined in the Policy above.

Housing Gateway Ltd

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

Other Organisations

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

1.32 INSURANCE ARRANGEMENTS

It is the Council's policy to project estimated in-year insurance related expenditure, which includes both internal and external arrangements. Insurance related transactions are initially recorded in a Corporate

Insurance Account and subsequently re-allocated to departments so that the charge to each Service area reflects the economic cost of providing cover for their activities.

It is also the Council's Policy to hold an Insurance Fund – a type of Earmarked Reserve – the purpose of which is to set aside resources to cover projected claim incidents incurred but not reported at the balance sheet date, as informed by Independent Actuarial Reviews.

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

For the 2015/16 Financial Statements, the Code has adopted the following Accounting Standards:

- IFRS 13 - Fair Value Measurement
- IFRIC 21 - Levies.

IFRS13 is a substantial standard affecting how Local Authorities measure their assets and liabilities. This is expected to have a significant impact on next year's Statement of Accounts, particularly regarding additional Disclosures. IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by Government. Impact on the Statement of Accounts is expected to be minimal.

NOTE 3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

- In accounting for the Council's exposure to possible future losses and obligations, provisions have been made where there is sufficient objective evidence to enable the extent and timing to be reasonably estimated; where there is a high degree of uncertainty, a contingent liability has been disclosed where material (above £1m). Accruals are made in the financial statements for estimated liabilities arising from the Council's normal business activities including those which may be subject to dispute or negotiation with the supplier.

- The Authority has followed CIPFA's recommendation and made a provision in the 2014-15 Accounts for successful business rate appeals. 2013/14 and 2014/15 data on this area and information from the Valuation Agency has been used to assess the estimated liability in the future.

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

- As at 31st March 2015, Enfield had 22 Voluntary Aided Schools (18 Primary; 4 Secondary) and 1 Foundation School (1 Secondary). The Council's Policy is not to recognise VA School assets on its balance sheet on the basis that the Council does not directly control the economic benefits of these assets.

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

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

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

- The Council uses the HRA Major Repairs Allowance (MRA) as a proxy for the depreciation charge on Council Dwellings on the basis that the MRA is not materially different /to the calculated depreciation charge. This practice is permitted under the HRA Self Financing Transitional Arrangements.

NOTE 4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future and otherwise uncertain events.

Estimates are made taking into account recent experience and current trends and other objective factors. Since balances cannot be determined with complete certainty, actual events could be materially different from the assumptions and estimates that have been made.

The principal items in the Council's Balance Sheet at 31 March 2015 which may materially be affected by future events are set out below:

Item	Uncertainty	Effect If Actual Results Differ From Assumptions
Property Plant and Equipment	Assets are depreciated over estimated useful lives reflecting the current condition of the assets. Asset useful lives may need to be reduced if there is a deterioration beyond the currently assessed future performance of these assets.	A reduction in useful lives will increase the annual depreciation charge and reduce asset carrying values. An increase in useful lives will give rise to a corresponding reduction in annual depreciation charges.
Provisions	Provision has been made for estimated insurance claims to be met from the Council's own internal insurance arrangements. The Council has taken actuarial advice on the Council's claims exposure in determining the provision. This includes actual and IBNR (incurred but not reported) claims. A Provision has also been made for NDR Appeals based upon the best estimate of the actual liability as at the Balance Sheet date. It is not possible to quantify the financial effect of appeals which have not yet been lodged with the Valuation Office as this is a major source of estimation uncertainty. However the Council has recognised the possibility of such a liability as a Contingent Liability in Note 43.	An actuarial review is undertaken every three years to re-assess the Council's exposure. An increase of 10% in the value of estimated outstanding claims would require an additional provision of £0.4m. The Council has a separate earmarked insurance fund reserve of £6.5m which may be used to address such losses. Whilst there is an element of uncertainty regarding the underlying figure on which the Provision was based, the effect if actual results differ from assumptions is not thought to be materially significant as LBE is only liable for 30% of the value of successful appeals and any increase in this share would be met from sums held in the Collection Fund Business Rate Adjustment Account.

Item	Uncertainty	Effect If Actual Results Differ From Assumptions
Pension Fund Liability	Estimation of the net liability to pay pensions depends on a number of judgements relating to the discount rate used, the rate at which employee earnings are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The Council has engaged an actuary to advise on these assumptions and judgements.	The effects on the Pension Fund liability of changes in individual assumptions can be measured and are illustrated in the Sensitivity Analysis Table in Note 42. For example, a 0.1% increase in the discount rate assumption would give rise to a decrease in the pension fund liability of £20m.

NOTE 5. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

Financing and Investment Income and Expenditure:	2013-14 £m	2014-15 £m
Interest payable and similar charges	18.5	11.1
Net Interest on the Defined Pension Liability	18.6	14.7
Interest and investment income	(0.7)	(1.3)
Dividend Income from Joint Venture	(0.3)	(0.2)
Investment Properties: Income, expenditure, valuation changes and gain on disposal (Note 12)	(12.8)	(3.7)
Totals	**23.3**	**20.6**

NOTE 6. TAXATION AND NON-SPECIFIC GRANT INCOME

Taxation and non-specific grant income:	2013-14 £m	2014-15 £m
Income from Council Tax	(99.8)	(100.5)
Local Business Rates Top-Up	(34.0)	(34.6)
Locally Retained Business Rates	(30.9)	(29.7)
General Government Grants (Note 34)	(110.4)	(95.2)
PFI Revenue Support Grant	(6.8)	(6.8)
Capital Grants and Contributions (Note 34)	(54.3)	(53.7)
Total	**(336.2)**	**(320.5)**

NOTE 7. MATERIAL ITEMS OF INCOME AND EXPENSE

At the time of the production of these accounts there were no material items of income or expenditure.

NOTE 8. EVENTS AFTER THE REPORTING PERIOD

IAS 10 (Events After The Reporting Period) contains requirements for when events after the end of the end of the reporting period should be reflected in financial statements. The Code defines two types of Event. Adjusting events are those which provide evidence of conditions that existed at the end of the reporting period. Non -adjusting events are indicative of conditions arising after the reporting period. Three material non-adjusting events occurred in April 2015. i) A £21m acquisition of land at Meridian Water. ii) Transfer of £1.5m of land at the former New Southgate Industrial Estate to a Developer as part of the Ladderswood Regeneration Scheme. iii) Management & maintenance of Housing Stock was transferred back to the Council from Enfield Homes Ltd.

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

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

Adjustments Between Accounting Basis and Funding Basis under Regulations	**2013/14 £m's**	**2014/15 £m's**
Deficit on Provision of Services	**28.2**	**27.8**
Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement in General Fund Balance:		
Depreciation and impairment of non-current assets - General Fund	(45.7)	(49.8)
Depreciation and impairment of non-current assets - HRA	(44.1)	(21.1)
Investment Properties: Net impact of Loss on Disposal and Movements in Fair and Market Value	6.4	(2.7)
Capital grants and contributions credited to the CIES	54.3	53.7
Revenue expenditure funded from capital under statute	(8.9)	(3.5)
Net gain or loss on sale of non-current assets	3.0	(7.3)
Amount by which pension costs calculated in accordance with the Code (IAS 19) are different from the contributions due under the pension scheme regulations	(20.8)	(11.8)
Amount by which council tax income and residual community charge adjustment included in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulation	1.4	1.0
Sub Total	**(54.4)**	**(41.5)**
Amounts not included in the Comprehensive Income and Expenditure Statement but required to be included by statute when determining the Movement on the General Fund Balance		
Statutory provision for repayment of debt	10.8	11.1
Repayment of lease obligations	2.6	2.6
Capital expenditure charged to the General Fund and HRA	12.1	9.1
Transfer from Capital Receipts Reserve equal to the amount payable into the Housing Capital Receipts Pool	(1.1)	(1.2)
Other Contributions from the Capital Receipts Reserve	(0.2)	(0.6)
Sub Total	**24.2**	**20.9**
Total Adjustments	**(30.2)**	**(20.6)**
Net (increase) or decrease before transfers to reserves	**(2.0)**	**7.2**

NOTE 10. TRANSFERS TO/ (FROM) EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2014/15.

Reserves and Balances	Balance at 31 March 2014 £m's	Net Transfers 2014/15 £m's	Balance at 31 March 2015 £m's
Housing Revenue Account			
HRA Repairs Fund	1.5	1.4	2.9
HRA - Capital Reserve	13.7	8.3	22.0
Total HRA	**15.2**	**9.7**	**24.9**
General Fund			
Commitments Reserve	5.1	(3.0)	2.1
Risk Reserve	6.7	(1.8)	4.9
ICT Investment Fund	6.4	(1.3)	5.1
Interest Rate Equalisation Reserve	4.6	0.2	4.8
Insurance Fund	5.3	1.2	6.5
Council Restructuring Reserve	2.2	0.0	2.2
General Fund - Capital Reserve	5.0	(0.8)	4.2
Sustainable Service Development	1.1	(0.2)	0.9
European Social Fund	0.7	(0.3)	0.4
Repair & Maintenance	1.6	0.1	1.7
Residents Priority Fund	0.6	0.1	0.7
Welfare Benefits Reserve	4.8	0.0	4.8
Council Development Reserve	4.7	(3.6)	1.1
Projects Reserves	19.3	(5.1)	14.2
Sub Total	**68.1**	**(14.5)**	**53.6**
Dedicated Schools Grant Reserve	7.1	(1.1)	6.0
Section 106 Contribution Receipts	0.6	(0.1)	0.5
Public Health	1.2	0.4	1.6
Total General Fund Reserves	**77.0**	**(15.3)**	**61.7**
Total Earmarked Reserves	**92.2**	**(5.6)**	**86.6**

A brief description of each reserve is as follows:

HRA Repairs Fund

The fund provides resources to help fund the maintenance of the council’s social housing stock.

HRA - Capital Reserve

The reserves helps fund capital investment to improve the council’s social housing stock and meet the Decent Homes Standard.

Commitments Reserve

Funding for revenue projects that are not completed by the year end is carried forward to meet any outstanding expenditure commitments in the following year. This includes revenue grants not fully spent in 2014/15.

Risk Reserve

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

ICT Investment Fund

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

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

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

Council Restructuring Reserve
The Council is constantly looking to improve efficiency and this fund helps meet any one-off related expenditure including staff severance costs.

General Fund - Capital Reserves
This reserve helps fund the Council's capital investment (excluding social housing) and also a vehicle replacement programme.

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

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

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

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

Welfare Benefits Reserve

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

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

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

NOTE 11. PROPERTY, PLANT AND EQUIPMENT MOVEMENT IN BALANCES 2014/15:

Movement in Balances 2014/15	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PPE	PFI Assets inc within PPE
Cost or Valuation £m's									
As at 01.04.2014	**518.8**	**599.2**	**32.0**	**282.8**	**64.9**	**16.2**	**48.6**	**1,562.5**	**87.5**
Additions	8.4	16.1	2.4	11.0	0.3	11.1	65.7	115.0	0.0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	33.5	47.8	0.0	0.0	4.3	5.6	0.0	91.2	0.0
Revaluation increases/(decreases) recognised in the I&E	(0.2)	(9.5)	0.0	0.0	(0.1)	0.5	0.0	(9.3)	0.0
Impairment losses/(reversals) recognised in the I&E	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Derecognition – Disposals	(9.5)	(17.6)	0.0	0.0	0.0	(6.2)	0.0	(33.3)	0.0
Derecognition – Other*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assets reclassifed (to)/from Held for Sale	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other movements in cost or valuation**	(9.5)	(12.3)	0.0	0.1	(0.3)	(0.5)	(16.9)	(39.4)	0.0
As at 31.03.2015	**541.5**	**623.7**	**34.4**	**293.9**	**69.1**	**26.7**	**97.4**	**1,686.7**	**87.5**

* Amounts net to zero against the same line in the Accumulated Depreciation & Impairment Table and relate to the removal of nil balance assets no longer owned
** Relates to the transfer of assets between classes and the De-recognition of non-enhancing expenditure as assessed by the Valuers.

Accumulated Depreciation and Impairment £m's	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PPE	PFI Assets inc within PPE
As at 01.04.2014	**(36.8)**	**(58.5)**	**(20.6)**	**(62.2)**	**0.0**	**(0.1)**	**0.0**	**(178.2)**	**(15.7)**
Depreciation charge for 2014/15	(13.6)	(16.3)	(3.5)	(6.7)	0.0	0.0	0.0	(40.1)	(3.1)
Depreciation written out to the Revaluation Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation written out to the I&E									
Derecognition - disposals	0.6	2.1	0.0	0.0	0.0	0.1	0.0	2.8	0.0
Derecognition - Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other movements in depreciation and impairment	0.2	0.0	0.0	0.0	0.0	(0.2)	0.0	0.0	0.0
As at 31.03.2015	**(49.6)**	**(72.8)**	**(24.1)**	**(68.9)**	**0.0**	**(0.2)**	**0.0**	**(215.6)**	**(18.8)**

Net Book Value

at 31 March 2015	**491.9**	**550.9**	**10.3**	**225.1**	**69.1**	**26.4**	**97.4**	**1,471.1**	**68.7**
at 31 March 2014	**482.0**	**540.7**	**11.4**	**220.6**	**64.9**	**16.1**	**48.6**	**1,384.3**	**71.9**

Comparative Figures for 2013/14

Movement in Balances 2013/14	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PPE	PFI Assets inc within PPE
Cost or Valuation £m's									
As at 01.04.2013	483.4	563.7	35.4	265.6	57.0	5.9	36.3	1,447.3	84.9
Additions	23.2	11.6	3.2	15.1	0.5	5.9	42.6	102.1	0.0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	41.7	43.5	0.0	0.0	7.9	1.7	0.0	94.8	2.6
Revaluation increases/(decreases) recognised in the I&E	(0.1)	(6.1)	(0.1)	0.0	0.0	(0.9)	0.0	(7.2)	(0.0)
Impairment losses/(reversals) recognised in the I&E	0.0	(0.7)	0.0	0.0	0.0	(0.6)	0.0	(1.3)	0.0
Derecognition - Disposals	(4.8)	(5.9)	0.0	0.0	0.0	0.0	0.0	(10.7)	0.0
Derecognition – Other*	0.0	0.0	(6.9)	(0.1)	0.0	0.0	0.0	(7.0)	0.0
Assets reclassifed (to)/from Held for Sale	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other movements in cost or valuation**	(24.6)	(6.9)	0.4	2.2	(0.5)	4.2	(30.3)	(55.5)	0.0
As at 31.03.2014	**518.8**	**599.2**	**32.0**	**282.8**	**64.9**	**16.2**	**48.6**	**1,562.5**	**87.5**

Accumulated Depreciation and Impairment £m's	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PPE	PFI Assets inc within PPE
As at 01.04.2013	(23.5)	(43.9)	(24.4)	(55.9)	0.0	0.0	0.0	(147.7)	(12.7)
Depreciation charge for 2013/14	(13.5)	(15.9)	(3.1)	(6.4)	0.0	0.0	0.0	(38.9)	(2.9)
Depreciation written out to the Revaluation Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation written out to the I&E	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Derecognition - disposals	0.2	0.8	0.0	0.0	0.0	0.0	0.0	1.0	0.0
Derecognition - Other	0.0	0.0	6.9	0.1	0.0	0.0	0.0	7.0	0.0
Other movements in depreciation and impairment	0.0	0.5	0.0	0.0	0.0	(0.1)	0.0	0.4	0.0
As at 31.03.2014	**(36.8)**	**(58.5)**	**(20.6)**	**(62.2)**	**0.0**	**(0.1)**	**0.0**	**(178.2)**	**(15.6)**

Capital Commitments

The Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment. Significant contract commitments at 31 March 2015 over £0.5m total £52.7m (£21.9m as at 31 March 2014)

SCHEMES	Contracted and Budgeted £m's
Housing Revenue Account	23.7
Schools Expansion Plan Programme	7.6
Libraries	0.9
Regeneration Schemes	20.5
Total	**52.7**

Schools

As at 31 March 2015 there were 83 Local Authority Maintained Schools. The table below analyses these schools by type and category.

	Community	Voluntary Aided	Foundation	Total
Primary	**46**	**18**	**0**	**64**
Secondary	**8**	**4**	**1**	**13**
Special	**6**	**0**	**0**	**6**
Total	**60**	**22**	**1**	**83**

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

In addition, as at 31 March 2015 there were 12 Academy Schools located within the Borough as follows:-

Ark John Keats Academy
Oasis Enfield Academy
Oasis Hadley Academy
Aylward Academy
Heron Hall Academy
Nightingale Academy
Kingsmead Academy
Enfield Grammar School Academy
Kingfisher Hall Academy
Woodpecker Academy
Cuckoo Hall Academy
Enfield Heights Academy

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

NOTE 12. INVESTMENT PROPERTIES

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

	2013/14 £m's	2014/15 £m's
Rental and Service Charge Income from Investment Property	(8.2)	(7.6)
Related Operating Expenses	1.8	1.2
Changes in Fair Value	(6.4)	2.8
(Gain) / Loss on Disposal	0.0	0.0
Net gain	**(12.8)**	**(3.6)**

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

	2013/14 £m's	2014/15 £m's
Balance at the start of the year	101.7	105.4
Additions:		
Subsequent Expenditure	0.1	1.9
Disposals	(0.3)	(1.1)
Nets gains / (losses) from fair value adjustments	6.4	(2.8)
Transfers:		
From Property, Plant and Equipment	0.3	0.2
To Property, Plant and Equipment	(2.9)	0.0
From Assets Under Construction	0.1	0.0
Balance at the end of the year	**105.4**	**103.6**

NOTE 13. HERITAGE ASSETS

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

2013/14	Heritage Properties £m's	Museum Collections £m's	Civic Regalia £m's	Total Assets £m's
Balance B/Fwd – 1 April 2013	6.2	0.8	0.2	**7.2**
Acquisitions	3.3	0.0	0.0	**3.3**
Revaluations	(3.2)	0.0	0.0	**(3.2)**
Depreciation charge for 2013/14	0.0	0.0	0.0	**0.0**
Balance C/Fwd – 31 March 2014	**6.3**	**0.8**	**0.2**	**7.3**

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

NOTE 14. NON CURRENT INTANGIBLE ASSETS

The intangible assets of the Authority include software, licences and a number of key systems. The carrying amounts of all intangible assets are amortised on a straight-line basis and this amounted to a £0.4m charge to revenue in 2014/15. The movement on Non-Current Intangible Assets balances during the year is as follows:

	2013/14 £m's	2014/15 £m's
Balances at 1st April		
Gross carrying amounts	6.2	6.2
Accumulated amortisation	(4.5)	(4.9)
Net carrying amount at 1st April	**1.7**	**1.3**
Additions:		
Acquisitions	0.0	0.0
Other Transactions:		
Revaluations increases/(decreases)	0.0	0.0
Amortisation for the period	(0.4)	(0.4)
Net carrying amount at 31 March	**1.3**	**0.9**
Comprising:		
Gross carrying amounts	6.2	6.1
Accumulated amortisation	(4.9)	(5.3)
	1.3	**0.9**

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

The Authority also recognises £0.6m of CRC Emission Rights as part of its Current Assets

NOTE 15. NON CURRENT ASSETS VALUATION

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

Valuations have been commissioned from external valuers having specialised knowledge in particular property types and categories e.g. heritage and listed building properties. The valuation of green belt and retail portfolios were outsourced to the Council's managing agents for these properties.

Green Belt valuations have been prepared and verified by Knight Frank LLP and were approved by Alastair Paul BSc (Hons) MRICS.

Retail portfolios have been prepared and verified by Spencer Craig Partnership Limited and were approved by Nigel Herd FRICS, a Director at Spencer Craig, in accordance with the RICS Valuation standards, 8th edition and VS 6.12 of the Red Book

All other valuations have been prepared and verified by Billfinger GVA – the Council's Property Review Contractor and were carried out in accordance with the requirements of the Royal Institution of Chartered Surveyors as incorporated in the Red Book. Valuations were approved by Richard Horner MRICS and Roger Dunnett MRICS from GVA. Valuations are determined as at 1st April 2014 and subsequently reviewed in the light of actual capital investment in the year.

The whole of the Council's investment portfolio has been re-valued to reflect market variations.

Specialist buildings valued at DRC following the MEA approach that have not been inspected have been re-valued by adjusting asset lives and updating building costs from the BCIS Index.

An impairment review has been undertaken to consider circumstances where there have been indications of a reduction in the service potential of assets through physical deterioration.

For Council Dwellings, the Council's housing stock has been divided into five geographical areas for inspection purposes over the five year rolling valuation programme – the Council is a registered RICS body and officers inspected one geographical area this year with these valuations verified by Justin Caslake MRICS. The remaining postal areas and property types not inspected were valued by Strutt & Parker, subcontracted from GVA. This is a desktop evaluation exercise only and has been verified by Michael Anderson MRICS FAAV from Strutt & Parker

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

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

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

The Council's housing stock has been componentised in 2014/15 and compared to the Major Repairs Allowance which can be used as a the proxy for depreciation charges. The difference between the componentised depreciation charge and MRA in 2014/15 is less than £0.2m which is not significant and so the MRA has been used again in 2014/15 in order to complete the accounts as early as possible. The componentised figures will be used from 2015/16 onwards.

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

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

NOTE 16. FINANCIAL INSTRUMENTS

Financial Instruments - Classifications

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

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

Financial Liabilities

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

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

Financial Assets

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

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

- Loans and Receivables; and
- Available for Sale.

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

Balances on money market funds, and call accounts and short term investments (including accrued interest) at 31st March 2015 having a maturity date of three months or less from the date of acquisition are shown under 'Cash and Cash Equivalents' in the Balance Sheet, as they represent highly liquid investments that are readily convertible to known amounts of cash, with an insignificant risk of changes in value.

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

Transaction costs

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

Financial Instruments - Balances

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

	Long Term		Current	
	31-Mar-14 £m's	31-Mar-15 £m's	31-Mar-14 £m's	31-Mar-15 £m's
Borrowing	(262.5)	(269.4)	(36.1)	(43.6)
Accrued Interest	0.0	0.0	(3.3)	(3.4)
Trade Creditors	0.0	0.0	(49.9)	(66.4)
Main Clearing Bank	-	-	(18.4)	(14.3)
PFI Contract Liabilities	(52.4)	(49.4)	(2.5)	(2.7)
Finance Lease Liabilities	(0.4)	(0.3)	(0.1)	(0.1)
Total Financial Liabilities	**(315.3)**	**(319.1)**	**(110.3)**	**(130.5)**
Termed Deposits	0.0	0.0	27.5	25.0
Call Accounts	0.0	0.0	28.9	23.9
Money Market Funds	0.0	0.0	7.0	9.5
Accrued Interest	0.0	0.0	0.2	0.3
Bank Current Accounts	0.0	0.0	11.8	9.8
Long Term Loans	0.8	0.8	0.0	0.0
Finance Lease Debtors	1.6	1.6	0.0	0.0
Trade Debtors	1.7	0.0	53.3	57.3
Total Financial Assets	**4.1**	**2.4**	**128.7**	**125.7**

The portion of long-term liabilities and investments due to be settled within 12 months of the Balance Sheet date are presented in the Balance Sheet under ‘current liabilities’ or ‘current investments’. This would include accrued interest on long term liabilities that is payable/receivable in 2014/15.

Financial Instruments - Gains and Losses

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

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

2013/14 Gains and Losses	Financial Liabilities Liabilities measured at amortised cost £m's	Financial Assets Loans and receivables £m's	Available-for-sale assets £m's	2013/14 Total £m's
Interest expense	18.5	0.0	0.0	18.5
Interest payable and similar charges	**18.5**	**0.0**	**0.0**	**18.5**
Interest income#	0.0	0.7	0.0	0.7
Interest and investment income	**0.0**	**0.7**	**0.0**	**0.7**

Includes recharges

Financial Instruments - Fair Values

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

The Code of Practice requires the Fair Values of these assets and liabilities to be disclosed for comparison purposes. Fair Value is defined as the amount for which asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The Fair Value of a financial instrument on initial recognition is generally the transaction price. The Council's debt outstanding at 31 March 2014 and 31 March 2015 consisted of loans from the Public Works Loan Board (PWLB) and market loans. The PWLB has provided the Council with Fair Value amounts in relation to its debt portfolio. The PWLB has assessed the Fair Values by calculating the amounts the Council would have had to pay to extinguish the loans on these dates. In the case of market loans, in the absence of information to the contrary, the Council has calculated the fair value based on equivalent swap rates at the Balance Sheet date.

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

Carrying amount* 31-Mar-14 £m's	Fair value 31-Mar-14 £m's		Carrying amount 31-Mar-15 £m's	Fair value 31-Mar-15 £m's
		Financial Liabilities:		
(301.9)	(380.0)	Total Borrowing	(316.4)	(471.6)
(52.4)	(52.4)	Deferred Liabilities (PFI Contracts and Finance Leases)	(49.8)	(49.8)
(46.4)	(46.4)	Trade Payables (Creditors)	(66.2)	(66.2)
(400.7)	**(478.8)**	**Total Financial Liabilities**	**(432.4)**	**(587.6)**
		Financial Assets:		
27.5	27.5	Short Term Investments	25.0	25.0
0.8	0.8	Long Term Loans	0.8	0.8
1.6	1.6	Deferred Income (Finance Leases)	1.6	1.6
72.3	72.3	Trade Receivables (Debtors)	66.9	66.9
102.2	**102.2**	**Total Financial Assets**	**94.3**	**94.3**

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

NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

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

The main risks covered are:

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

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

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

Credit Risk

Loans and Receivables

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

The amount of money that can be invested with a single counterparty is limited to £12.5m or 15% of total investments when the investment was made whichever is the higher. The Council also sets a total group investment limit for institutions that are part of the same banking group.

It must also be noted that although credit ratings remain a key source of information, the Council recognises that they have limitations and investment decisions are based on a range of market intelligence. All investments have been made in line with the Council's Treasury Management Strategy Statement for 2014-15, approved by Full Council.

The table below summarises the nominal value of the Council's investment portfolio at 31st March 2015, and confirms that all investments were made in line with the Council's approved credit rating criteria:

Counterparty	Credit Rating Criteria Met When Investment Placed	Credit Rating Criteria Met on 31 March 15	Balance Invested as at 31-Mar-15		
			> 1 month and < 3 months £m's	> 3 months and < 6 months £m's	> 6 months and < 12 months £m's
Financial Institutions	Yes	Yes	25.0	-	-
Money Market Funds	Yes	Yes	9.5	-	-
Call Accounts	Yes	Yes	23.9	-	-
		Total	**58.4**	**-**	**-**

The above analysis shows that all deposits outstanding as at 31st March 2014 met the Council's credit rating criteria on the 31st March 2015.

Trade Receivables

The following analysis summarises the Council's potential maximum exposure credit risk, based on the experience gathered over the last five financial years on the level of default on trade debtors, adjusted for current market conditions. As per the Code of Practice requirements, the disclosure below includes details only of debtors that have arisen as a result of trading activities. Balances and transactions arising from statutory functions (i.e. council tax and NNDR payments) are excluded from this disclosure note, as they have not arisen from contractual trading activities.

	Gross Debtors 31 March 2014 £m's	Bad Debt Provision 31 March 2014 £m's	Gross Debtors 31 March 2015 £m's	Bad Debt Provision 31 March 2015 £m's
Sundry Debtors	52.7	(3.8)	46.8	(2.9)
Housing Tenants	6.3	(2.0)	5.3	(2.1)
Private Sector Leased & Bed and Breakfast	7.0	(6.7)	7.8	(6.8)
Total	**66.0**	**(12.5)**	**59.9**	**(11.8)**

Liquidity Risk

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

There is no significant risk that the Council will be unable to raise finance to meet its commitments. The Council also has to manage the risk that it will not be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates. The Council's strategy is to ensure that no more than 25% of loans are due to mature within any rolling three-year period through a period of careful planning of new loans taken out and making early repayments.

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

The maturity analysis of the nominal value of the Council's debt at 31st March 2015 was as follows:

Borrowing:	Years	31-Mar-15 £m's	% of Total Debt Portfolio
Short Term Borrowing	**Less than 1 year**	43.6	13.8%
Accrued Interest		3.4	1.1%
Total as per Balance Sheet		**47.0**	**14.9%**
Long Term Borrowing	Over 1 but not over 2	2.9	0.9%
	Over 2 but not over 5	44.6	14.1%
	Over 5 but not over 10	8.8	2.8%
	Over 10 but not over 15	0.0	0.0%
	Over 15 but not over 20	0.0	0.0%
	Over 20 but not over 25	20.1	6.4%
	Over 25 but not over 30	10.0	3.2%
	Over 30 but not over 35	37.7	11.9%
	Over 35 but not over 40	85.5	27.0%
	Over 40 but not over 45	31.0	9.8%
	Over 45	28.8	9.1%
Total Long Term Borrowing		**269.4**	**85.1%**
Total Borrowing		**316.4**	**100.0%**

Loans and other long term liabilities outstanding (nominal value)	31-Mar-14* £000s	31-Mar-15 £000s
Public Works Loans Board	232.0	230.0
Market Debt	33.8	42.5
Temporary Borrowing	33.1	40.5
Deferred Liabilities – PFI and finance leases	52.4	49.8
Total	**351.3**	**362.8**

*Restated

Market Risk

Interest Rate Risk: The Council is exposed to risks arising from movements in interest rates. The Treasury Management Strategy aims to mitigate these risks by setting an upper limit of 25% on external debt that can be subject to variable interest rates. At 31 March 2013, 100% of the debt portfolio was held in fixed rate instruments, and none in variable rate instruments. Investments are also subject to movements in interest rates. As investments are made at fixed rates, but for shorter periods of time, there is greater exposure to interest rate movements. This risk has to be balanced against actions taken to mitigate credit risk.

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

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

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

	£m's
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	0.6

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

<u>NOTE 17.</u> CASH AND CASH EQUIVALENTS

Cash and Cash Equivalent Assets comprise of cash in hand and demand deposits. Cash and Cash Equivalent Liabilities represent balances which arise from time to time as a result of the Authorities day to day Cash Management and are not arrangements for borrowing. .

Balances classified as 'Cash Equivalents' fit the definition of being short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The Cash and Cash Equivalent Assets and Liabilities held by the Council are as follows.

Cash and Cash Equivalent Assets

Type	31 March 2014 £m's	31 March 2015 £m's
Call Accounts (same day access accounts)	36.0	33.7
Cash and Bank Current Accounts	11.8	9.8
Total	**47.8**	**43.5**

Cash and Cash Equivalent Liabilities

Type	31 March 2014 £000s	31 March 2015 £000s
Main Bank Clearing Accounts	(18.4)	(14.3)
Total	**(18.4)**	**(14.3)**

NOTE 18 INVENTORIES

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

As the carrying value of Inventories is less than the Council's £1m de mimimus threshold for reporting purposes, a breakdown is not provided in this Disclosure. However further information on the composition of the Council's £0.8m worth of Inventories as at 31 March 2015 is available on request (£0.8m worth of Inventories also held as at 31 March 2014).

NOTE 19. Debtors

SHORT TERM DEBTORS

DEBTORS -Current Debtors	31 March 2014 £m's	31 March 2015 £m's
Amount due from Central Government re NNDR	4.4	3.3
Council Tax	22.6	18.3
Council tax/Community charge/NNDR costs	3.2	3.6
Trade Debtors account ledger/debtor accruals	23.9	22.0
Enfield Homes	2.4	1.8
Housing Gateway[4]	0.0	0.4
Grants and Contributions	15.0	10.7
HMRC	6.6	18.4
Housing Benefit Overpayments	3.2	2.3
Housing Rents	19.6	23.1
Other Debtors	2.6	4.6
Impairment of Debt	(27.2)	(26.8)
Payments in Advance	4.8	5.3
Total	**81.1**	**87.0**

[4] Note 1 Statement of Accounting Policies Section 1.31

LONG TERM DEBTORS

Long Term Debtors	31 March 2014 £m's	31 March 2015 £m's
Social Care S22 Deferred Debt	1.0	0.3
Loan to Enfield Enterprise	0.8	0.8
Secured Debt – Social Services	1.3	1.1
Secured Debt – Other Debt	1.6	0.9
Amounts receivable under Finance Leases	1.6	1.6
Housing Gateway Ltd	0.0	15.7
Total	**6.3**	**20.4**

NOTE 20. ASSETS HELD FOR SALE

Assets held for sale refers to the carrying value of assets which are being actively marketed and are expected to be disposed of during the next financial year. The opening balances represented vacant properties that will transfer to the Council's development partner as part of the re-development of the Ladderswood Estate. This transfer will not complete within 12 months and as such does not meet the criteria for Held for Sale. The asset balance has therefore been transferred into surplus assets pending the commencement of marketing and disposal. Further details are provided in the note below:-

	2013/14 £m's	2014/15 £m's
Balance at 01 April	1.8	0.0
Expenditure in year	1.2	0.0
Other movements	(3.0)	0.0
Balance at 31 March	**0.0**	**0.0**

NOTE 21. ESTATE RENEWALS

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

The Council has sought to secure the full vacant possession of certain sites by decanting existing council tenants and negotiating with residential and commercial leaseholders and other third parties to release their interests in the sites. As at 31st March 2015, the decanted/empty premises are disclosed as surplus assets in the Balance Sheet. Further decants and the buying out of leaseholder interests will continue into future years as projects proceed. Assets will be formally de-recognised in the financial statements as they are transferred to the developer during the implementation phases of projects. The carrying value of the assets associated with new developments that are vacant and have no further operational use to the Council as at 31st March 2015 have been written down in the financial statements to reflect the estimated recoverable amounts receivable by the Council for these assets under the respective development agreements. Further details are provided in Note 39.

NOTE 22. CREDITORS & LONG TERM LIABILITIES

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

Current Creditors	31-Mar-14* £m's	31-Mar-15 £m's
Trade Creditors	42.8	58.7
HMRC	8.9	8.8
NNDR Pool	2.4	0.0
Council Tax Refunds	2.6	3.2
Grants and Contributions	1.0	2.0
Enfield Homes	2.6	1.3
Enfield Gateway	0.0	0.3
Finance Leases (incl. PFI Contracts)	2.6	2.7
Other	3.5	4.1
Receipts in Advance	14.6	17.8
Total	**81.0**	**98.9**

*Restated

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

	31 March 2014 £m's	31 March 2015 £m's
Amounts due to be paid under PFI Contracts	52.0	49.4
Amounts due to be paid under other Finance Leases	0.4	0.4
Total	**52.4**	**49.8**

NOTE 23. PROVISIONS

Provisions are liabilities which have arisen as at the Balance Sheet Date wherein the Council has an obligation for future transfer of economic benefit. Whilst there is some uncertainty on the amount and timing of the eventual transfer of economic benefit, the obligations have been recognised as expenditure in the accounts. Provisions are classified as either Short Term (those expected to be settled within 12 months of the balance sheet date) or as Long Term (those estimated to be settled after 12 months of the balance sheet date). Provisions which have been recognised as at 31 March 2015 are shown in the following table.

Classification and Description	Balance b/fwd @ 31 March 2014	Additional Provisions & Reclassifications	Provisions Utilised in Year	Reclassifications & Write Backs	Balance c/fwd @ 31 March 2015
Short Term	£m's	£m's	£m's	£m's	£m's
Building Dilapidations	0.1	0.5	(0.1)	0.0	0.5
Payment of discretionary grants	0.1	0.0	(0.1)	0.0	0.0
Termination Benefits	0.4	0.2	(0.4)	0.0	0.2
Claims from internal insurance fund	2.3	2.2	(2.3)	0.0	2.2
Compensation-Operating Partner	0.1	0.0	(0.1)	0.0	0.0
Performance Related Pay*	1.5	0.0	0.0	0.0	1.5

Classification and Description	Balance b/fwd @ 31 March 2014	Additional Provisions & Reclassifications	Provisions Utilised in Year	Reclassifications & Write Backs	Balance c/fwd @ 31 March 2015
Accumulated Staff Absences	7.8	0.0	0.0	0.0	7.8
Carbon Reduction Commitment Levy	0.4	0.1	(0.4)	0.0	0.1
Regeneration Property Buy-Backs	0.2	0.2	(0.2)	0.0	0.2
Business Rate Valuation Appeals	0.7	2.2	(0.7)	0.0	2.2
Public Health Contractor Services	0.3	0.1	(0.3)	0.0	0.1
Corporate Landlord Repair Obligations	0.4	0.0	(0.4)	0.0	0.0
Other	0.1	0.2	(0.1)	0.0	0.2
Sub Total	**14.4**	**5.7**	**(5.0)**	**0.0**	**15.1**
Long Term					
Liability for Building Dilapidations	0.7	0.3	0.0	(0.7)	0.3
Claims from internal insurance fund	3.2	2.5	(3.2)	0.0	2.5
Sub Total	**3.9**	**2.8**	**(3.2)**	**(0.7)**	**2.8**
Total	**18.3**	**8.5**	**(8.2)**	**(0.7)**	**17.9**

The largest Provisions relate to:-

i) Accumulated Staff Absences at £7.8m. This amount represents the estimated value of untaken annual leave as at the 31 March 2015

ii) The combined short and long term Insurance provisions total of £4.7m represents the estimated cost of claims against the Council's Internal Insurance Fund projected to be made for all insured events at the balance sheet date. This figure is in line with conclusions made by the Insurance Actuary.

iii) The £2.2m provision for business rate valuation appeals is Enfield's 30% share of a total provision of £7.0m set out in more detail the Collection Fund note on page 89.

*Note: The figure for Performance Related Pay does not reflect the additional net cost to the Council of the introduction and subsequent extension of performance related pay in that it does not take account of the reductions in other elements of pay that arose as a direct consequence of the changes to the contractual terms and conditions of staff that accompanied the introduction of performance related pay.

NOTE 24. UNUSABLE RESERVES

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

Unusable Reserves	Notes	31-Mar-14	31-Mar-15
		£m's	£m's
Revaluation Reserve	i	(322.5)	(395.8)
Capital Adjustment Account	ii	(698.9)	(678.9)
Collection Fund Adjustment Account	iii	(2.2)	(3.2)
Deferred Capital Receipts Reserve		(2.4)	(18.0)
Accumulated Absences Account	iv	7.8	7.8
Pensions Reserve	v	358.4	418.6
Total		**(659.8)**	**(669.5)**

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

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

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

Revaluation Reserve	2013/14 £m's	2014/15 £m's
Balance at 1 April	**(246.0)**	**(322.5)**
Surplus or deficit on revaluation of non-current assets not posted to the (Surplus)/Deficit on the Provision of Services		
Upward revaluation of assets	(103.7)	(110.1)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	8.9	22.0
Sub total	**(94.8)**	**(88.1)**
Total Amount written off to the Capital Adjustment Account*		
Difference between fair value depreciation and historical cost depreciation	9.0	10.1
Accumulated gains on assets disposed of in the year	2.7	4.3
Other Adjusting Amounts Written Off to the Capital Adjustment Account	6.6	0.4
Sub total	**18.3**	**14.8**
*Restated		
Balance at 31 March	**(322.5)**	**(395.8)**

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

The Account is debited with the cost of depreciation, impairment losses and amortisations that have been charged to the Comprehensive Income and Expenditure Statement with reconciling items from the Revaluation Reserve to write off the depreciation, impairment and amortisation of re-valued amounts. The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement. It contains the accumulated net gains and losses on Investment Properties that have yet to be consumed by the Council. The Account also contains the net accumulated revaluation gains on Property, Plant and Equipment prior to 1st April 2007 – the date when the Revaluation Reserve was first created to hold such gains.

Capital Adjustment Account	2013/14 £m's	2014/15 £m's
Balance at 1 April	**(691.9)**	**(698.8)**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
Charges for depreciation of Property, Plant and Equipment	24.5	29.5
Charges for depreciation of Heritage Assets	0.3	0.1
Amortisation of Intangible Assets	0.5	0.4
Revaluation and Impairment Losses on Property, Plant and Equipment	64.6	45.2
Revaluation and Impairment Losses on Assets Held for Sale	0.0	0.0
Transfer of Major Repairs Allowance to Major Repairs Reserve	14.3	10.6
Revenue Expenditure Funded from Capital Under Statute	8.9	5.3
Long Term Debtor	0.0	11.2
Amounts of Non-Current Assets written off on disposal as part of the Gain/Loss on Disposal in the Comprehensive Income and Expenditure Statements	10.0	31.6
Amounts of outstanding liabilities under finance leases written off on disposal of the related asset as part of the Gain/Loss on Disposal in the Comprehensive Income and Expenditure Statement	0.0	0.0
Sub Total	**123.1**	**133.9**
Adjusting Amounts written out of the Revaluation Reserve		
Valuation of assets disposed of in the Comprehensive Income and Expenditure Statement	0.0	(10.5)
Other adjusting amounts written out of the Revaluation Reserve	(18.3)	(4.3)
Net written out amount of the cost of non-current assets consumed in the year	**104.8**	**119.1**
Capital financing applied in the year:		
Capital receipts applied	(13.0)	(16.1)
Revenue contributions to fund capital expenditure	(12.2)	(12.9)
Major Repairs Reserve applied	(13.5)	(10.6)
Capital grants and contributions applied	(53.3)	(48.6)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(13.4)	(13.8)
	(105.4)	**(102.0)**
Movement in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(6.4)	2.8
Movement in the carrying value of Investment Properties Held For Sale debited to the Comprehensive Income and Expenditure Statement	0.0	0.1
Balance at 31 March	**(698.8)**	**(678.9)**

iii Collection Fund Adjustment Account

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

Collection Fund Adjustment Account	2013/14 £m's	2014/15 £m's
Balance at 1st April	(0.8)	(2.2)
Amount by which council tax and business rates income credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with statutory requirements:		
-Council Tax	(2.3)	(3.0)
-Business Rates	0.9	2.0
Balance at 31 March	**(2.2)**	**(3.2)**

iv Accumulated Absences Account

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

	2013/14 £m’s	2014/15 £m’s
Balance at 1 April	7.8	7.8
Write back of accrual made in the previous year	(7.8)	(7.8)
Amount accrued in the current year	7.8	7.8
Amount by which employee remuneration charged to the Comprehensive Income and Expenditure Statement is different from remuneration chargeable in the year according to statutory regulation	0	0
Balance at 31 March	**7.8**	**7.8**

v Pensions Reserve

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

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

Movement in Pension Fund Reserve

Movement in Pension Fund Reserve	2013/14 £m	2014/15 £m
Deficit Balance at 1 April	440.7	358.4
Re-measurement of the Net Defined Pension Liability	(103.1)	48.3
Reversal of charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the code	50.3	41.8
Employer's pension contributions payable in the year	(29.5)	(29.9)
	358.4	**418.6**

Vi Deferred Capital Receipts Reserve

Deferred Capital Receipts Reserve	2013/14 £m's	2014/15 £m's
Balance at 1 April	(2.4)	(2.4)
Transfer to the capital receipts reserve upon receipt of cash		
Amounts received under finance leases	0.0	0.1
Housing Gateway Ltd	0.0	(15.7)
Balance at 31 March	**(2.4)**	**(18.0)**

NOTE 25. SEGMENTAL ANALYSIS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is specified by the Service Area Code of Practice (SERCOP). However, decisions about resource allocation are taken by Cabinet on the basis of budget reports analysed across departments. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:-

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

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

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

Amounts reported for Resource Allocation Decisions 2014-15

Department Income and Expenditure 2014-15	Health Housing and Adult Social Care	Finance Resources & Customer Resources	Regeneration & Environment	Schools and Children's Services	Chief Executive	Total
	£m's	£m's	£m's	£m's	£m's	£m's
Fees, charges and other service income	(79.7)	(44.3)	(39.1)	(46.7)	(4.5)	(214.3)
Government Grants	(15.0)	(307.1)	(4.8)	(307.5)	0.0	(634.4)
Total Income	**(94.7)**	**(351.4)**	**(43.9)**	**(354.2)**	**(4.5)**	**(848.7)**
Employee Expenses	36.4	35.3	34.9	272.1	5.1	383.8
Other Service Expenses	150.5	364.7	42.6	138.0	2.9	698.7
Total Expenditure	**186.9**	**400.0**	**77.5**	**410.1**	**8.0**	1,082.5
Net Expenditure	**92.2**	**48.6**	**33.6**	**55.9**	**3.5**	**233.8**

The comparative amounts reported for 2013-14 were as follows:-

DEPARTMENTS							
Department Income and Expenditure 2013-14	**Health Housing and Adult Social Care**	**Finance Resources & Customer Resources**	**Regeneration Leisure and Culture**	**Schools and Children's Services**	**Environmental Services**	**Chief Executive**	**Total**
	£m's	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**	**£m's**
Fees, charges and other service income	(68.40)	(31.7)	(5.6)	(54.2)	(34.5)	(4.4)	(198.7)
Government Grants	(13.6)	(304.4)	(0.2)	(296.4)	(3.9)	0.0	(618.5)
Total Income	**(82.0)**	**(336.1)**	**(5.8)**	**(350.6)**	**(38.4)**	**(4.4)**	**(817.2)**
Employee Expenses	39.1	29.1	7.8	263.3	31.8	5.3	376.4
Other Service Expenses	142.7	350.9	7.7	145.3	40.9	2.9	690.5
Total Expenditure	**181.8**	**380.0**	**15.6**	**408.6**	**72.7**	**8.2**	**1,066.9**
Net Expenditure	**99.8**	**43.9**	**9.8**	**58.0**	**34.3**	**3.8**	**249.7**

Reconciliation to the Subjective Analysis

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

Reconciliation to the Subjective Analysis 2014/15	**Department Analysis £m's**	**Services not included in department Analysis £m's**	**Amounts not reported to management for decision making £m's**	**Amounts not included in I&E NCOS £m's**	**Net Cost of Services (from CIES) £m's**	**Corporate Amounts £m's**	**Total £m's**
Fees, charges and other service income	(214.3)	(66.6)	0.0	34.9	(245.9)	(64.2)	(310.1)
Interest and investment income	0.0	0.0	0.0	0.0	0.0	(5.2)	(5.2)
Income from council tax	0.0	0.0	0.0	0.0	0.0	(100.5)	(100.5)
Government grants and contributions	(634.4)	0.0	0.0	6.8	(627.6)	(155.7)	(783.3)
Total Income	**(848.7)**	**(66.6)**	**0.0**	**41.7**	**(873.6)**	**(325.6)**	**(1,199.1)**
Employee expenses	383.8	0.0	(2.9)	0.0	380.9	0.0	380.9
Other service expenses	698.7	75.4	2.5	(21.0)	755.6	0.0	755.5
Depreciation, amortisation and impairment	0.0	0.0	49.8	0.0	49.8	0.0	49.8
Interest Payments	0.0	0.0	0.0	0.0	0.0	25.7	25.7
Precepts and Levies	0.0	0.0	0.0	0.0	0.0	6.5	6.5
Payments to Housing Capital Receipts Pool	0.0	0.0	0.0	0.0	0.0	1.2	1.2
Gain or Loss on Disposal of Fixed Assets	0.0	0.0	0.0	0.0	0.0	7.3	7.3
Total operating expenses	**1,082.5**	**75.4**	**49.4**	**(21.0)**	**1,186.2**	**40.7**	**1,226.9**
Deficit on the provision of services	**233.8**	**8.8**	**49.4**	**20.7**	**312.7**	**(284.9)**	**27.8**

Comparative amounts for 2013-14

Reconciliation to the Subjective Analysis 2013/14	Department Analysis £m's	Services not included in Analysis £m's	Amounts not reported to management for decision making £m's	Amounts not included in I&E NCOS £m's	Net Cost of Services (from CIES) £m's	Corporate Amounts £m's	Total £m's
Fees, charges and other service income	(198.7)	(63.0)	0.0	23.1	(238.6)	(64.9)	(303.5)
Interest and investment income	0.0	0.0	0.0	0.0	0.0	(13.8)	(13.8)
Income from council tax	0.0	0.0	0.0	0.0	0.0	(99.8)	(99.8)
Government grants and contributions	(618.5)	0.0	0.0	6.8	(611.7)	(171.4)	(783.1)
Total Income	**(817.2)**	**(63.0)**	**0.0**	**29.9**	**(850.3)**	**(349.9)**	**(1,200.2)**
Employee expenses	376.4	0.0	2.2	0.0	378.6	0.0	378.6
Other service expenses	690.5	93.6	0.3	(31.0)	753.4	0.0	753.4
Support Service recharges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation, amortisation and impairment	0.0	0.0	54.6	0.0	54.6	0.0	54.6
Interest Payments	0.0	0.0	0.0	0.0	0.0	37.1	37.1
Precepts and Levies	0.0	0.0	0.0	0.0	0.0	6.5	6.5
Payments to Housing Capital Receipts Pool	0.0	0.0	0.0	0.0	0.0	1.1	1.1
Gain or Loss on Disposal of Fixed Assets	0.0	0.0	0.0	0.0	0.0	(3.0)	(3.0)
Total operating expenses	**1,066.9**	**93.6**	**57.1**	**(31.0)**	**1,186.7**	**41.7**	**1,228.4**
Deficit on the provision of services	**249.7**	**30.6**	**57.1**	**(1.0)**	**336.4**	**(308.2)**	**28.2**

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

	2013/14 £m's	2014/15 £m's
Net Expenditure Reported in Department Analysis	249.7	233.8
Add: Items included in the Net Cost of Services but not reported to management in the Department Analysis	87.7	58.2
Deduct: Items not included in the Net Cost of Services but reported to management in the Department Analysis	(1.0)	20.7
Cost of Services in the Comprehensive Income and Expenditure Statement	**336.4**	**312.7**

NOTE 26. INVESTING ACTIVITIES

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

Cash Flow Statement – Investing Activities	2013/14* £m's	2014/15 £m's
Purchase of property, plant and equipment, investment property and intangible assets	(102.3)	(134.2)
Net Purchases of Short and Long Term Investments	(27.0)	(20.0)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	14.2	24.4
Other	71.1	56.9
Total Investing Activities	**(44.0)**	**(72.9)**

*Restated

NOTE 27. FINANCING ACTIVITIES

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

Cash Flow Statement – Financing Activities	2013/14* £m's	2014/15 £m's
Repayment of Borrowing	(31.7)	0
Cash Receipts from Short Term & Long Term Borrowing	36.1	14.5
Cash payments for the reduction of outstanding liabilities relating to finance leases and on balance sheet PFI contracts	(2.7)	(2.6)
Other payments / (receipts) from financing activities	2.5	(0.6)
Total Financing Activities	**4.2**	**11.3**

*Restated

NOTE 28. CENTRAL SERVICES TO THE PUBLIC

The figure £22.7m disclosed for Central Services in the Comprehensive Income and Expenditure Statement comprises the following distinct elements:-

	2013/14 £m	2014/15 £m
Central Services to the Public	7.8	6.4
Corporate and Democratic Core Costs	9.6	10.8
Non Distributed Costs	5.3	5.5
Total:	**22.7**	**22.7**

NOTE 29. POOLED BUDGETS

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

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

ii) **The Learning Disabilities Pool** enables the Council and the NHS to maintain integrated provision for the delivery of services to people with learning disabilities, for whom the Council and the NHS have a responsibility to provide health and social care. The £54k underspend in 2014/15 relates to services that have been reported in the LBE outturn financial position. These are services with no NHS contribution.

iii) Personal Budgets for Health provide support planning and brokerage services for users with personal health budgets

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

v) The Voluntary & Community Sector. The Council assumed responsibility for commissioning 10 services from the Voluntary & Community Sector organisations on behalf of NHS Enfield.

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

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

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

Pooled Budgets 2014/15	Integrated Communities Equipment Service	Learning Disabilities Pool	Personal budgets for Health	Public Health	Voluntary & Community Sector	Mental Capacity Act	Joint Commissioning Team	Total 2014/15
	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's
Funding provided to the pooled budget:								
LBE	0.8	4.7	0.0	0.1	0.0	0.2	0.6	6.4
NHSE	0.4	1.5	0.0	0.0	0.4	0.1	0.1	2.5
Preventative Tech Grant	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pool reserve brought forward	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Client contributions	0.1	0.2	0.0	0.0	0.0	0.0	0.0	0.3
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding available	**1.3**	**6.4**	**0.0**	**0.1**	**0.4**	**0.3**	**0.7**	**9.2**
Expenditure met from the pooled budget								
LBE	1.4	4.0	0.0	0.4	0.5	0.3	0.5	7.1
NHSE	0.0	2.2	0.0	0.0	0.0	0.0	0.0	2.2
Total Expenditure	**1.4**	**6.2**	**0.0**	**0.4**	**0.5**	**0.3**	**0.5**	**9.3**
Net Surplus / Deficit	**(0.1)**	**0.2**	**0.0**	**(0.3)**	**(0.1)**	**0.0**	**0.2**	**(0.1)**

Pooled Budgets 2013/14	Integrated Communities Equipment Service	Learning Disabilities Pool	Drug Alcohol Action Team	Joint Director of Public Health	Voluntary & Community Sector	Mental Capacity Act	Joint Commissioning Team	Local Enhanced Services	Total 2013/14
	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's
Funding provided to the pooled budget:									
LBE	1.0	4.7	0.0	0.0	0.0	0.2	0.6	0.1	6.6
NHSE	0.4	1.5	0.0	0.0	0.4	0.1	0.1	0.0	2.5
Preventative Tech Grant	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pool reserve brought forward	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Client contributions	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.2
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding available	**1.4**	**6.4**	**0.0**	**0.0**	**0.4**	**0.3**	**0.7**	**0.1**	**9.3**
Expenditure met from the pooled budget									
LBE	1.5	4.0	0.0	0.0	0.4	0.2	0.5	0.2	6.8
NHSE	0.0	2.2	0.0	0.0	0.0	0.0	0.1	0.0	2.3
Total Expenditure	**1.5**	**6.2**	**0.0**	**0.0**	**0.4**	**0.2**	**0.6**	**0.2**	**9.1**
Net Surplus / Deficit	**(0.1)**	**0.2**	**0.0**	**0.0**	**0.0**	**0.1**	**0.1**	**(0.1)**	**0.2**

NOTE 30. MEMBERS ALLOWANCES

Regulations require the annual publication of members' allowances. Detailed information is available at the Civic Centre and at all public libraries. A summary of the information concerned is shown in the table below. Further details can be found at this link to the Council Website

Members Allowances	2013/14 £m's	2014/15 £m's
Basic allowances	0.7	0.6
Special responsibility allowances	0.3	0.3
Total	**1.0**	**0.9**

In addition to Members Allowances, £450 was charged to Members Expenses in 2014-15 (£927) in 2013-14

NOTE 31. OFFICERS' REMUNERATION

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

Senior Employee Designation	Year	Taxable Pay	Performance Related Pay (Note 1)	Expenses & Allowances	Pension Contribution	Total
		£	£	£	£	£
Rob Leak	2014/15	188,954.88	-	389.20	-	**189,344.08**
(Chief Executive)	2013/14	188,954.88	-	451.00	-	**189,405.88**
Director of Health, Housing and Adult Social Care	2014/15	136,310.88	6,498.00	-	29,966.82	**172,775.70**
	2013/14	136,310.88	5,472.00	-	29,183.04	**170,965.92**
Director of Finance, Resources and Customer Services	2014/15	136,310.88	11,974.50	-	31,111.43	**179,396.81**
	2013/14	136,310.88	6,840.00	12.20	29,463.48	**172,626.56**
Director of Schools and Children's Services	2014/15	136,310.88	13,686.00	-	-	**149,996.88**
	2013/14	136,310.88	11,803.50	17.80	30,480.96	**178,613.14**
Director of Regeneration & Environment	2014/15	143,069.64	11,632.50	-	32,633.90	**187,336.04**
	2013/14	142,311.28	4,275.00	-	30,501.10	**177,087.38**
Director of Regeneration, Leisure and Culture (Note2)	2014/15	-	-	-	-	**0.00**
	2013/14	128,096.13	6,160.17	28.30	27,640.08	**161,924.68**
Director of Public Health	2014/15	117,143.16	-	-	14,448.84	**131,592.00**
	2013/14	117,441.06	-	-	13,766.06	**131,207.12**

Note 1
Directors Performance Related Pay is consolidated into their basic salaries until they reach Scale Point 16. From this point onwards, any PRP is unconsolidated. The consolidated element has been split out from Director's taxable pay in the table above.
Note 2
There is no current year remuneration information in respect of the Director of Regeneration, Leisure and Culture as the post was discontinued as at 1 April 2014.

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

	2013/14					2014/15			
	Non Schools		Schools			Non Schools		Schools	
Taxable Remuneration Band	Current	Left during the year	Current	Left during the year		Current	Left during the year	Current	Left during the year
£50,000 - £54,999	76	3	121	-		73	4	169	-
£55,000 - £59,999	35	6	72	-		39	-	51	2
£60,000 - £64,999	28	2	45	-		30	3	50	-
£65,000 - £69,999	22	2	30	-		26	-	35	-
£70,000 - £74,999	3	-	22	-		2	1	24	-
£75,000 - £79,999	3	1	19	-		7	1	20	1
£80,000 - £84,999	-	-	5	1		-	2	9	-
£85,000 - £89,999	4	1	6	-		1	-	6	-
£90,000 - £94,999	2	2	3	-		4	-	2	-
£95,000 - £99,999	5	-	4	-		3	-	3	-
£100,000 - £104,999	2	1	2	-		3	-	5	-
£105,000 - £109,999	1	1	3	-		1	-	3	-
£110,000 - £114,999	-	-	1	-		-	-	1	-
£115,000 - £119,999	-	-	2	-		-	-	1	-
£120,000 - £124,999	-	-	-	-		-	-	1	-
£125,000 - £129,999	-	-	1	-		-	-	1	-
£130,000 - £134,999	-	-	-	-		-	1	1	-
£135,000 - £139,999	-	-	2	-		-	-	1	-
£140,000 - £144,999	-	-	-	-		-	-	-	-
£145,000 - £149,999	-	-	-	-		-	-	-	-
£150,000 - £154,999	-	-	-	-		-	-	-	-
£155,000 - £159,999	-	-	-	-		-	-	-	-
£160,000 - £164,999	-	-	-	-		-	-	-	-
£165,000 - £169,999	-	-	-	-		-	-	-	-
Totals	**181**	**19**	**338**	**1**		**189**	**12**	**383**	**3**
TOTAL FOR YEAR	**539**					**587**			

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

NOTE 32. EXTERNAL AUDIT COSTS

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

	2013/14 £'000	2014/15[5] £'000
Fees payable to the External Auditors with regard to external audit services carried out by the appointed auditor for the year	198	228
Fees payable to the Audit Commission in respect of statutory inspection	0.0	0.0
Fees payable to the External Auditors for the certification of grant claims and returns for the year*	33	60
Fees payable in respect of other services provided by the appointed auditor during the year	0.0	38
	231	**326***

* increase in 2014-15 Fee was due to additional work required in certifying the Housing Benefit Subsidy Claim

NOTE 33. DEDICATED SCHOOLS' GRANT

The council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department to fund academy schools in the councils' area. DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2011. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2014/15 are as follows:

	Central Expenditure £m's	Individual Schools Budget £m's	Total £m's
Final DSG for 2014/15			293.2
Academy Figure recouped for 2014/15			(33.4)
Total DSG after Academy recoupment 2014/15			**259.8**
Plus brought forward from 2013/14			7.1
Less carry forward to 2015/16			(5.2)
Agreed initial budget distribution 2014/15	**31.8**	**229.9**	**261.7**
In 2014/15 year adjustments	**1.2**	**(1.2)**	0.0
Final budget distribution for 2014/15	**33.0**	**228.8**	**261.7**
Less actual expenditure / allocated to schools	**(32.1)**	**(228.8)**	**(260.9)**
Carry forward to 2015/16	**0.8**	**0.0**	**0.8**
Agreed Carry Forward to 2015/16			5.2
Total Balance Carried Forward			**6.0**

Dedicated Schools Grant (made under section 14 of the Education Act 2002) has been deployed in accordance with regulations made under sections 45A, 45AA, 47, 48(1) and (2) and 138(7) of, and paragraph 1(7)(b) of Schedule 14 to, the School Standards and Framework Act 1998.

Cumulative balances held by schools as at 31 March 2015 were £11.3m.

NOTE 34. GRANT INCOME

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

[5] Increase in 2014-15 Fee was due to additional work required in certifying the Housing Benefit Subsidy Claim

	31-Mar 2014 £m's	31-Mar 2015 £m's
Credited to Taxation and Non Specific Grant Income		
Education Services Grant	6.4	6.3
New Homes Bonus	2.9	3.4
Council Tax Freeze Grant	1.2	1.2
Business Rates 2% inflation Cap	0.0	0.7
Retail Relief S31 Grant	0.0	0.6
Small Business Empty Properties Grant	0.5	0.6
Special Educational Needs Grant	0.0	0.5
Adoption Reform Grant	0.8	0.4
SEND Grant	0.0	0.3
New Homes Bonus Adjustment Grant	0.5	0.2
CT Support New Burdens Funding	0.0	0.2
Local Support Services Grant	0.0	0.1
Other	0.1	0.1
LSS Grant	0.1	0.0
Capitalisation Redistribution Grant	0.5	0.0
Revenue Support Grant	97.4	80.5
General Government Grants	**110.4**	**95.2**
Capital Grants and Contributions	54.3	53.7
Total Grants and Contributions	**164.7**	**148.9**

Service Specific Grants (New Section from 2014-15)	**31-Mar 2014 £m's**	**31-Mar 2015 £m's**
Service Grants		
Gov Grant Housing Benefits Subsidy	294.9	299.3
Govt Grant DSG Schools	257.9	253.8
Pupil Premium Grant	15.16	19.1
Education Funding Agency- Learning & Skills Grant	18.3	18.2
Public Health Grant	13.1	14.3
Housing Benefit Admin Grant	3.3	2.5
Discretionary Housing Payments	3.3	2.7
Community Focussed Children's Centres Grant	3.9	4.5
Unacompanied Asylum Seeker Support Grant	0.7	1.1
Other Grants	1.2	12.1
General Government Grants	**611.7**	**627.6**

Note: Excludes PFI Grants of £6.8m which were recognised as General Government Grants in the CIES but as Departmental Grants in the Segmental Analysis.

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions outstanding as at 31 March. The balances at the year-end are as follows:

	31 March 2014 £m’s	31 March 2015 £m’s
Capital Grants Receipts in Advance	6.6	5.0

NOTE 35. RELATED PARTIES

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

Central Government
Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). The principle Grants received from Central Government are set out in Notes 33 and 34.

Other Public Bodies
The Authority operates a pooled budget arrangement with NHS Enfield for the administration of an Integrated Communities Equipment Service and a Learning Disabilities Pool and a Drug Alcohol Action Team - details of which are set out in Note 29.

Members and Officers
Council Members and senior staff are required to make declarations of interest concerning third party transactions, both in the form of an annual statement and by disclosing interests at Cabinet and other Council Meetings.

For financial year 2014/15 several members and senior officers declared they had interests with Local Voluntary Bodies, Charities, schools and other organisations. Transactions between the Council and the vast majority of these organisations were not materially significant and in all cases the member or officer was not in a position to control or direct them. Details of these interests are recorded in the Register of Members Interests which is open to public inspection. The following Members declared interests with the following organisations with whom economic activity in the year was above £250k.

Organisation	Members / Officers Declaring an Interest	Payments made by LBE to Organisation in 2013-14	Payments made by LBE to Organisation in 2014-15
North London Waste Authority(NWLA)	Ian Davis – Director of Environmental Services, is employed by NLWA as an Environment Adviser. His earnings with LBE are shown in Note 31	Statutory levy and charge of £6.2m	Statutory levy and charge of £6.4m
Lee Valley Regional Park Authority	Cllr Derek Levy attends committees for Lee Valley Regional Park Authority.	-	Statutory Levy and Payment for services of £288.2k
Cyprian Care Ltd	Cllr Ahmet Oykener is a Director of Cyprian Care Ltd, who provide Home Care Services in Enfield as well as other London Boroughs	Payment for Services of £258.6k	Payment for Services of £391.4k

Organisation	Members / Officers Declaring an Interest	Payments made by LBE to Organisation in 2013-14	Payments made by LBE to Organisation in 2014-15

Entities Controlled or Significantly Influenced by the Authority

Enfield Homes Limited is a wholly owned subsidiary of the Authority. During financial year 2014-15, the Authority paid Enfield Homes Limited £14.9m for the provision of Housing Management Services and repair and maintenance of the Council's Housing Stock (£15.2m in 2013/14). The Authority leases premises to the Company and also provides various support services to them e.g. Payroll, ICT etc. Total charges from the Authority to the Company in 2014/15 came to £3.2m (£3m in 2013/14). Enfield Homes Limited is managed by a Board of 12 Members, 4 of whom are elected Councillors of the Authority. During the year, the following Councillors served as Board Members at Enfield Homes: Christiana During, Lee Chamberlain, Denise Headley, Chris Murphy, Edward Smith, Abdul Abdullahi, Dinah Barry and Peter Fallart. The Management Agreement between the Council and Enfield Homes Ltd ended on 1 April 2015, at which point provision of Housing Management Services reverted back to the Authority.

The Authority owns 40% of the shares in Enfield Norse Limited – being the Trading Arm of Norfolk County Council. The Company provides building cleaning services. During financial year 2014-15 the Authority received dividend income from Enfield Norse of £0.2m (£0.259m for 2013-14). James Rolfe (Director of Finance, Resources & Customer Services) is a Director of Enfield Norse Limited as is Councillor Achilleas Georgiou.

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

Housing Gateway Limited (HGL) is a new wholly owned subsidiary of the Authority. The Company was formed in March 2014 with the purpose of acquiring properties to increase the availability of value for money social housing for Enfield residents and to discharge its statutory duties for homelessness. The Company commenced trading in financial year 2014-15. The Management Board consists of Councillors Georgiou, Oykener & Stafford and officers James Rolfe (Director of Finance, Resources & Customer Services), John Austin (Assistant Director, Corporate Governance) and Sally McTernan (Assistant Director Community Housing) and Asmat Hussien (Assistant Director Legal Services). The Authority provided a range of support services to HGL during financial year 2014-15 which came to £0.6m. The Authority also made loan advances and transferred assets to HGL totalling £15.7m in 2014/15.

NOTE 36. CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

	2013/14 £m's	2014/15 £m's
Opening Capital Financing Requirement	417.0	422.6
Capital Investment		
Property, Plant and Equipment	102.1	115.0
Investment Properties	0.1	0.1
Heritage Assets	(0.1)	0.0
Assets Held for Sale	1.2	0.0
Long Term investment	0.0	11.3
Revenue Expenditure Funded From Capital Under Statute*	5.0	3.4
Capital Investment	**108.3**	**129.8**
Sources of Finance		
Capital Receipts	(13.0)	(16.1)
Government Grants and Contributions	(53.3)	(48.6)
Direct Revenue Contributions and Major Repairs Reserve	(25.6)	(23.5)
Minimum Revenue Provision	(13.4)	(13.7)
Decrease in PFI Contract Liabilities	2.4	2.5
Decrease in Finance Lease Liabilities	0.2	0.2
	(102.7)	**(99.2)**
Closing Capital Financing Requirement	**422.6**	**453.2**
Increase in underlying need to borrow	5.6	30.6
Increase in Capital Financing Requirement	**5.6**	**30.6**

*Analysis of Revenue Expenditure Funded from Capital under Statute

	2013/14 £m's	2014/15 £m's
Capital Contributions to VA Schools	1.1	0.6
Disabled Facilities Grants	1.7	1.6
Grants To Vacate	0.0	0.2
Grants to Housing Associations	0.2	0.3
House Repair Grants	0.4	0.1
Morson Road Depot equipment.	1.3	0.0
Other	0.3	0.6
Total Expenditure	**5.0**	**3.4**

NOTE 37. LEASES

The Council as Lessee
Finance Leases

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

	31 March 2014 £m's	31 March 2015 £m's
Vehicle, plant, furniture and equipment	0.2	0.1
Investment properties	0.3	1.1
Investment properties held for sale	1.0	1.5
Total	**1.5**	**2.7**

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

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

	31-Mar-14	31-Mar-15
	£m's	£m's
Finance lease liabilities (net present value of minimum lease payments):		
• Current	0.1	0.1
• Non-current	0.4	0.3
Finance costs payable in future years	2.1	2.0
Minimum lease payments	**2.6**	**2.4**

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

	Minimum lease payments		Finance lease liabilities	
	31-Mar-14 £m's	31-Mar-15 £m's	31-Mar-14 £m's	31-Mar-15 £m's
Not later than one year	0.2	0.1	0.1	0.1
Later than one year and not later than five years	0.3	0.2	0.1	0.0
Later than five years	2.1	2.1	0.3	0.3
Total	**2.6**	**2.4**	**0.5**	**0.4**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2014/2015 £0.2m contingent rents were payable by the Council (2013/14, £0.2m).

Operating Leases

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

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

	31-Mar-14	31-Mar-15
	£m's	£m's
Not later than one year	0.6	1.0
Later than one year and not later than five years	0.5	3.6
Later than five years	0.1	21.7
Total	**1.2**	**26.3**

The Council has sub-let some of the buildings and vehicles held under these operating leases. At 31 March 2015 the payments expected to be received under sub-leases was £0.1m (£0.1 at 31 March 2014). The expenditure charged to Net Cost of Services in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	31-Mar-14	31-Mar-15
	£m's	£m's
Lease payments	1.4	1.7
Less sublease payments receivable	(0.2)	(0.1)
Total	**1.2**	**1.6**

The Council as Lessor
Finance Leases

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

	31-Mar-14	31-Mar-15
	£m's	£m's
Finance lease debtors (net present value of minimum lease payments):		
• Current	0.0	0.0
• Non-current	1.2	1.2
Unearned finance income	1.4	1.4
Unguaranteed residual property value	0.4	0.4
Gross investment in leases	**3.0**	**3.0**

	Gross investment in leases		Minimum lease payments	
	31-Mar-14	31-Mar-15	31-Mar-14	31-Mar-15
	£m's	£m's	£m's	£m's
Not later than one year	0.1	0.1	0.1	0.1
Later than one year and not later than five years	0.4	0.4	0.3	0.3
Later than five years	2.5	2.5	2.2	2.1
Total	**3.0**	**3.0**	**2.6**	**2.5**

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

Operating Leases

The Council leases out land and buildings within its Investment Property portfolio under approx. 900 operating leases of varying lease periods. These include industrial and retail properties including land and the land element of finance leases, Green Belt agricultural tenancies and other recreational and commercial buildings. The Council received £6.9m in 2014/15 (£7.4m 2013/14) under these leases. The table below sets out the future income profile arising from the most significant leases that generate annual income in excess of £20k (approx. 60 leases). The total annual receipts generated from these leases was £4.0m in 2014/15 (£3.7m 2013/14).

	31-Mar-14	31-Mar-15
	£m's	£m's
Amount due not later than one year	2.3	2.8
Amount due later than one year but not later than five years	8.2	10.4
Later than five years	106.9	126.0
Total	**117.4**	**139.2**

NOTE 38. PFI AND SIMILAR CONTRACTS

The Council has the following obligations arising from three PFI Schemes. In each case, the Council specifies the minimum standards for the services and the assets to be provided by the contractor and has the right to make deductions from the fees payable should those standards not be achieved. The assets will be transferred to the Council at the end of each contract for nil consideration and are therefore recognised on the Council's Balance Sheet; movements in their value in the year are detailed in the analysis of Movement in Property, Plant and Equipment in Note 11. The Council makes agreed fixed payments each year which may be increased by inflation or reduced if the contractor fails to meet availability or performance standards in any year. Payments remaining to be made under each PFI contract at 31 March 2015 are shown below together with the outstanding liability to the contractor for capital expenditure incurred also as at 31 March 2015.

Street Lighting Services

Period	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£m's	£m's	£m's	£m's
Within one year	1.8	1.1	0.9	3.8
Two - five years	7.6	4.6	3.1	15.3
six - 10 years	10.8	5.5	2.6	18.9
11 - 15 years	12.5	5.6	1.2	19.3
16 - 20 years	2.9	1.3	0.0	4.2
Total	**35.6**	**18.1**	**7.8**	**61.5**

The carrying value of the Street Lighting scheme assets at 31 March 2015 was £22.4m (£23.5m as at 31 March 2014).

Outstanding Liability for Reimbursement of Capital Expenditure:	2013/14	2014/15
	£m's	£m's
Balance Outstanding 1st April	(20.3)	(19.2)
Payments during the year	1.1	1.1
Balance Outstanding 31st March	**(19.2)**	**(18.1)**

Education – Provision of Highlands Secondary School

Period	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£m's	£m's	£m's	£m's
Within one year	**0.7**	**0.7**	**1.2**	**2.6**
Two - five years	**3.0**	**3.4**	**3.9**	**10.3**
Six - ten years	**4.3**	**6.5**	**2.6**	**13.4**
Eleven - fifteen years	**0.5**	**0.8**	**0.1**	**1.4**
Total	**8.5**	**11.4**	**7.8**	**27.7**

The carrying value of assets held at 31 March 2015 was £21.3m (£20.5m as at 31 March 2014).

Outstanding Liability for Reimbursement of Capital Expenditure	2013/14 £m's	2014/15 £m's
Balance Outstanding 1st April	(12.6)	(12.0)
Payments during the year	0.6	0.6
Balance Outstanding 31st March	**(12.0)**	**(11.4)**

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

Period	Payment for Services £000s	Reimbursement of Capital Expenditure £000s	Interest £000s	Total £000s
Within one year	1.8	0.8	2.2	**4.8**
Two - five years	8.0	4.0	8.0	**20.0**
six - 10 years	11.6	7.7	7.3	**26.6**
11 - 15 years	11.9	9.9	2.9	**24.7**
16 – 20 years	0.0	0.0	0.0	**0.0**
Total	**33.3**	**22.4**	**20.4**	**76.1**

The carrying value of assets held at 31 March 2015 was £29.4m (£27.9m at 31 March 2014).

Outstanding Liability for Reimbursement of Capital Expenditure	2013/14 £000s	2014/15 £000s
Balance Outstanding 1st April	(24.1)	(23.3)
Payments during the year	0.8	0.8
Balance Outstanding 31st March	**(23.3)**	**(22.5)**

NOTE 39. IMPAIRMENT LOSSES

There were no impairment losses in 2014/15. The loss of £1.3m in 2013-14 was in respect of the Ordinance Road Library building which was demolished during the year to make way for the construction of the new Joint Service Centre and Ponders End Police Station which was also demolished during the year.

NOTE 40. TERMINATION BENEFITS AND EXIT PACKAGES

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

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

The number and cost of Exit Packages in 2014-15 and 2013-14 were as follows:

[A] Exit Package Cost Band	[B] Number of Compulsory Redundancies		[C] Number of other departures		[D] Total number of exit packages by cost band (b + c)		[E] Total cost of exit packages in each band	
	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14 £000's	2014-15 £000's
0 - £20k	58	66	51	46	109	112	777	923
£20k - £40k	24	20	7	8	31	28	879	793
£40k - £60k	4	1	0	2	4	3	190	180
£60k - £80k	3	2	0	0	3	2	200	145
£80k - £100k	0	1	0	0	0	1	0	94
£100k - £150k	2	2	0	0	2	2	234	312
Over £150k	0	0	0	0	0	0	0	0
Total	**91**	**92**	**58**	**56**	**149**	**148**	**2,280**	**2,446**

NOTE 41. PENSION SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

Teachers

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

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Authority is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2014/15 employer contributions of £14.6m were paid to the Teacher's Pension Scheme (£14.3m paid in 2013/14).

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teacher's scheme. These costs are accounted for on a defined benefit basis and detailed in Note 42 below.

Former NHS Employees

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

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

NOTE 42. DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

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

- The Local Government Pension Scheme, administered locally by the London Borough of Enfield. This is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

- Arrangements for the award of discretionary post-retirement benefits upon early retirement. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. As there are no investment assets built up to meet these liabilities, at the point of early retirement a cash transfer is made from the General Fund to the Pension Fund to cover this shortfall. This transfer is real expenditure to the General Fund and is normally financed from a revenue reserve.

Transactions Relating to Post-employment Benefits

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

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2013/14	2014/15	2013/14	2014/15
	£m	£m	£m	£m
Comprehensive Income & Expenditure Statement				
Cost of Services				
current service cost	31.1	26.5	0.0	0.0
past service cost losses	0.6	0.5	0.0	0.0
settlements and curtailments	0.0	0.0	0.0	0.0
Financing and Investment Income & Expenditure				
Net Interest on the Defined Benefit Liability	16.4	12.7	2.2	2.1
Total Post Employment Benefit charged to the Surplus / Deficit on the Provision of Services	48.1	39.7	2.2	2.1
Other Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement - Remeasurement of the net defined pension liability				
Actuarial Losses / (Gains) on Return on Plan Assets	21.2	(70.9)	0.0	0.0
Actuarial (Gains) / Losses due to changes in demographic assumptions	(12.7)	0.0	0.8	0.0
Actuarial (Gains) & Losses arising on changes in financial assumptions	(75.1)	120.3	(3.4)	4.6
Other	(34.0)	(5.1)	0.1	(0.5)
Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	(52.5)	83.8	(0.3)	6.2
Movement in Reserves Statement				
reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the code	22.2	13.0	(1.4)	1.2
Actual amount charged against the General Fund & HRA Balance for pensions in the year				
employers' contributions payable to the scheme	25.9	26.6		
retirement benefits payable to pensioners			3.5	3.3

Pension Assets & Liabilities Recognised in Balance Sheet

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

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2013/14	2014/15	2013/14	2014/15
	£m	£m	£m	£m
Present Value of the defined benefit obligation	(1,016.5)	(1,178.8)	(50.8)	(53.7)
Fair Value of Plan Assets	709.0	814.1	0.0	0.0
Sub-Total	(307.5)	(364.7)	(50.8)	(53.7)
Other movements in the liability (asset)	0.0	0.0	0.0	0.0
Net liability arising from defined benefit obligation	(307.5)	(364.7)	(50.8)	(53.7)

Reconciliation in the Movement in Fair Value of Scheme Plan Assets

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2013/14	2014/15	2013/14	2014/15
	£m	£m	£m	£m
Opening fair value of scheme assets	692.2	709.0	0.0	0.0
Interest income	30.6	30.6	0.0	0.0
Remeasurement gain/ (loss)				
Return on plan assets	(21.2)	70.9	0.0	0.0
Other	-	-	-	-
Contributions from employer	25.9	26.6	3.5	3.3
Contributions from employees	7.8	8.3	0.0	0.0
Benefits paid	(26.4)	(31.3)	(3.5)	(3.3)
Other	-	-	-	-
Closing value of scheme assets	709.0	814.1	0.0	0.0

Recognition of Present Value of Scheme Liabilities

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities Discretionary Benefits	
	2013/14	2014/15	2013/14	2014/15
	£m	£m	£m	£m
Opening balance at 1 April	1,078.2	1,016.5	54.7	50.8
Current Service cost	31.1	26.5	0.0	0.0
Interest cost	47.1	43.2	2.2	2.1
Contributions from scheme participants	7.8	8.3	0.0	0.0
Remeasurement (gains)/ losses				
Actuarial (gains) / losses from change in demographic assumptions	(12.7)	0.0	0.8	0.0
Actuarial (gains) / losses arising from change in financial assumptions	(75.1)	120.3	(3.4)	4.6
Other	(34.0)	(5.1)	0.1	(0.5)
Past Service Cost	0.6	0.5	0.0	0.0
Losses / (Gains) on curtailment	0.0	0.0	0.0	0.0
Benefits paid	(26.4)	(31.3)	(3.5)	(3.3)
Closing defined benefit obligation 31 March	1,016.5	1,178.8	50.8	53.7

Composition of Scheme Assets

Scheme Asset Type	As at 31.03.2014	As at 31.03.2015
Equity Investments	47.1%	45.9%
Property	6.9%	8.4%
Government Bonds	16.8%	14.0%
Corporate Bonds	7.0%	7.9%
Cash	4.8%	1.6%
Other Assets	17.4%	22.2%
Total	100.0%	100.0%

Basis for Estimating Assets and Liabilities

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

Actuaries Principle Assumptions

	2013/14	2014/15
Mortality Assumptions:		
Future lifetime from age 65 for current pensioners (aged 65 @ 31.03.2014)		
Men	24.4	24.5
Women	27.6	27.7
Future lifetime from age 65 for future pensioners (aged 45 @ 31.03.2014)		
Men	26.5	26.6
Women	29.9	30.0
Economic Assumptions:		
Discount Rate	4.3%	3.2%
RPI Inflation	3.3%	2.9%
CPI Inflation	2.3%	1.8%
Rate of increase to pensions in payment	2.3%	1.8%
Rate of increase to deferred pensions	2.3%	1.8%
Rate of general increase in salaries	3.8%	3.3%

Sensitivity Analysis	Impact on the Defined Benefit Obligation	
	Increase in Assumption £m	Decrease in Assumption £m
Discount Rate (increase or decrease by 1%)	(21.7)	22.1
Rate of increase in salaries (increase or decrease by 1%)	5.0	(5.0)
Rate of increase in pensions (increase or decrease by 1%)	16.8	(16.5)
Longevity (increase or decrease by 1 year)	30.1	(30.3)

The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31 March 2016 is £27.0m. Unfunded benefit payments of £1.9m are expected to the year 31 March 2015.

NOTE 43. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

A Contingent Liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of the Authority. No expenditure has been recognised in the accounts.

As at 31 March 2015, the Authority has the following Contingent Liability

- The Authority recognised a Provision of £2.2m for Business Rate Valuation Appeals (see Note 23). This was based on the Authority's 30% share of the estimated value known and unknown appeals as at the balance sheet date. Further appeals have been lodged since this date – which may or may not be successful and if so may or may not be back dated to before 1 April 2015. Given the lack of information from the Valuation Office on this complex area, the level of estimation uncertainty is too high to enable the Authority to provide an indicative figure as to the potential amounts involved. Notwithstanding this, the Authority recognises it has an undetermined Contingent Liability in addition to the Provision already raised.

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

As at 31 March 2015, the Authority had two Contingent Assets:-.

- Money owing by a Developer in relation to the Highmead Housing Regeneration Project – although no accurate figure can currently be determined.
- Recovery of an estimated £0.5m of Pension Benefits from the Pension Fund in relation to a former employee

NOTE 44. TRUSTS AND OTHER MONEY

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

Funds	31st March 2014 £m's	31st March 2015 £m's
Belling Education Trusts *	0.1	0.0
King George V Playing Field *	0.6	0.6
New Southgate Playground *	0.3	0.3
Other Funds	0.1	0.1
	1.1	**1.0**
Receiverships & Other Client Funds		
Receiverships	0.0	0.0
Funds held and administered by Council's residential care homes	0.0	0.0
Discretionary Funds for Council's Service Users	0.1	0.2
Other Funds	0.0	0.0
	0.1	**0.2**
Total Trusts & Other Money	**1.2**	**1.2**
Represented by		
Investments at cost	0	0
Cash	1.2	1.2
	1.2	**1.2**
Market value of Investments (Belling Education Trust)	0.1	0.1

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

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

The Belling Trust founded by the will of C.R. Belling applies its funds to the advancement of education with particular interest in promoting electrical engineering and electronics. The reduction in the fund is due to a large award being paid to Durant's School.

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

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

Housing Revenue Account

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

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

	NOTES	2013/14 £m's	2014/15 £m's
INCOME			
Dwelling rents (gross)		(55.0)	(56.4)
Non-dwelling rents (gross)		(0.6)	(0.6)
Charges for services and facilities		(6.8)	(9.1)
Contributions towards expenditure		(0.6)	(0.5)
Total Income		**(63.0)**	**(66.5)**
EXPENDITURE			
Repairs and maintenance	**4**	12.9	12.1
Supervision and management		21.4	18.1
Rents, rates, taxes and other charges		0.2	0.7
Depreciation and impairment of non-current assets	**6**	58.5	36.1
Debt management costs		0.0	0.0
Movement in the provision for impairment of debts	**9**	0.3	0.2
Total Expenditure		**93.3**	**67.3**
Net cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		30.3	0.7
HRA services' share of Corporate & Democratic Core		0.3	0.3
NET COST OF HRA SERVICES		**30.6**	**1.0**
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:			
(Gain) or loss on sale of HRA non-current assets		(2.8)	(6.9)
Interest payable and similar charges		6.7	7.3
Income and expenditure and changes in fair value of Investment Properties	**7**	(2.9)	0.0
Capital grants and contributions receivable		(15.8)	(16.9)
Other Operating Expenditure		1.1	1.2
(SURPLUS)/DEFICIT FOR THE YEAR ON HRA SERVICES		**16.9**	**(13.7)**

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

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

	31 March 2014 £m's	31 March 2015 £m's
Balance on the HRA at the end of the previous year	**(13.9)**	**(12.9)**
(Surplus) / Deficit for the year on the HRA Income & Expenditure Statement	16.9	(13.7)
Adjustments between accounting basis and funding basis under statute:		
Difference between any other item of income and expenditure determined in accordance with the Code and determined in accordance with statutory HRA requirements	(44.1)	(21.1)
Investment properties Gain or Loss on Disposal and movements in Fair and Market Value	0.7	(2.3)
Loss on sale of HRA non-current assets	2.8	6.9
HRA share of contributions to or from the Pensions Reserve	(0.1)	0.0
Capital expenditure funded by the HRA	10.3	4.8
Transfers to Capital Grants Unapplied Account	15.8	16.9
Transfer from Capital Receipts Reserve equal to the amount payable into the Housing Capital Receipts Pool	(1.1)	(1.2)
Other Contributions from the Capital Receipts Reserve	0.0	(0.5)
NET (INCREASE)/DECREASE BEFORE TRANSFERS TO OR FROM RESERVES	**1.2**	**(10.3)**
Transfers to or (from) earmarked reserves	(0.2)	9.7
(Increase)/Decrease in year on the HRA	**1.0**	**(0.6)**
BALANCE ON THE HRA AT THE END OF THE CURRENT YEAR	**(12.9)**	**(13.5)**

1. HOUSING STOCK

The Council was responsible for managing a Housing Revenue Account stock of 10,700 properties at 31st March 2015 compared with a total of 10,958 properties at 31st March 2014. An analysis of the types of homes is shown below. The Council is also a freeholder of 4,520 leased homes that were previously sold to tenants under the right-to-buy legislation.

	31-Mar-14 Number of properties	31-Mar-15 Number of properties
Low-rise flats (up to 2 storeys)	1,526	1,506
Medium-rise flats (3 to 5 storeys)	3,645	3,578
High-rise flats (6 storeys and over)	2,511	2,395
Houses and bungalows	3,273	3,218
Multi-occupied	3	3
Total housing stock	**10,958**	**10,700**

The figures of 10,700 and 10,958 exclude three properties classified as Council Dwellings that are not owned by the Council in full. Two of these assets are jointly owned at 50% each and one at 25% by a third party. The impact this would have on the stated carrying value of Council Dwellings as at 31 March 2015 would be £75k (after applying the Social Housing Factor).

The movement between 10,958 in 2013/14 and 10,700 in 2014/15 is the result of 179 Right To Buy disposals, 89 properties being classified as surplus assets and 10 additions from previous surplus assets used to occupy double decants.

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

	31-Mar-14 Number of properties	31-Mar-15 Number of properties
Surplus Properties:		
Alma Development	161	258
New Avenue Development	35	45
Forty Hill	24	0
Ladderswood Estate	116	119
	336	**422**

The vacant possession value of Surplus assets as at 31 March 2015 was £18.3m (1 April 2014 £15.04m) and value for Assets held for sale as at 31 March 2015 was Nil (1 April 2014 was Nil).

2. STOCK VALUATION

The open market value of the council's dwellings was £1,962m at 31st March 2015. The difference between this value and the existing use value £490.6m at 31st March 2015 represents the economic cost to Government of providing council housing at less than market rents. The social housing valuation is arrived at by applying an adjustment factor provided by the DCLG to the market value of the stock.

3 MAJOR REPAIRS RESERVE

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

	2013/14 £m's	2014/15 £m's
Balance at 1 April	(7.7)	(8.5)
MRA for the year	(14.3)	(14.9)
Amount applied in the funding of expenditure on council dwellings during 2014/15	13.5	10.6
Balance at 31 March 2015	**(8.5)**	**(12.8)**

4. HOUSING REPAIRS ACCOUNT

	2013/14 £m's	2014/15 £m's
Balance brought forward	(3.3)	(1.6)
Expenditure for the year	12.9	12.1
Contribution to the Repairs Fund	(11.2)	(13.4)
Balance carried forward	**(1.6)**	**(2.9)**

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

5. HRA ASSETS

Operational Assets	1st April 2013 £m's	Acquisitions and Transfers £m's	Disposal/ Transfer £m's	Depreciation £m's	Net Revaluation £m's	31st March 2014 £m's
Council Dwellings	480.6	17.7	(11.3)	(13.5)	17.1	490.6
Other Land and Buildings	16.0	0.0	(0.0)	(1.4)	19.5	34.2
Vehicles, Plant and Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Surplus Assets	11.6	6.8	2.4	0.0	(2.5)	18.3
Total Property, Plant & Equipment	**508.2**	**24.5**	**(8.9)**	**(14.9)**	**34.2**	**543.2**
Aerial Sites	1.8	0.0	0.0	0.0	0.2	2.0
Shops and Commercial	23.1	0.0	(0.1)	0.0	(0.0)	23.0
Investment Properties Held For Sale	0.7	1.8	0.0	0.0	(2.6)	0.0
Total Investment Properties	**25.6**	**1.8**	**(0.1)**	**0.0**	**(2.3)**	**25.0**
Intangible Assets	0.1	0.0	0.0	(0.0)	0.0	0.0
Assets Held For Sale	(0.0)	0.0	0.0	0.0	0.0	(0.0)
TOTAL	**533.9**	**26.4**	**(9.0)**	**(15.0)**	**31.9**	**568.2**

The Council has historically used the Major Repairs Allowance as the basis for calculating depreciation on council dwellings. For 2014/15 the Council has also calculated council dwellings depreciation using a new componentised accounting model to reflect local conditions. In 2014/15 there is no significant difference between the two methods and for consistency the MRA has again been used in the 2014/15 accounts. In future, the Council will use the componentised model to calculate HRA depreciation instead of the MRA. Other HRA properties are depreciated in the same way as other council assets with the depreciation charges reversed out in the Movement on the HRA Statement.

Capital expenditure in the year amounted to £40.531m consisting of:

Expenditure on	£m's
Works To Stock – Decent Homes	9.5
Works To Stock – General Works	15.7
Leaseholder Buy backs	6.8
Grants to Vacate (GTV)	0.9
Buying Out Commercial and Residential Interest (Regeneration Projects)	7.6
Total	**40.5**
Funded by	
Decent Homes Grant	14.6
Developer Contribution	1.8
Revenue Contribution	1.7
Other Capital Grants and Contributions	3.6
Capital Receipts	8.2
Major Repairs Reserve	10.6
	40.5

6. CAPITAL CHARGES

	2013/14 £m's	2014/15 £m's
Depreciation		
Council Dwellings – MRA	13.5	13.5
Other Land and Buildings	0.8	1.4
Impairment and Downward Valuation		
Council Dwellings	38.3	16.2
Other Land and Buildings	1.1	0.0
Surplus Properties	4.7	4.9
Total Capital Charges	**58.4**	**36.1**

7. INVESTMENT PROPERTIES

	2013/14 £m's	2014/15 £m's
Rental Income from Investment Properties	(2.3)	(2.4)
Direct Operating Expenses arising from Investment Property	0.1	0.1
Net (Gain)/ Loss from fair value adjustments	(0.7)	2.3
Net Gain	**(2.9)**	**(0.0)**

8. CONTRIBUTION FROM PENSIONS RESERVE

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

9. RENT ARREARS AND IMPAIRMENT OF DEBTS

Council tenants' rent arrears as at the 31st March 2015 were £3.048m compared to £3.101m at the 31st March 2014. The provision for impairment of debts was £1.312m (2013/14 £1.312m) and £0.244m (2013/14 £0.281m) was written off during the year.

In 2014/15 a contribution to the Impairment of debt of £244k was included in this balance (£282k 2013/14).

10. ALMO – Enfield Homes Ltd

The management of all the housing stock of the Council is undertaken by Enfield Homes Ltd, an Arm’s Length Management Organisation (ALMO) wholly owned by the authority. The management agreement was for five years and based on the review in 2013/14 the management agreement was extended until March 2015 and Enfield Homes will be brought in-house from April 2015.

THE COLLECTION FUND

This account represents the transactions of the Collection Fund, a statutory fund separate from the General Fund of the Council. This fund accounts independently for the income relating to Council Tax and Business Rates on behalf of those bodies (including the Council's own General Fund) for whom the income is raised. The costs of administering collection are accounted for in the General Fund. The Government made changes to the business rate and council tax benefit scheme which are explained in this section.

INCOME AND EXPENDITURE ACCOUNT	Note	2013/14			2014/15		
		Council Tax £m	Business Rates £m	Total £m	Council Tax £m	Business Rates £m	Total £m
INCOME							
Council taxpayers	1	(129.8)		(129.8)	(131.7)		**(131.7)**
Business ratepayers	2		(107.4)	(107.4)		(104.6)	**(104.6)**
Business Rate Supplement	3		(3.5)	(3.5)		(3.0)	**(3.0)**
		(129.8)	**(110.9)**	**(240.7)**	**(131.7)**	**(107.6)**	**(239.3)**
EXPENDITURE							
Council Tax Precepts and demands:							
London Borough of Enfield demand		96.3		96.3	97.6		**97.6**
London Borough of Enfield surplus		1.1		1.1			**0.0**
Greater London Authority precept		26.5		26.5	26.5		**26.5**
Greater London Authority surplus		0.4		0.4			**0.0**
Business Rates Retention:							
Central Government			53.0	53.0		52.2	**52.2**
Greater London Authority			21.3	21.3		20.9	**20.9**
London Borough of Enfield			31.9	31.9		31.3	**31.3**
Cost of collection allowance			0.4	0.4		0.4	**0.4**
GLA Business Rate Supplement							
Payment to GLA			3.5	3.5		3.0	**3.0**
Bad and doubtful debts:							
Council Tax – Contribution to provision		2.6		2.6	3.8		**3.8**
Business Rates – Contribution to provision			1.6	1.6		1.5	**1.5**
Provision for business rate appeals			2.4	2.4		4.9	**4.9**
		126.9	**114.1**	**241.0**	**127.9**	**114.2**	**242.1**
Deficit / (Surplus) for the year		**(2.9)**	**3.2**	**0.3**	**(3.8)**	**6.6**	**2.8**
COLLECTION FUND BALANCES							
Balance brought forward at 1 April		(1.1)	0.0	(1.1)	(4.0)	3.2	**(0.8)**
Deficit for year		(2.9)	3.2	0.3	(3.8)	6.6	**2.8**
Balance carried forward at 31 March		**(4.0)**	**3.2**	**(0.8)**	**(7.8)**	**9.8**	**2.0**
Allocated to:							
Enfield		(3.1)	1.0	(2.1)	(6.1)	2.9	**(3.2)**
Greater London Authority		(0.9)	0.6	(0.3)	(1.7)	2.0	**0.3**
Government		0.0	1.6	1.6	0.0	4.9	**4.9**
Balance carried forward at 31 March		**(4.0)**	**3.2**	**(0.8)**	**(7.8)**	**9.8**	**2.0**

1. COUNCIL TAX

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands estimated at 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income that the Council and its preceptors take from the Collection Fund for the forthcoming year and dividing this by the council tax base. This tax base represents the total number of properties in each band, adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts and estimated non-collectibles. The tax base calculation for 2014/15 is as follows:

BAND	Chargeable properties adjusted for discounts	Band D equivalent adjusted for estimated non-collection
A	1,421	1,393
B	4,329	4,242
C	18,569	18,198
D	25,944	23,466
E	20,333	19,926
F	11,417	11,189
G	8,890	8,712
H	1,604	1,572
	92,507	**88,698**

This basic amount of Council Tax for a Band D property, £1,403.34 including the GLA precept is multiplied by the proportion specified for the particular band to give an individual amount due.

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

Analysis of Council Tax Impairment of debt

Council Tax Bad Debt Provision	2013/14 £m's	2014/15 £m's
Provision for Impairment of Debt Brought Forward	11.7	9.3
Amount Written Off	(5.0)	(4.9)
Contribution to Provision for Impairment of debt	2.6	3.8
Council Tax Impairment of debt Carried Forward	**9.3**	**8.2**

The figures above show the total Council Tax impairment of debt reflecting both the GLA precept and Enfield elements of the provision. Note 19 (Debtors and Payments in Advance) shows the Enfield proportion of the Impairment of debt only.

2. BUSINESS RATES

Business rates are organised on a national basis and re-valued every five years, the latest revaluation being in 2010. In 2014/15 the Government specified an amount of 47.1p for small businesses who qualify for rate relief and 48.2p 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 was paid into the National Pool which was then redistributed back to councils based on the Government's formula grant allocations.

Enfield retains 30% of total collectable rates due. The remainder is distributed to Central Government (50%) and 20% to the Greater London Authority. These shares were estimated at the start of 2014/15 and paid to each body and charged to the Collection Fund. Variations between the estimated and actual income will create a surplus or deficit which is repaid or recovered from each body in the following year.

In 2013/14 the Government set a baseline for each authority's expected business rate income that is uprated each year by the increase in the small business rates multiplier. The difference between the uprated baseline and actual retained business rates creates a top-up or tariff to ensure all authorities receive their uprated baseline amount. Enfield received a top-up of £34.6m in 2014/15 which is paid into the General Fund and not the Collection Fund.

In addition, authorities must meet the cost of appeals against the rateable values set by the VOA. This provision is charged and provided for in proportion to the preceptors shares (total £7m[6] 2014/15). Provision for appeals is in addition to the provision for bad debts set out below.

Local Business Rates Bad Debt Provision	**2013/14 £m's**	**2014/15 £m's**
Provision for Impairment of debt Brought Forward	5.8	6.9
Amount written off	(0.5)	(3.6)
Contribution to Provision for Impairment of debt	1.6	1.5
Local Business Rates Impairment of Debt Carried Forward	**6.9**	**4.8**

The total non-domestic rateable value for the area at the year-end was £256.8m (2013/14 £259.9m).

3. BUSINESS RATE SUPPLEMENTS

Government legislation gives the Greater London Authority the power to levy an additional 2p Business Rate Supplement on London businesses as a contribution to the cost of the Crossrail scheme. As with national business rates, the Council collects the 2p business rates and pays the income over to the GLA. The total amount due for 2014/15 after reliefs and provisions was £3.0m.

[6] Enfield's share is £2.2m which is shown under the provisions in Note 23.

GLOSSARY OF TERMS

ACCRUALS	Amounts charged to the accounts for goods and services received during the year for which payments or transfers of economic benefit are expected to be made in the next or a subsequent reporting period. Amounts credited to the accounts for goods and services provided during the year for which payments or transfers of economic benefit are expected to be received in the next or subsequent reporting period.
ACTUARY	A specialised Professional who calculates projections for pensions and insurance purposes.
AMORTISE	To liquidate (a debt, such as a mortgage) by instalment payments, or payment into a sinking fund; or to write off an intangible asset by pro-rating the cost or income over the life of the related asset.
APPROPRIATION	The assignment of revenue to a specific purpose.
BALANCE SHEET	A formal statement the assets, liabilities and Reserves of the Authority.
CAPITAL EXPENDITURE	Payments for the acquisition, replacement or enhancement of assets that are considered to be of benefit to the Authority over a period of more than one year, e.g. buildings and land, vehicles and equipment. Payments of grants and financial assistance to third parties towards the cost of capital expenditure. Expenditure that is classified as capital following a ministerial direction, e.g. capitalised redundancy costs.
CAPITAL FINANCING REQUIREMENT (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 Authority 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 Authority
COUNCIL TAX	A local tax on domestic property values.

CREDITORS	Amounts owed by the Council for goods received or services provided but not yet paid for as at 31 March 2015.
DEBTORS	Amounts owed to the Council but not received at 31 March 2015.
DEPRECIATION	The consumption of an asset's economic value due to normal wear and tear and deterioration in the day to day provision of services.
EARMARKED RESERVES	Reserves set aside from revenue funding to meet future expenditure for specific purposes.
EXPENDITURE	Activity which has been charged to the Accounts. This includes payments physically made, creditors and capital charges such as depreciation and impairment
FUNDED SCHEME	A pension scheme that is supported by a fund of money, which is maintained at a level sufficient to meet all future liabilities under the scheme.
GENERAL FUND	A statutory account that summarises the cost of providing Council services. It excludes the provision of council housing.
GROSS EXPENDITURE	The total cost of providing a service or activity before taking into account income, e.g. from government grants or fees and charges.
HOUSING REVENUE ACCOUNT (HRA)	A statutory account maintained separately from the General Fund for the recording of income and expenditure relating to the provision of council housing.
IMPAIRMENT	Additional charges above normal depreciation representing the reduction in asset values arising from a fall in market values or deterioration/obsolescence.
INTEREST	The amount received or paid for the use of a sum of money when it is invested or borrowed
INCOME	The Inflow of resources to the Council which has been recognised and recorded in the accounts. This includes actual receipts, plus debtors
MATERIALITY	Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements (International Accounting Standards Board Framework). Materiality therefore relates to the significance of transactions, balances and errors contained in the financial statements. Materiality defines the **threshold** or cut off point after which financial information becomes relevant to the users. Information contained in the financial statements must therefore be complete in all material respects (both qualitative and quantative) in order for them to present a true and fair view of the affairs of the entity.
MINIMUM REVENUE PROVISION	The statutory minimum amount that the Council must charge to revenue to provide for the reduction in the Capital Financing Requirement.
NON-DOMESTIC RATES (NDR)	Also known as Business Rates, this is a flat rate in the pound set by Central Government and levied on businesses in the borough. The money is essentially collected by Enfield and then passed to Central Government, which reallocates the income to all councils in proportion to their population. Under the Localism Act, a Business Rates Retention Scheme was introduced in April 2013, under which

	the Council gets to retain a proportion of new Business Rate Income, without having to pool to Central Government.
NET EXPENDITURE	Expenditure less income.
NON CURRENT ASSETS	Tangible and intangible assets that yield benefits to the Authority and the services it provides for a period of more than one year.
PRECEPT	A charge on the Collection Fund by the Greater London Authority.
PRIOR YEAR ADJUSTMENT	An adjustment applicable to prior years arising from changes in accounting policies or from the correction of material errors.
PROVISION	An amount set aside for liabilities and losses, which are likely to be incurred, but where the exact amount and the date on which they will arise is uncertain.
PUBLIC WORKS LOANS BOARD	Central Government agency, which is used to fund local government borrowing.
REVENUE EXPENDITURE	Spending on day-to-day items including salaries and wages, premises costs, and supplies and services.
REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE	Expenditure of a capital nature not in connection with a Council-owned asset e.g. private sector renewal grants, Disabled Facilities Grants and funding for Voluntary Aided Schools.
REVENUE SUPPORT GRANT	The main grant paid by Central Government to the Authority towards the cost of all its services.
RESERVES	The difference between cumulative income and cumulative expenditure. Reserves are resources available to the Council
SUPPORT SERVICES	These are services provided centrally in support of the corporate management of the Council and the delivery of front line services. They include financial, legal, HR, IT, property and general administrative support services.
UNFUNDED SCHEME	A superannuation scheme that is not supported by a fund of money.

PENSION FUND ACCOUNTS

Introduction

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

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

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

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

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

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

The last such valuation was as at 31 March 2013. Current employer contribution rates can be found in the Statement to the Rates and Adjustments Certificate in the Enfield Fund Annual Report 2014/15. While individual rates were set for each employer, the average rate for the Fund is 20.9%.

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

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

- Pension benefits based on a 1/49th accrual basis for each year of pensionable service with benefits calculated on the career average pay revalued annually in line with inflation.

- Pre-2014 benefits guaranteed with a final salary link for any benefits earnt prior to 1 April 2014.

- Option to pay 50% of the contribution rate to accrue 50% of the benefits.

- Option to convert some pension to lump sum on retirement on a 1:12 ratio.

- Life assurance cover 3x member final pay applicable from the day of joining scheme.

- Pensions for dependents:- spouses, civil partners and eligible co-habiting partners and eligible children.

- An entitlement to have pension paid early on medical grounds.

- Pensions increase annually in line with the cost of living.

PENSION FUND ACCOUNTS

FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2015	Note	2014/15 £000s	2013/14 £000s
Contributions and benefits			
- Contributions receivable	2	40,452	38,603
- Transfers in	3	1,072	1,523
		41,524	**40,126**
- Benefits payable	4	(34,464)	(30,167)
- Payments to and on account of leavers	5	(2,125)	(1,268)
		(36,589)	**(31,435)**
Net additions from dealings with members		**4,935**	**8,691**
Management expenses	6	**(2,472)**	**(1,969)**
Returns on investments			
- Investment income	7	9,318	8,865
- Taxation	8	(74)	331
- Changes in market value	9	101,764	27,583
Net returns on investments		**111,008**	**36,779**
Net change in assets available for benefits during the year		113,471	43,501
Opening net assets brought forward at 1 April		774,684	731,183
Net assets carried forward as at 31 March		**888,155**	**774,684**

NET ASSETS STATEMENT AS AT 31 MARCH 2015	Notes	2015 £000s	2014 £000s
Investment assets		881,409	751,163
Investment liabilities		(15,333)	(5,028)
	9	**866,076**	**746,135**
Cash deposits		19,070	37,499
Other investment balances		2,445	(8,539)
	9	**887,591**	**775,095**
Current assets	14	731	397
Current liabilities	15	(167)	(808)
Net assets available to fund benefits as at 31 March		**888,155**	**774,684**

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

Signed ……………………………………

Date: 23rd September 2015

James Rolfe
Director of Finance,
Resources and Customer Services

……………………………………

Cllr Dinah Barry
Chair Pension Board,

Date: 23rd September 2015

Notes to the Financial Statement –index

1. Statement of accounting policies

Basis of preparation

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

The financial statements summarise the Fund’s transactions for the 2014/15 financial year and its position at year-end as at 31 March 2015. The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2014/15* which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The financial statements summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, is disclosed in Note 17 of these accounts.

Accounting Policies

a) Contributions income

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

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

b) Transfers to and from other schemes

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

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

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

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

c) Investment income

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

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

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

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

d) Benefits payable

Pensions and lump benefits payable include all known to be due in respect of the financial year. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities.

e) Taxation

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

f) Administrative expenses

All administrative expenses are accounted for on an accruals basis. Relevant officer costs and other overheads are apportioned to the Fund.

g) Investment management expenses

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

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

h) Investments

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

- **Quoted investments**

Valued by reference to their bid price at the close of business on 31 March 2015. Pooled investment vehicles are stated at the bid price as quoted by the relevant fund managers, which reflect the underlying investments. In the case of single priced pooled investment vehicles, the closing single price is used as the best estimate of fair value.

- **Unquoted investments**

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

- **Derivatives contracts**

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

- **Forward currency contracts**

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

- **Investment income**

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

- **Overseas investments**

Investments held in foreign currencies have been converted into sterling at the rate ruling on 31 March 2015. The dollar exchange rate has been set at 0.674 (0.827 - 2013/14) to £1 and the euro rate set at 0.724 (0.827 - 2013/14) to £1 as at 31 March 2015.

- **Pooled investment vehicles**

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

- **Foreign currency transactions**

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End of year spot market exchange rates are used to value cash balances in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period. Where appropriate, investments held in foreign currencies have been valued on the relevant basis and translated into Sterling at the rate ruling on 31 March 2015.

- **Cash and cash equivalents**

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

Financial liabilities

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

Financial liabilities are recognised on the Net Asset’s Statement when the Fund becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost.

Financial Assets

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

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- fair value through profit or loss - assets that are held for trading.

Debtors and Creditors

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

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

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

Level 3 investments

Adam Street Partners (ASP)

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

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

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

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

The methodology used to value investments is set out below. All unlisted investments are categorised as level1 in the fair value hierarchy. The Partnership does not currently prepare an AAF01/06 report, or any similar report in this nature. The General Partner, Acrus European Infrastructure Fund GP LLP, is fully authorised and regulated by the Financial Conduct Authority (FCA) of the UK. As such, they are obligated to operate in accordance with the Senior Management Arrangements, System & Controls" requirements of the FCA, which has a strong investigative powers to ensure compliance. Arcus has operated in full compliance with these requirements without any breaches to date. The General Partner's number is 506441.

Brockton
An appropriate valuation methodology is selected for each underlying investment and common methodologies include:
1. Applying an EBITDA multiple using comparable multiples reflected in the market valuations of quoted companies or
recent transactions used for valuing underlying investments which are operating companies.
2. A capitalisation rate using comparable capitalisation rates from recent property transactions, applied to the net rental
income of the underlying investment for investment properties.
3. Applying either of the above methodologies, as appropriate, to forecast income and a forecast multiple or rate, and then recognising a proportion of the future expected profit using either a discounted cash flow with an appropriate discount rate or a time-weighted proportion under a variation of the percentage-of-completion method.

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

2. Contributions receivable

Summary	**2014/15 £000s**	**2013/14 £000s**
Employees’ contributions	9,848	9,049
Employers’ contributions	30,604	29,554
	40,452	**38,603**

Contributions are further analysed as follows:

Employees’ contributions- Analysed by employees’ status:

	2014/15 £000s	**2013/14 £000s**
London Borough of Enfield	8,359	7,825
Scheduled Bodies	1,433	1,160
Admitted Bodies	56	64
	9,848	**9,049**

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

	2014/15 £000s	**2013/14 £000s**
London Borough of Enfield	26,791	25,773
Scheduled Bodies	3,629	3,534
Admitted Bodies	184	247
	30,604	**29,554**

Employers’ contributions – analysed by types of contributions:

	2014/15 £000s	**2013/14 £000s**
Employers’ normal contributions	23,036	21,064
Employers’ deficit contributions	7,131	7,979
Employers’ other contributions	437	511
	30,604	**29,554**

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

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

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

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

	2014/15 £000s	**2013/14 £000s**
Individual transfers	1,072	1,523
Bulk transfers	-	-
	1,072	**1,523**

4. Benefits payable

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

By category	2014/15 £000s	2013/14 £000s
Pensions	(26,367)	(24,474)
Lump sum retirement/death benefits	(8,097)	(5,693)
	(34,464)	**(30,167)**

By Employer: Pensions	2014/15 £000s	2013/14 £000s
Enfield	(25,038)	(23,404)
Scheduled	(1,153)	(1,070)
Admitted	(176)	(163)
	(26,367)	**(24,474)**

By Employer: Lump sum retirement/death benefits	2014/15 £000s	2013/14 £000s
Enfield	(7,651)	(5,380)
Scheduled	(349)	(245)
Admitted	(97)	(68)
	(8,097)	**(5,693)**

5. Payments to and on account of leavers

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

	2014/15 £000s	2013/14 £000s
Transfers to other schemes	(2,053)	(1,264)
Contribution refunds	(72)	(4)
	(2,125)	**(1,268)**

6. Management expenses

	2014/15 £000s	2013/14 £000s
Staff costs – benefits administration	(460)	(522)
Actuary fees	(46)	(87)
Subscriptions, legal fees and other fees	(147)	(64)
	(653)	**(673)**
Investment management expenses – 6a	(1, 819)	(1,296)
	(1, 819)	**(1,296)**
	(2,472)	**(1,969)**

6a. Investment management expenses

	2014/15 £000s	2013/14 £000s
Investment managers'/advisers' fees	(1,526)	(1,165)
Investment transactions costs	(132)	-
Custody charges	(18)	(20)
Oversight & governance costs	(75)	(75)
Other costs	(68)	(36)
	(1,819)	**(1,296)**

The investment management expenses disclosed above include £132k (13/14: £153k was netted off against net Asset Value) in respect of transaction costs.

7. Investment income

	2014/15 £000s	2013/14 £000s
Fixed interest and index linked securities	4,441	4,157
Equities and unit trusts	3,395	3,283
Property unit trusts	1,256	1,369
Interest on cash and other	226	56
	9,318	**8,865**

8. Taxation

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

9. Investment assets

Asset Class	Market value 1 April 2013	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in market value on investments	Market value 31 March 2014
	£000s	**£000s**	**£000s**	**£000s**	**£000s**
Fixed income securities & ILB	**168,565**	19,097	(46,069)	(6,501)	**135,092**
Futures	**(32)**	197	(575)	460	**50**
Forward foreign contracts	**(61)**	299	(528)	253	**(37)**
Equities	**111,485**	52,164	(49,830)	5,496	**119,315**
Equity - unit trusts	**197,183**	-	-	11,845	**209,028**
Property unit trusts	**48,914**	-	-	4,453	**53,367**
Private equity	**33,880**	5,241	(5,301)	2,719	**36,539**
Infrastructure fund	**9,638**	519	(813)	3,160	**12,504**
Alternative investments	**127,016**	60,139	(14,011)	7,133	**180,277**
	696,588	**137,656**	**(117,127)**	**29,018**	**746,135**
Cash and deposits	32,709				**37,499**
Other investment balances	1,669			(1,435)	**(8,539)**
Investment assets	**730,966**			**27,583**	**775,095**

The changes in market value during the year comprise all increases and decreases in the market value of investments held at the year end, including realised gains and losses on sales of investments during the year. Transaction costs are included in the cost of purchases and sales proceeds. Transaction costs include costs charged directly to the Fund such as fees, commissions, stamp duty and other fees. Transaction costs incurred during the year amounted to £153k (2012/13: £162k). In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the Fund.

The change in market value of the private equity investment of £2,671k is from realised gains. The change in market value of the infrastructure fund is all unrealised gains.

Asset Class	Note	Market value 1st April 2014	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in market value on investments	Market value 31st March 2015
		£000s	**£000s**	**£000s**	**£000s**	**£000s**
Fixed income securities & ILB	**9a**	**135,092**	15,663	(11,730)	12,121	**151,146**
Derivatives	**9b**	**13**	1,361	(884)	(586)	(96)
Equities	**9c**	**119,315**	48,145	(45,827)	17,764	**139,397**
Equity - unit trusts	**9d**	**209,028**	-	(20,000)	38,396	**227,424**
Property unit trusts	**9e**	**53,367**	-	(105)	6,722	**59,984**
Property	**9f**	**-**	12,548	-	(29)	**12,519**
Private equity	**9g**	**36,539**	8,551	(8,003)	8,037	**45,124**
Infrastructure fund	**9h**	**12,504**	171	(711)	5,316	**17,280**
Alternative investments	**9i**	**180,277**	40,418	(19,256)	11,859	**213,298**
		746,135	**126,857**	**(106,516)**	**99,600**	**866,076**
Cash and deposits	**9j**	**37,499**				**19,070**
Other investment balances	**9k**	**(8,539)**			2,164	**2,445**
Investment assets		**775,095**			**101,764**	**887,591**

The changes in market value during the year comprise all increases and decreases in the market value of investments held at the year end, including realised gains and losses on sales of investments during the year. Transaction costs are included in the cost of purchases and sales proceeds. Transaction costs include costs charged directly to the Fund such as fees, commissions, stamp duty and other fees. Transaction costs incurred during the year amounted to £132k (2013/14: £153k). In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the Fund.

The change in market value of the private equity investment of £3,144k (2013/14: £2,671k) is from realised gains. The change in market value of the infrastructure fund is all from unrealised gains.

9a. Total fixed income securities

	2015 £000s	214 £000s
Fixed interest securities	72,239	61,192
Index linked securities	78,907	73,900
	151,146	**135,092**

Fixed interest securities

	2015 £000s	2014 £000s
Government securities – UK	5,552	28
Government securities – overseas	2,414	-
Corporate bonds – UK	64,273	61,164
	72,239	**61,192**

Index linked securities

	2015 £000s	2014 £000s
Government securities – UK	75,541	73,664
Government securities – overseas	3,077	-
Corporate bonds	289	236
	78,907	**73,900**

9b. Derivative contracts

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

A summary of derivatives held is set out below:

	2015 £000s	2014 £000s
Assets		
Futures	33	-
Forward foreign exchange currency contracts	15,204	5,041
	15,237	**5,041**
Liabilities		
Futures	(120)	(37)
Forward foreign exchange currency contracts	(15,213)	(4,991)
	(15,333)	**(5,028)**
Net assets		
Futures	(87)	(37)
Forward foreign exchange currency contracts	(9)	50
	(96)	**13**

Futures

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

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

Foreign exchange contracts

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

Number of contracts	Amortised cost	Currency	Asset	Liability	Net asset
			Values at 31 March 2015		
	£000's		**£000s**	**£000s**	**£000s**
2	1,457	Euro	1,424	(1457)	(33)
9	11,775	Sterling	11,775	(11,815)	(40)
2	1,945	Dollar	2,005	(1,941)	64
	15,177		**15,204**	**(15,213)**	**(9)**

Objectives and policies for holding derivatives

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

a) Futures

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

b) Forward foreign currency

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

9c. Equities

	2015 £000s	2014 £000s
UK equities	35,410	30,286
Europe	26,060	25,782
Middle East	-	969
North America	64,436	43,003
Japan	9,743	7,654
Pacific (excluding Japan)	3,748	4,154
Emerging markets	-	7,467
	139,397	**119,315**

9d. Equity unit trusts

	2015 £000s	2014 £000s
UK	9,495	8,910
World	208,938	192,102
Emerging markets	8,991	8,016
	227,424	**209,028**

9e. Property unit trusts

	2015 £000s	2014 £000s
Commercial/industrial	57,958	51,426
Venture property	2,025	1,941
	59,983	**53,367**

9f. Property

	2015 £000s	2014 £000s
Opportunistic property	12,519	-
	12,519	**-**

The Fund has made a £20 million commitment to Brockton Property III Fund. £7.5m remains uncommitted.

9g. Private equity

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

The Pension Fund has made 12 annual subscriptions into a private equity fund of funds manager. The Fund's total commitment to these funds is $120 million (£81 million) of which $38 million (£26 million) remains uncommitted with $44million (£29.6 million) being already distributed back to the Fund.

9h. Infrastructure fund

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

9i. Alternative Investments

	2015 £000s	2014 £000s
UK equity long short fund	51,183	46,567
Events Driven fund	57,162	33,659
Global macro fund	40,626	41,135
Inflation opportunities	33,515	28,602
Absolute bond fund	30,812	30,314
	213,298	**180,277**

Exchange rate conversions on overseas holdings

The dollar exchange rate has been set at 0.674 (0.8271 - 2013/14) to £1 and the euro rate set at 0.724 (0.827 - 2013/14) to £1 as at 31 March 2015.

9j. Cash

	2015 £000s	2014 £000s
Deposits held by fund managers	19,070	37,499
	19,070	**37,499**

9k. Other investment balances

	2015 £000s	2014 £000s
Debtors		
Dividends and Interest receivable	1,867	1,673
Tax recoverable	550	227
Amounts receivable on pending sales	422	100
	2,839	**2,000**
Creditors		
Amounts due on pending purchases	-	(10,139)
Investment management fees	(252)	(362)
Other payables	(120)	-
Other investment expenses	(22)	(38)
	(394)	**(10,539)**
Total other investment balances	**2,445**	**(8,539)**

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

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

Manager	Mandate	Market Value as at 31 March 2015 £000s	%	Market Value as at 31 March 2014 £000s	%
Trilogy	Global equities	119,931	13.5	97,820	15.1
Blackrock	Aquila world index	100,675	11.3	83,556	12.9
Western Asset	Bonds	84,649	9.5	68,018	10.5
MFS	Global equities	72,183	8.1	60,301	9.3
Blackrock	Index linked bonds	69,875	7.9	67,087	10.4
Lansdowne	Equities long/short	51,183	5.8	46,567	7.2
Adam Street Partners	Private equity	45,124	5.1		
Lazard	Global equities	-		48,245	7.5

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

Manager	Mandate	Market Value as at 31 March 2015 £000s	%	Market Value as at 31 March 2014 £000s	%
Fixed Income & derivatives		**154,524**		**140,012**	
Western Asset	Bonds	84,649	54.8	72,125	51.5
Blackrock	Index Linked Bonds	69,875	45.2	67,887	48.5
Equities		**144,120**		**122,975**	
Trilogy	Global equities	119,931	83.2	101,480	82.5
International Public Partnerships	Direct holding	24,189	16.8	21,495	17.5
Equities unit trusts		**227,458**		**208,242**	
Blackrock	Aquila UK	9,494	4.2	8,090	4.3
Blackrock	Aquila World index	100,675	44.3	83,590	40.0
Blackrock	Aquila Emerging markets	8,991	3.9	8,016	3.8
MFS	Global equities	72,183	31.7	60,301	28.8
Lazard	Global equities	36,116	15.9	48,245	23.1
Property		**74,770**		**54,071**	
RREEF	Property Venture 2	-	-	102	0.2
RREEF	Property Venture 3	4,292	5.7	2,543	4.7
Blackrock	Property	32,289	43.2	29,322	54.2
Brockton	Opportunistic	12,519	16.8	-	-
Legal and General	UK property	25,670	34.3	22,104	40.9
Private equity		**45,124**		**36,539**	
Adam St Partners	Private equity	45,124	100.0	36,539	100.0
Infrastructure		**17,280**		**12,504**	
Arcus	Infrastructure Fund	17,280	100.0	12,504	100.0
Alternatives		**214,298**		**180,277**	
Lansdowne	Equities Long/short	51,183	23.9	46,567	25.8
Avenue	Event driven	1,000	0.5	18,602	10.3
York Capital	Event driven	16,614	7.8	15,057	8.4
Blue Crest	Global macro	22,787	10.6	24,330	13.5
Brevan Howard	Global macro	17,839	8.3	16,805	9.3
M&G	Inflation opportunities	33,515	15.6	28,602	15.9
Insight	Absolute bonds	30,812	14.4	30,314	16.8
Davidson Kempner	Global macro	20,413	9.5	-	
Gruss	Global macro	20,135	9.4	-	-
		10,016		**19,655**	
Enfield	Cash	10,016	100.0	19,655	100.0
		887,591		**775,095**	

12. Analysis of investment assets over UK & overseas assets

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

2014	UK £000s	Overseas £000's	Total £000's
Fixed income securities & ILB	135,092	-	135,092
Derivative contracts	13	-	13
Equities	30,286	89,029	119,315
Equity - unit trusts	8,910	200,118	209,028
Property unit trusts	53,367	-	53,367
Private equity	-	36,539	36,539
Infrastructure fund	-	12,504	12,504
Alternative investments	75,169	105,108	180,277
	302,837	**443,298**	**746,135**

Note: Investments custodian overseas are shown as overseas assets.

13. Analysis of investment assets quoted & unquoted assets

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

2014	Quoted assets £000's	Unquoted assets £000's	Total £000's
Fixed income securities & ILB	135,092	-	135,092
Derivative contracts	-	13	13
Equities	119,315	-	119,315
Equity - unit trusts	209,028	-	209,028
Property unit trusts	53,367	-	53,367
Private equity	-	36,539	36,539
Infrastructure fund	-	12,504	12,504
Alternative investments	-	180,277	180,277
	516,802	**229,333**	**746,135**

14. Current assets

	2015 £000s	2014 £000s
Contributions due from employers	305	265
Contributions due from members	122	98
	427	**363**
Cash balance	304	34
	304	**34**
Total current assets	**731**	**397**

15. Current liabilities

	2015 £000s	2014 £000s
Death benefits	(78)	(139)
London Borough of Enfield	(55)	(607)
Audit fee	(25)	(26)
Other	(9)	(36)
	(167)	**(808)**

16. Debtors & creditors– IFRS format

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

Debtors	**2015 £000s**	**2014 £000s**
External managers		
Other entities and individuals	2,839	2,000
Administering Authority		
Other entities and individuals	427	363
Total Debtors	**3,266**	**2,363**

Creditors	**2015 £000s**	**2014 £000s**
External managers		
Other entities and individuals	(394)	(10,539)
Administering Authority		
Other entities and individuals	(112)	(201)
Local authority	(55)	(607)
Total Creditors	**(561)**	**(11,347)**

17. Financial Instruments

a. Classification of financial instruments

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

	2014/15			2013/14		
Investment type	**Designated at Fair Value £000s**	**Loans & Receivables £000s**	**Financial Liabilities at amortised cost £000s**	**Designated at Fair Value £000s**	**Loans & Receivables £000s**	**Financial Liabilities at amortised cost £000s**
Financial Assets						
Fixed income	151,146			135,092		
Derivative contracts	15,237			5,041		
Equities	139,397			119,315		
Equity - unit trusts	227,424			209,028		
Property	72,503			53,367		
Private equity	45,124			36,539		
Infrastructure fund	17,280			12,504		
Alternatives	213,298			180,277		
	881,409	**-**	**-**	**751,163**	**-**	**-**
Cash		19,070			37,499	
Other investment balances		2,839		2,000		
Debtors		731			397	
Financial Assets	**881,409**	**22,640**	**-**	**753,163**	**37,896**	**-**
Financial Liabilities						
Derivative contracts	(15,333)			(5,028)		
Other investment balances			(394)	(10,177)		(362)
Creditors			(167)			(808)
Financial Liabilities	**(15,333)**	**-**	**(561)**	**(15,205)**	**-**	**(1,170)**
Net Assets	**866,076**	**22,640**	**(561)**	**737,958**	**37,896**	**(1,170)**

b. Net gains and losses on financial instruments

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

	31 March 2015 £000's	**31 March 2014 £000s**
Fair value	99,600	29,018
Loans and receivables	2,164	(1,435)
	101,764	**27,583**

c. Fair value of financial assets and liabilities

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

	Carrying value and fair value 31 March 2015 £000s	Carrying value and fair value 31 March 2014 £000s
Financial Assets		
Fair value	881,409	753,163
Loans and receivables	22,640	37,896
Total financial assets	**904,049**	**791,059**
Financial liabilities		
Fair value	(15,333)	(15,205)
Financial liabilities measured at amortised cost	(561)	(1,170)
Total financial liabilities	**(15,894)**	**(16,375)**
	888,155	**774,684**

d. Valuation of financial instruments carried at fair value

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

Level 1

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

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

Level 2

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

Level 3

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

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

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

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

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

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

Values at 31 March 2015	Quoted market price Level 1 £000s	Using observable inputs Level 2 £000s	With significant unobservable inputs Level 3 £000s	Total £000s
Financial assets Fair value	548,779	257,707	74,923	**881,409**
Total financial assets				
Financial Liabilities Fair value		(15,333)		**(15,333)**
Total financial liabilities	**-**	**(15,333)**	**-**	**(15,333)**
Net financial assets	**548,779**	**242,374**	**74,923**	**866,076**

Values at 31 March 2014	Quoted market price Level 1 £000s	Using observable inputs Level 2 £000s	With significant unobservable inputs Level 3 £000s	Total £000s
Financial assets Fair value Loans and receivables	493,749	208,371	49,043	**751,163**
Total financial assets	**493,749**	**208,371**	**49,043**	**751,163**
Financial Liabilities Fair value Financial liabilities measured at amortised cost		(5,028)	- -	**(5,028)**
Total financial liabilities		**(5,028)**	**-**	**(5,028)**
Net financial assets	**493,749**	**203,343**	**49,043**	**746,135**

18. Nature and extent of risks arising from financial instruments

Risk and risk management

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

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

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

a. Market risk

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

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

- Regularly reviewing the pension fund investment strategy.
- Regular monitoring of asset allocation and investment performance.
- A policy of security and manager diversification.

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

b. Other price risk

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

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

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

Asset Type	Potential market Movements (+/-) 2014/15	Potential market Movements (+/-) 2013/14
Equities	9.2%	11.7%
UK bonds	7.1%	7.3%
Overseas bonds	7.1%	7.3%
Index linked	5.0%	5.7%
Pooled property	5.0%	4.8%
Alternatives*	3.8%	4.2%
Cash and cash equivalents	0.0%	0.0%

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

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

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

Asset Type Investment portfolio assets:	Balance at 31 March 2014 £000s	Change	Value on increase £000s	Value on decrease £000s
Equities	328,343	11.7%	+38,416	-38,416
UK bonds	61,192	7.3%	+4,467	-4,467
Overseas bonds	-			
Index linked	73,900	5.7%	+4,212	-4,212
Pooled property	53,367	4.8%	+2,562	-2,562
Alternatives	229,320	4.2%	+9,631	-9,631
Cash and cash equivalents	37,499	0.0%	-	-
Other investment balances	(8,539)	0.0%	-	-
Derivatives (Net)	13	0.0%	-	-
Total assets available to pay benefits	**775,095**		**+59,288**	**-59,288**

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

c. Interest rate risk

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

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

The Fund's direct exposure to interest rate movement as at 31 March 2015 and 31 March 2014 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

	31 March 2015 £000s	31 March 2014 £000s
Cash deposits	19,070	37,499
Cash balances	304	34
Fixed interest securities	151,146	135,092
Total	**170,520**	**172,625**

d. Interest rate risk - sensitivity analysis

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

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

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

Asset Type	Carrying amount as at 31 March 2014 £000s	Change in year in the net assets available to pay benefits +100 bps £000s	-100 bps £000s
Cash deposits	37,499	+375	-375
Cash balances	34	-	-
Fixed interest securities	135,092		
Total	**172,625**	**+375**	**-375**

e. Currency risk

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

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

The following table summarises the Fund's fair value exposure to assets denominated in currencies other than pound sterling as at 31 March 2015 and as at the previous period end (excluding accruals):

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

Currency Exposure	Asset Value as at 31 March 2014 £000s	Value on 5% increase £000s	Value on 5% decrease £000s
Australian Dollar	11	+1	-1
Canadian Dollar	1	-	-
Danish Krone	903	45	-45
Euro	30,824	+1,541	-1,541
Hong Kong Dollar	3,394	+170	-170
Israeli Shekel	29	+1	-1
Japanese Yen	7,654	+383	-383
New Taiwan Dollar	50	+3	-3
Swedish Krona	1,637	+82	-82
Norwegian Krone	15	+1	-1
Czech Koruna	2	-	-
Russia - international	250	+13	-13
Swiss Franc	5,569	+278	-278
Turkish Lira	4	-	-
US Dollar	147,715	+7,386	-7,386
Total currency exposure	**198,058**	**9,903**	**-9,903**

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

f. Credit risk

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

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

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

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

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

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

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

Summary	Fitch rating	2015 £000s	2014 £000s
Cash (current Assets)			
HSBC	AA-	304	34
		304	**34**
Cash deposits (Investment assets)			
HSBC	AA-	82	180
Goldman Sachs money market fund	AAAm	10,188	29,819
Blackrock money market fund	AAAm	35	35
Cash held by fund managers and custodian	AA-	8,765	7,465
Investment cash		**19,070**	**37,499**
Total		**19,374**	**37,533**

g. Liquidity risk

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

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

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

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

19. Related party transactions

The Fund is administered by the London Borough of Enfield. The Council is also the single largest employer of members of the pension fund and contributed £26.8 million to the Fund in 2014/15 (£25.8 million in 2013/14). Consequently there is a strong relationship between the Council and the Pension Fund.

At year end the London Borough of Enfield owed the Pension Fund (£55k) ((£607k) in 2013/14).

Scheduled and admitted bodies owed the Fund £427k (£363k in 2013/14) from employer & employee contributions All payments received before 19th April 2015.

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

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

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

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

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

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

Several employees of the London Borough of Enfield hold key positions in the financial management of the Fund. As at 31 March 2015 these employees time spent on Pension Fund related activities:

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

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

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

20. Actuarial position

Introduction

The Scheme Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the London Borough of Enfield Pension Fund (the Fund) is able to meet its liabilities to past and present contributors and to review employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed as at 31 March 2013 by Aon Hewitt Limited, in accordance with Regulation 36 of the Local Government Pension Scheme (Administration) Regulations 2008.

Actuarial Position

The valuation as at 31 March 2013 showed that the funding ratio of the Fund had increased since the previous valuation with the market value of the Fund's assets at that date (of £731.2M) covering 85% of the liabilities allowing, in the case of current contributors to the Fund, for future increases in pensionable pay.

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

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

  Plus

- Monetary amounts to restore the assets to 100% of the liabilities in respect of service prior to the valuation date over a recovery period of 20 years from 1 April 2014, amounting to £8.0M in 2014/15, and increasing by 3.9% p.a. thereafter.

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

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

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

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

The assets were valued at market value.

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

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

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

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

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

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

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

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

21. Actuarial position in accordance with International Financial Reporting Standards

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

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

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

Actuarial present value of promised retirement benefits

Fair value of assets

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

Assumptions

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

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

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

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

Principal demographic assumptions

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

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

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

Commutation

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

Changes in benefits during the accounting period

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

Key risks associated with reporting under IAS 26

Volatility of results

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

Choice of accounting assumptions

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

Sensitivity of results to key assumptions

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

GMP equalisation

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

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

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

23. Contingent liability

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

24. Additional voluntary contributions (AVCs)

Members of the Fund are able to make AVCs in addition to their normal contributions. The related assets are invested separately from the main Fund and in accordance with the Local Government Pension Scheme (Management and Investment of Funds) regulations 2009, are not accounted for within the financial statements. If on retirement members opt to enhance their Scheme benefits using their AVC funds, the amounts returned to the Fund by the AVC provider are disclosed within transfers-in.

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

	Opening Balance at 01-Apr-14* £000s	Contributions & Transfers £000s	Sums Paid Out £000s	Investment Return £000s	Closing Balance at 31 March 2015 £000s
With profits cash accumulation	**856**	145	(110)	49	**940**
Deposit fund statement	**579**	252	(169)	3	**665**
Discretionary fund	**306**	107	(33)	38	**418**
	1,741	**504**	**(312)**	**90**	**2,023**

* Opening figures reflect revised opening balances from Prudential PLC.

25. Membership

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

Organisations participating in the Enfield Pension Fund include:

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

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

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

As at the 31 March 2015 the Fund Membership was 18,035 compared to 17,055 at March 2014. This is analysed below:

	31 March 2015	31 March 2014
Current Members	7,090	6,868
Retired Members	4,675	4,427
Deferred Members	4,850	4,887
Frozen/Undecided	1,420	873
	18,035	**17,055**

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

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

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

We have audited the pension fund financial statements of London Borough of Enfield for the year ended 31 March 2015 under the Audit Commission Act 1998. The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

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

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

As explained more fully in the Statement of the Director of Finance, Resources and Customer Services' Responsibilities, the Director of Finance, Resources and Customer Services is responsible for the preparation of the Authority's Statement of Accounts, which include the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the pension fund financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the pension fund financial statements

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

Opinion on the pension fund financial statements

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2015 and of the amount and disposition of the fund's assets and liabilities as at 31 March 2015 and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

Opinion on other matters

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

S. M. Exton

Susan M Exton

Director

for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

30 September 2015

LONDON BOROUGH OF ENFIELD

ANNUAL GOVERNANCE STATEMENT 2014/15

1. Scope of responsibility

1.1 The London Borough of Enfield ("the Council") commissions and delivers a range of services to the people of the Borough. We employ approximately 4,000 staff[1] and work with our partners in the private, public and third sector to deliver our objectives. We are responsible for ensuring that our operations are conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used with maximum efficiency, economy and effectiveness. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way we exercise our functions, again having regard to a combination of economy, efficiency and effectiveness.

1.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, which includes arrangements for the management of risk and opportunities.

1.3 The Council has in place a governance framework which is consistent with the CIPFA/SOLACE framework 'Delivering Good Governance in Local Government.

2. The purpose of the governance framework

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

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

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

of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

2.3 This governance framework has been in place at the Council for the year ending 31 March 2015 and up to the date of approval of the statement of accounts.

3 Review of effectiveness

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

3.2 Internal Audit has concluded overall, based on the findings of work undertaken during 2014/15 that 'Reasonable**'** assurance can be given on the systems of internal control in place, including the fundamental financial systems operating within the Council. An independent peer review of the effectiveness of the internal audit service has confirmed that it 'fully conforms' to the requirements of Public Sector Internal Audit Standards.

3.3 Directors have completed service assurance statements covering 2014/15 which are informed by work carried out by departmental managers, internal audit, external assessments and risk management processes. The statements are used to provide assurance that any significant control issues that have been brought to their attention have been dealt with appropriately. No significant governance issues were recorded.

3.4 The Business Continuity Board oversees all business planning and testing. All services have business continuity plans in place.

3.5 Monthly Monitoring Officer Meetings, chaired by the Chief Executive, have operated effectively during 2014/15 picking up on key governance and risk issues. This forum provides assurance that these risks are being identified and driven forward to invoke changes and improvements within the organisation.

3.6 The Council is able to confirm that its financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). In addition, the authority's assurance arrangements conform to the governance requirement of the CIPFA Statement on the role of the Head of Internal Audit.

3.7 We consider the arrangements in place continue to be regarded as fit for purpose in accordance with the governance framework.

3.8 A number of key risks and challenges were identified in the preceding Annual Governance Statement; for which particular attention was considered necessary to manage their potential impact on the Council and residents of Enfield. An update on actions implemented during 2014/15 for these issues is provided in Section 5. Continuing or new challenges have been identified as areas of focus for 2015-16.

4. The governance framework

The Council is able to confirm that its financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010), as set out in the Application Note to Delivering Good Governance in Local Government Framework. The Council has used CIPFA's guidance and has not identified any significant governance and control weaknesses that may have a direct impact on the organisation's ability to achieve its strategic objectives. Assurances have been gained from the following governance mechanisms and sources of assurance:

4.1 Focussing on the corporate objectives and vision of the Council and the outcomes delivered to local people.

Description of governance mechanism

The Council has a clear vision to make Enfield a better place to live and work, delivering fairness for all, growth and sustainability and strong communities. The Council's decision making process ensures that all member and officer decisions reference the Council's aims, priorities and departmental objectives. In addition, manager's performance related pay objectives are aligned to these objectives

The Council continues to work towards the transformation of services, (Enfield 2017) that will achieve savings of £60m over 3 years from 2015/16 from new and innovative ways of delivery and greater use of technology.

The Council uses different performance measures (quality, best value for money, resident and customer satisfaction) to give an overview of its performance and to stimulate improvement.

The Risk Management strategy and process identifies key risks and opportunities that could prevent the Council from achieving its objectives, and puts in place actions to mitigate these risks.

The Council's Business Plan sets out its major actions, working with its strategic partners and other stakeholders, to achieve the strategic aims.

Sources of assurance

- ***Enfield 2020*** is the Council's sustainability programme and action plan which sets out actions to save money on energy bills, create local jobs, improve the environment, reduce waste and improve public health.
- ***Enfield 2017*** - The transformation and change programme has followed standard project management methodology, overseen by the Strategic Transformation Board, which includes all members of the Corporate Management Board Detailed plans have been developed to make a significant contribution to the mid-term financial plan by 2017. Enfield 2017 provides the Council's centre of excellence for the programme management and has continually monitored progress against project plans as well as risks, benefits and budget
- ***Business Plan/Management information –*** The Council's electronic performance management system (Covalent) provides clear, up to date information on how the Council is performing and working towards achieving its key priorities. Reports derived from the system are available to departments CMB, Cabinet and Members and residents. A wide range of indicators are tracked that include value for money and resident and customer satisfaction as well as service delivery. Quarterly performance reports on a suite of key indicators are presented to CMB and Cabinet and are published on the Council's websites. The system also enables the Council to manage risk and measure progress of the delivery of strategies. A rolling programme of review and development of the system is on-going to improve the quality of information available.
- ***Executive Reports -*** All reports to Council, Cabinet and to individual executive members for delegated action must demonstrate synergy with the Council's corporate objectives and related performance management process. They also include the key risks relevant to the department and the impact of the subject matter on such risks.
- ***Internal Audit Plan -*** The internal audit plan is developed using a risk based approach to focus on the most significant risks that could prevent the Council from achieving its objectives.
- ***Performance Assessment Review (PARs) -*** Performance targets are linked to the Council's objectives and individual ratings discussed in PARs give assurances that staff are carrying out their work in accordance with these targets. Staff performance is assessed against a group of competencies and any development needs are identified. There are two sets of defined competencies, one for staff grades and one for management/leadership grades. The PAR for management/leadership contributes to a performance related pay award.
- ***Benchmarking –*** Enfield is part of the CIPFA suite of national benchmarking clubs across a number of different services. Our performance is also compared to that of other participating London Boroughs as part of the Council's membership of the London Authority Performance Solution (LAPS) benchmarking group. In addition, the Council also undertake benchmarking on nominated activities measuring performance and processes against organisations that have been identified as "best performer" for the nominated activity.

- ***Networking –*** Regular meetings to exchange good ideas and share knowledge take place with users groups of other London authorities.
- ***Customer Services Excellence Standard Accreditation –*** In 2014/15 the Council received Corporate re-Accreditation for corporate documentationfor a five year period. Also in the year the Customer Services Centre, Regeneration and Environment Department and Finance, Resources and Customer Services Department achieved re-accreditation, whilst the Leisure and Culture Department achieved accreditation for the first time. The Council is committed to excellence in Customer Service being recognised by external accreditation.
- **Awards -** Entering local government and specific sector awards enables the Council to measure its progress against other high performing councils. In 2014/15 Enfield's awards included:

LGC Awards:	• Winner – Community Involvement award • Highly Commended – Entrepreneurial Council of the Year
LGA/ADASS:	• Gold Standard – Making Safeguarding Personal
Ofsted:	• Enfield Council Children's Services and Children's Safeguarding Board achieved a 'good' rating – 1st council in London to receive the rating for both parts of the service
Fields in Trust:	• Parks won the Partner of the Year award
Architects' Journal:	• Unity Hub@ Craig Park won an Architects' Journal award in the Civic and Community category

4.2 Members and officers working together to achieve a common purpose with clearly defined functions and roles.

<u>Description of governance mechanism</u>

Roles and responsibilities

The Council has 63 councillors elected every four years. They are democratically accountable to residents both within their ward and across Enfield overall. They sign up to the Council's Code of Conduct and receive training on an annual basis to ensure high standards in the way they undertake their duties and to ensure that the Council's governance arrangements are adhered to.

Functions and areas of responsibility of Executive members, Chief Officers, including the Chief Executive and the Chief Financial Officer (s151 officer), are documented in the Constitution. This is available on the Council's website.

Formal procedures

Formal procedures and rules govern the Council's business including the Constitution, Scheme of Delegation, Financial Regulations, Property Procedure Rules and the Contract Procedure Rules (CPRs). During 2014/15 revisions were made to the Contract Procedure Rules.

Corporate Asset Management Group – an advisory sub-group of Cabinet, responsible for providing strategic direction on property matters and optimising the beneficial use and value of all the Council's property holdings across both the General Fund and the Housing Revenue Account.

VERTO is an IT system used for programme and project management reporting. The Council is strengthening how change is managed through continuous improvements to programme and project management governance.

Trading Companies - Enfield's members and officers work together as directors of the Lee Valley Heat Network Ltd and Housing Gateway Ltd (both wholly owned Council companies) to deliver the Council's objectives in these areas. In 2014/15 a third company Enfield Innovation Ltd, was incorporated for the purpose of managing new build properties.

Pay Policy - The Council, through the Remuneration Committee, reviews and monitors its pay policy in accordance with legislation.

***Enfield Homes* -** Cabinet in 2012 agreed the re-integration of Enfield Homes within the Council by April 2015. During 2014/15 the programme board appointed to facilitate the re-integration developed and introduced a number of work streams including new governance arrangements, scheme of delegation, and arrangements for dissolving the board. .

***Public Health* -** The Public Health team continue to lead the Health and Wellbeing agenda and reduce health inequalities (identified in the Joint Strategic Needs Assessment, carried out in partnership with the National Health Service (NHS), the Community and Voluntary sector and other partners). The Council's Health & Well Being Board was set up in 2013.

Sources of assurance

- ***Annual Assurance Opinion* -** The Head of Internal Audit's Annual Report gives assurance over the Council's key financial systems and internal control processes for 2014/15. A similar assurance is given for Enfield Homes.

- ***External Audit –*** attends and reports to Audit Committee on their assurance work relating to financial statements
- ***Overview & Scrutiny Function –*** In 2014/15 the structure of the Scrutiny function was revised. The function now focuses on six nominated work streams instead of six cabinet committees. In addition, three Associate Cabinet Members joined the Scrutiny function covering three geographical areas in the borough. The role of the function remains unchanged in that it produces a work programme and reports on its achievements each year in the form of an annual report to Council. Scrutiny provides a constructive challenge to the Executive, encouraged community engagement/ leadership with members being 'hands on' in terms of the reviews they undertake.
- ***Audit Committee –*** this provides an independent oversight of the internal control environment and corporate governance generally.
- ***Budget Monitoring*** – reports to each Cabinet meeting on both capital and revenue budgets
- ***Equality Impact Assessments*** - Equality impact assessments are carried out for services on a retrospective three yearly basis. In addition if a service significantly changes, a predictive impact assessment is undertaken.
- ***Health and Wellbeing Board*** - The Board has been formally established in accordance with the Health and Social Care Act 2012 and comprises representatives of the Council, NHS and other related partners and has responsibility to ensure that the Council and Clinical Commissioning Group (CCG) are working towards the priorities identified the Joint Health Wellbeing Strategy.
- ***Better Care Fund –*** *The fund has been established with the Council in partnership with the Care Commissioning Group and local Hospital Trusts to develop a strategy for the delivery of healthcare to the local community.*
- **Equality Framework *-*** The Local Government Association has accredited Enfield Council with the 'Excellent' level under the Equality Framework for Local Government. There are only 12 other local authorities in the country to have attained this accreditation - the highest level of accreditation for equalities work. The Council's Equality and Diversity Summary Annual Report 2013 was presented to Cabinet in April 2014.

4.3 Promoting the values of the Council and demonstrating good governance through upholding high standards of conduct and behaviour.

Description of governance mechanism

Constitution - this sets out the governance procedures, standards and rules within which the Council operates. It is kept under regular review, updated when required and available on the Council's website. It contains the roles, responsibilities and powers of the full Council, Cabinet and the Scrutiny function. It also includes the Council's Scheme of Delegation, Financial, Property and Contract Procedure Rules, Member and Officer Codes of Conduct, a member/officer protocol, the Members' Allowances Scheme plus guidance for councillors on the use of IT and their roles as representatives of the Council on outside bodies.

The Council's values are summarised as: one team; customer first; achieving excellence and empowering people.

The Council's Monitoring Officer has the responsibility to ensure that decisions are made in accordance with the Constitution.

The members' statutory register of interests and related party transactions are updated at least annually. Councillors are also reminded annually of their obligations regarding the receipt of gifts and hospitality. Similar requirements are placed on officers through their code of conduct.

Members' Code of Conduct – this assists members in discharging their obligations to the Authority, the local communities and the public at large:

- setting out the standards of conduct that are expected of members when acting in that capacity; and
- providing the openness and accountability necessary to reinforce public confidence in the way members perform activities.

The Council has agreed a Code that goes wider than the legislation requires. For example, we have added in 3 general principles of conduct (in addition to the statutory 7) relating to:

- respect for others
- duty to uphold the law
- stewardship

This also require members to declare the interests of their spouse, partner, civil partner, family members or persons with whom they have a close association or personal relationship as well as their own.

The Code of Conduct is reviewed on an ongoing basis. It was most recently amended and updated by the Council in July and November 2013.

Officers' Code of Conduct - This Code applies to all employees of the Council. Its purpose is to set out high standards, which should avoid both impropriety and any appearance of impropriety. This Code is provided to everyone who is employed by the Council so that they know the high standards that are expected of them and that they are treated fairly. Council agreed an updated version of the Protocol for Member/Officer Relations in January 2014

Sources of assurance

- ***Councillor Conduct Committee -*** The Councillor Conduct Committee implements the relevant requirements of Section 28 of the Localism Act 2011. These include ensuring high standards of conduct and arrangements for dealing with allegations that a councillor or co-opted member has failed to comply with the members' Code of Conduct.
- ***Monitoring Officer Meetings*** - chaired by the Chief Executive, this provides a well-established and effective process for reviewing and monitoring governance, internal control and other compliance issues. Such matters can also be reported to the Audit Committee on a regular basis.
- **Audit Committee** - provides oversight of internal audit and counter fraud, RIPA and other governance-related activities. The Council's external auditor attends the Committee and reports on relevant issues. They also have two private meetings with the Committee each year. The Committee receives regular briefings on topical and related issues.
- ***Corporate Complaints Process –*** complaints are dealt with through a two stage process with personal sign off by the Chief Executive. Schools and Children's Services & Health and Adult Social Care complaints follow the statutory framework for complaint handling outside the corporate complaint process.
- ***Local Government Ombudsman (LGO) –*** we regularly monitor our performance in relation to LGO complaints and our responses to them through quarterly reports to the Council's Management Board.
- ***External quality assurance audits –*** for example in the areas of safeguarding adults and children
- ***Executive decision reports –*** all such reports must include legal, financial, risk and other relevant implications, plus their linkages to the Council's corporate objectives.

4.4 Making informed and transparent decisions which are subject to effective scrutiny and management of risk and opportunities.

Description of governance mechanism

Transparent decision making - The Council's processes ensure that decisions taken follow due process, they are properly documented and are taken with due consideration of all the facts. Executive and other Council decisions are made public within 48 hours - twice weekly. All key decisions to be taken are published on the monthly key decision list. The Council's arrangements for providing economy, efficiency and effectiveness are reviewed by our external auditors and reported to the Audit Committee – including their annual audit letter.

Scrutiny - the role of scrutiny in ensuring transparent decision making and holding the executive to account is set out in paragraph 2 above. Call-in provides the opportunity for non-executive members to call the Executive to account for their decisions.

Risk and opportunity management - integrated into departmental planning. Risks and opportunities together with relevant actions are reviewed each quarter. Identified risks inform the internal audit plan and Internal Audit adopts a risk-based approach to their reviews and recommendations.

Sources of assurance

- ***Overview and Scrutiny Committee (OSC) -*** See above
- ***Internal Audit -*** The arrangements for the provision of internal audit are delivered, in accordance with the CIPFA Public Sector Internal Audit Standards.
- The Council has a co-sourced internal audit contract with PwC which allows it to draw down specialist skills and knowledge where required to deliver specific internal audit services.
- Based on the work undertaken during 2014/15, the opinion of the Head of Internal Audit and Risk Management is that the arrangements for risk management, control and governance provide reasonable assurance that material risks, which could impact upon the achievement of the Council's services or objectives, are being identified and managed effectively
- ***External Audit –*** the external audit annual audit letter.
- ***Audit Committee -*** The Council has an independent Audit Committee set up in accordance with CIPFA guidance to ensure best practice in corporate governance and to enable the Council to discharge its fiduciary responsibilities in preventing fraud and corruption and arranging proper stewardship of public funds. In 2015/16 this will be enhanced through the addition of an independent committee member.
- ***Whistle Blowing Policy*** -. A register of cases is maintained by the Counter Fraud Manager and is reported to the Audit Committee quarterly. The policy, together with the Counter Fraud Strategy, is included as part of the annual staff governance briefings.
- ***Service Assurance -*** Directors are required to assess the sources of assurance to manage the risks they are currently facing, giving consideration to whether the controls are operating as intended across their Departments. These are challenged by Internal Audit to help management understand areas of heightened risk and to ensure that results are in

line with audit findings during the year. This process also informs the annual risk assessment process when developing the Annual Internal Audit Plan.

- ***Risk Management -*** Throughout 2014/15 the Council's risk management framework has continued to operate effectively to support services in identifying and finding ways to mitigate the organisations key risks.

4.5 Developing the capacity and capabilities of members and officers to be effective

Description of governance mechanism

Member Training - The member development programme is agreed by the Member and Democratic Services Group. This builds on an extensive induction programme after each local election. One to one personal development sessions are also available with professional officers. Specific briefing sessions are held for members on topical issues – for example the Audit Committee and the Councillor Conduct Committee.

The Council is developing a member portal from which councillors will be able to access on line e learning modules and briefing information.

Member Portal – In 2014/15 a portal was introduced to allow members direct access to general council information, briefing on specific topics and a member's enquiry system. To support the use of the portal and encourage the 'paperless office', members have been issued with laptops or Ipads for mobile working.

Officer training - The Council is committed to empowering and training staff and also building opportunities for young people through its apprenticeship scheme.

The Council provides regular training and development opportunities for officers. The Computer Based Training (CBT) for Data Protection, Freedom of Information and Information Security is available to all staff. The Council has continued to roll out its Senior Leadership Programme, Shaping the Future.

Competency Framework –this sets the standard for officer and member behaviours. It is intended for use as an ongoing assessment and development tool to help staff work more effectively in order to improve services. The competency sets are reviewed regularly to ensure that they meet our vision and values and staff are engaged in this process to ensure buy in and ownership.

Apprenticeships - In support of our workforce development plan we run an apprenticeship programme which offers training and employment to young people. . The scheme developments included the introduction of traineeships; trainees and higher level apprenticeship which have broadened the scope of the scheme and the range of talents available.

Schools - The Council has developed a Continuous Professional Development (CPD) programme for School Business Managers (SBM) which addresses the national drive for qualified SBMs and locally identified needs. A SBM Forum is supported by the Council (including Internal Audit) to provide support, guidance, sharing of best practice and networking opportunities for SBMs. Competent SBMs lend support to schools in difficulty

Member Governor Forum - The Forum considers issues of interest to both the Council and school governing bodies, making recommendations to the Cabinet. It reviews changes in policy, reviews impact and considers priorities for resources in consultation with the Schools' Forum.

Ideas Exchange - chaired by the Chief Executive, this is a large group of representatives from all parts of the Council who get together every four weeks to act as a 'critical friend' to the Council's change programme. It gives staff an active role in shaping the organisation going forward. Key topics discussed have included communication channels, staff competencies and service redesign.

Staff surveys – undertaken every two years to ascertain the views of staff across arrange of employment issues

<u>Sources of assurance</u>

- ***Computer Based Training (CBT) training -*** The completion of CBT modules (e.g. Health and Safety, Information Governance and Fraud Awareness) is monitored to ensure that officers complete the relevant training. In addition staff attendance at training sessions and staff seminars is monitored. Completion rate was over 90%. Over 1,100 staff, including Councillors and School staff have completed Fraud Awareness Training since its launch in 2012.
- ***Performance Assessment Reviews (PARs) -*** Officer training is identified through the annual personal appraisal process and the corporate training plan. A comprehensive appraisal process, that ensures training and development is available to all staff, is embedded within the Council. A tailored system, MI Portal, is used to help manage staff development and training needs and align staff objectives to those of the service they work in and those of the Council.
- ***Member training -*** The activities and training are agreed with councillors, evaluated and coordinated to ensure they are effective in their roles. In 2014/15 a programme of monthly training sessions were introduced.
- ***Bespoke training -*** Interactive bespoke training on equality and diversity has been rolled out across the Environment Department to reflect individual service and team requirements

- ***External reviews/audits*** – such as Ofsted, safeguarding audit and the London Social Care Partnership Peer review.

4.6 Engaging with local people and other stakeholders to ensure robust public accountability

<u>Description of governance mechanism</u>

Council's website –Recent web enhancements have improved access for the community to the services the Council offers

Our Enfield –Council publication circulated to all Enfield residents bi-monthly

Budget Consultation – annual public consultation exercise undertaken, including via Overview & Scrutiny Committee

Enfield Residents' Priority Fund –promotes resident involvement in decision making and encourages them to work with local ward councillors to develop projects that will improve their neighbourhoods and address deprivation. 2014/15 was the last year for the operation of the fund

Complaints procedure - The Council has a formal complaints process and publishes an annual report. This is placed on the Council's website. Quarterly reports of complaints are submitted to the Council's Management Board. The Ombudsman's annual letter, commenting on complaints received in the last year, is also published on the Council's website.

Strategic partnerships - Enfield Council takes a strategic approach to consultation and public engagement as outlined in the Enfield Strategic Partnership's Engagement Framework.

Enfield Youth Parliament - a democratically elected body of 16 young people aged 11 - 19 years (up to 25 with learning difficulties or disabilities) who represent young people from the four Area Youth Forums and across the whole of Enfield. 2014/15 will be the final year for the current election process. In future years the youth service activities will focus on closer working relationships with local schools.

Parent Engagement Panel (PEP) – the overall aim is to build community capacity and resilience by engaging positively with and empowering Enfield parents and their children. This is illustrated by the objective of the panel being defined as "Parents Supporting Parents"

Children in Care Council (Kratos) - In 2014 an on-going duty of care was placed on Enfield to consult with children in care to further develop the service offered to them. To assist in the delivery of this duty, Enfield has introduced the Children in Care Council which consists of current and previous clients. It has assisted in producing a charter for care leavers and offers and pledges for children in care.

Special Education of Needs and Disability Reform ("Send") Legislation – In 2014 the Council working in partnership with the voluntary sector and with parents of disabled children, produced a local offer outlining how it was going to respond and deliver to the legislation. The consultation with parents is on-going and provides an opportunity for regular updating of the offer.

Overview & Scrutiny – the Council's scrutiny function has prioritised community engagement and outreach activities and has been very successful in working with under-represented groups in the community.

<u>Sources of assurance</u>

- ***Member Engagement -*** In 2014/15 ward forums were introduced to replace area forums. Three ward councillors meet with local residents to discuss issues of local concern. The process is managed by the Scrutiny team.
- ***Scrutiny -*** Service users, providers and other stakeholders are encouraged to engage in scrutiny reviews through, for example, working groups, co-options and public involvement in meetings.
- ***Councillor Conduct Committee –*** independent person's role provides a link between the Council and the community.
- ***Information Governance Board –*** its role is to consider information governance issues and to initiate policies, processes, projects and awareness to ensure that the Council complies with its Data Privacy and Information Security obligations. The Board monitors all of the security incidents, ICO complaints, FOI enquiries and subject access requests to ensure that these are responded to within the required timescales.
- ***Customer satisfaction Surveys –*** The Council undertakes a residents' survey every 2 years to ascertain views about the services they receive. We also undertake statutory consultations in areas such as adult social care.
- ***External Audit -*** officers meet with Grant Thornton on a monthly basis to discuss relevant issues, the Council's medium term financial plan and the progress of the internal and external audit plans. Grant Thornton attends every Audit Committee and participates fully through written reports, discussions and by giving advice to members where appropriate. Grant Thornton meets privately with the Audit Committee to discuss areas of interest/concern.
- Grant Thornton has confirmed that they have not identified any issues with the quality of the work undertaken by the Council's Internal Audit function.

5. Areas for development

In the 2013/14 AGS, a number of key risks and challenges were identified as requiring particular attention to manage their potential impact on the Council and residents of Enfield during the forthcoming year. Actions taken to mitigate these risks during 2014/15 are shown in the following table, together with an assessment as to whether they continue to require attention during 2015/16:

Areas of focus during 2014/15	Progress as at June 2015	Areas of focus for 2015/16
Welfare Reform Enfield is a changing borough where the Council serves a rapidly increasing population while having to deal with a reduction in expenditure and ongoing changes to the benefit system. **Localism of Council Tax Benefit** A local scheme of Council Tax support has been put into place to replace statutory Council Tax Benefit. There will be 12% reduced funding from Central Government, with the Council having to find this funding, or passing this on to claimants in reduced benefits. Issues are compounded by a rising caseload. This could entail significant reductions in Council Tax support (other than to pensioners and the vulnerable), resulting in increased financial pressures on affected individuals and families and a possible decrease in the Council Tax collection rate as a result. **Implementation of Universal Credit** - Uncertainty over impact of replacement of Housing Benefits by the Universal Credit from 2013 to 2017; - An administration grant is to be based	The Local Council Tax Support Scheme was agreed in January 2015 with no changes to the previous scheme. The Council has seen increasing demand for discretionary and emergency support, as the impact of the Government's welfare reforms have been felt. Council tax hardship requests have increased, although council tax collection has been achieved in accordance with budgeted collection rates. However, the risk continues around households which are accruing multiple years of debt. Increasing demand for emergency financial support is compounded by a 40% reduction in both the discretionary hardship payment grant and the local welfare support grant in 2015/16. It remains unclear the levels of grants from 2016/17. There is continuing uncertainty regarding the impact of further cuts to be imposed by the new national government, which has set out a requirement to reduce a further £12 billion from welfare support. The first phase of Universal Credit implementation goes live in Enfield in July 2015. Initially the award will only apply to new claims from single adults with no disability or children. It is anticipated that 3000 claims will be made between July 2015 and March 2016 but only 700 of these are expected to have housing costs. The timescales for further roll-out of	This remains an area of concern for 2015/16

Areas of focus during 2014/15	Progress as at June 2015	Areas of focus for 2015/16
on 2013 caseload; - Issues include levels of staffing, impact on customer demand, and Benefit Cap as from April 2013; Risk to Enfield of increasing caseload (local funding risk).	Universal Credit to other groups in Enfield is not clear.	
Housing Supply and Homelessness Welfare reforms including reductions in Housing Benefit, Local Allowance Caps and disability benefits could see landlords refusing to let homes to tenants on benefits leading to an increase in homelessness. Universal credit capped at £26,000 and housing costs paid direct to tenants further threatens the supply of available housing. Impact of "importing poverty" on other Council services. Compounded by the transition to Universal Credit and caps on what can be paid via the Local Housing Allowance.	The number of households in temporary accommodation in Enfield has risen significantly to a 2014/15 year end figure of 2764. This is a rise of 538 households when compared to the end of year at 2013/14. Landlord action to end a private rented sector tenancy remains the most common reason for homelessness. The market continues to offer predominantly expensive nightly paid accommodation to meet the statutory duty to house a homeless household, but although the market in Enfield has stabilised regarding price inflation, concerns about budget pressures remain. Action plans are in place to mitigate these. Use of temporary accommodation has been the subject of intense scrutiny during 2014/15 by a cross party group of Councillors, with a Councillor led report due imminently. The pan London monitoring of the use of temporary accommodation evidences that Enfield's housing market continues to be used by other boroughs to meet their supply needs for temporary accommodation. This displaces local people from private tenancies, as these private rented properties are converted over to this lucrative market. This is a key driver of local homelessness demand. Housing Gateway is now supplying assured short hold tenancies, as a cost effective alternative to expensive temporary accommodation, and is due to report on its first year achievements at Cabinet June 2015.	There are an increasing number of households presenting as homeless, which is due to changes in the housing market, cost and impact of welfare support changes, and more tenants being evicted. This is a significant and ongoing risk for 2015/16.
Transformation and change The Council's Enfield 2017 team is leading transformation across the Council to enable the	The Council's transformation and change programme is overseen by the Strategic Transformation Board (STB). This Board includes all members	This remains an area of significant

Areas of focus during 2014/15	Progress as at June 2015	Areas of focus for 2015/16
Council to deliver services in new and more efficient ways. As the Council continues to experience reduced resources, increased demands on services and new and innovative forms of delivery, there is a need to ensure that the Council's control environment remains robust, proportionate and is as efficient and effective as possible, which will include moving to a greater use of automated rather than manual based controls.	of the Council's Corporate Management Board. Enfield 2017 was approved by Cabinet in October 2014. As part of this, governance arrangements were expanded to set up an Enfield 2017 Board, consisting of members of STB, the Council's Leader and Cabinet Lead for Finance. The Enfield 2017 team has been expanded to include project and programme leads on specific work streams. The Project Management Office has been tasked with managing the full portfolio. All project and programme managers across the Council have been transferred into the Team and this has achieved the added benefit of single sight and control of all transformation work across the Council. A controls assurance team has been set up and strong governance arrangements include a Design Authority which meets weekly. This ensures consistency at low level. There is regular engagement with unions and Cabinet members are briefed via regular meetings. The Enfield 2017 team continues to work closely with Finance and HR to ensure that procedures and policies are in place to protect the Council during the changes.	and ongoing risk for 2015/16.
Information Governance A lot of work was carried out during 2012/13 to improve information governance processes across the Council. This work was led by the Information Governance Board. Further work is continuing to fully embed these new processes across the Council.	Work continues to oversee information governance issues across departments. Risk registers have been reviewed and updated. Guidance has been issued and councillor training has taken place	This risk is considered to be adequately managed.
Housing Services In 2008 the Council set up an Arm's Length Management Organisation (ALMO), Enfield Homes, to manage the Council's housing properties and deliver services to the tenants of those properties. Since then Enfield Homes has successfully received Decent Homes	TUPE of all relevant Council Homes staff took place on 1 April 2015; all former staff are now employed by the Council. Preparations, in terms of HR, communications, IT, finance and other operational matters meant that the transition was effected smoothly. An internal audit was undertaken to review key controls in place to successfully deliver the	This risk is considered to be adequately managed

Areas of focus during 2014/15	Progress as at June 2015	Areas of focus for 2015/16
funding and has been delivering this programme, which will be completed in 2015. A report on the future of Enfield Homes was presented to Cabinet in July 2012, which made a number of recommendations. One of these related to looking for further integration of services between the Council and Enfield Homes. This will help to reduce duplication and provide more joined up services for tenants. The current management agreement with Enfield Homes runs until March 2015, at which point the services run by Enfield Homes will return to direct council control, subject to a further review in 2014. As more services are integrated back into the Council between now and March 2015, appropriate governance arrangements need to be put in place to mitigate the risks that may emerge around a lack of clarity around roles and responsibilities, a potential loss of corporate knowledge from Enfield Homes, contractor issues and resource pressures.	Transition Project and concluded that there was 'reasonable' assurance over the arrangements for the project. No issues have subsequently arisen. Enfield Homes, as a company, now has a board of Assistant Directors from Finance and Legal Services, to take the Company through to closing of final accounts in July. 'Council Homes' forms part of the Regeneration & Environment Department, where the service is looking to collaborate with the Council's strategies for regeneration, planning and the public realm. Expected savings will be achieved by July 2015.	
Care Act 2014 Major new legislation is to be implemented in two phases: April 2015 and April 2016. This will increase the Council's range of responsibilities and will require careful planning during 2014/15 to support effective implementation.	To prepare processes and procedures ready for the requirements of the Care Act. Many requirements of the Act, that were due to be implemented by April 2015, were already part of business as usual for Enfield. To ensure full compliance and ongoing governance, a Care Act Board has been set up, chaired by the Assistant Director, Strategy & Resources. Liaison with regional groups is fed back through this group. With the transfer of programme management to the Enfield 2017 team, appropriate aspects have been linked to transformation, including IT development. Regular updates have been provided to the departmental management team and corporate management team. In addition reports	This remains an area of significant risk for 2015/16

Areas of focus during 2014/15	Progress as at June 2015	Areas of focus for 2015/16
	have been presented to Overview & Scrutiny Committee and Audit Committee providing assurances on expenditure. A plan is in place to ensure delivery of elements of the Act that need to be implemented by April 2016. Significant to this is the management of self-funders and the implementation of a cap (at £72,000) on the self-funding of care. New duties around welfare will require a need to introduce prevention activities and communications. There is still uncertainty around Central Government's requirements, but research has already begun to understand Enfield's situation in preparation for the changes. Risks around IT requirements, potential cost and management of care accounts have been highlighted. A model of the potential impacts has been developed and this will be monitored against actual changes in demand. NAO report on Care Act implementation – have raised concerns with government on the potential cost to local councils.	
NHS Enfield Clinical Commissioning Group (CCG) Financial Pressures. Enfield CCG continues to experience significant financial pressures from funding formula damping, acute sector activity and associated Trust business plan assumptions. The key risks are that greater pressure will be placed on Adult Social Care budgets to support early discharge from hospital, greater service levels to prevent hospital admissions and transfer of continuing care funded clients to the Council.	The Council and CCG continue to have effective working relationships. There is a shared understanding of challenges through the Health and Wellbeing Board. The key outcome of the Better Care Fund Submission was to support greater integration of care for Health and Adult Social Care for patients, service users and carers. The plan includes agreement on a target to reduce unplanned emergency admissions by 3.5% by the final quarter in 2015/16. This plan was endorsed by both acute trusts. To date, performance monitoring has shown positive results in avoiding admissions. The transfer of funding through a Section 75 agreement should take place in a timely fashion. Risks arise from the CCG deficit as well as the financial difficulties of the Barnet, Enfield and Haringey Mental Health Trust. Risk registers highlight the challenges, and monitoring of these registers is being	This remains an area of significant risk for 2015/16

Areas of focus during 2014/15	Progress as at June 2015	Areas of focus for 2015/16
	undertaken to ensure that the challenges are being managed. NHS Enfield are working with NHS England to resolve problems relating to the in-year deficit. They have appointed a Director of Delivery to provide strategic support.	
Children and Families Act 2014 A major area for development in Schools and Children's Services (SCS) is around the implications of the Children and Families Act 2014 which received Royal Assent in March 2013. This wide ranging Act introduces changes to give greater protection to vulnerable children, better support for children whose parents are separating, a radical new system to help children with special educational needs and disabilities (SEND), and help for parents to balance work and family life. It also includes changes to the adoption system to ensure children are placed faster and reforms for children in care include giving them the choice to stay with their foster families until their 21st birthday. Schools have a new legal duty to better support children at school with medical conditions and to provide free school lunches on request for all pupils in reception, year 1 and year 2.	Adoption reforms have been implemented, training has been completed and the Department continues to work towards implementing SEND changes. Enfield Council has been selected as a national pilot and has secured £100k from the DfE to assist with implementing some aspects of the assessment process reforms.	This remains an area of significant risk for 2015/16
Regeneration The Council has set an ambitious programme for regeneration, for which budgets have been agreed. The programme includes Meridian Water, School Expansion and Cycle Enfield projects. Rising costs of building works and dependency on third party project management could jeopardise the delivery of some of this	A new Programme Director for regeneration projects was appointed in November 2014. Soon after, an audit of Meridian Water was undertaken, which reported a number of areas of concern, including two high risk issues relating to resourcing of the programme management office and governance arrangements. A restructure of the team has been approved and new appointments have been made to strengthen programme	This remains an area of significant risk for 2015/16

Areas of focus during 2014/15	Progress as at June 2015	Areas of focus for 2015/16
programme within budget constraints.	management. To improve governance arrangements, the programme has been split into six projects with dedicated project teams, a programme board chaired by the Programme Director meets monthly, and a strategic group provides oversight of the programme, strategic direction and monitors risk. This feeds into a member group, attended by the Leader and the Chief Executive. Highlight reports from the Programme Director summarise progress and are being replaced by a 'live' project plan and risk register for the whole programme which is due to be in place by September 2015. Ponders End regeneration activities (including the Alma Estate, Electric Quarter and other smaller projects) are split with the Estate Regeneration team. A governance board is currently being established for these, with a target date for implementation by the end of August. The school expansion programme continues. An audit of the Primary Expansion Programme has been completed and the agreed action plan has been implemented to improve governance arrangements.	
Child Protection In light of the reduction in funding there is a potential increased risk to the safeguarding of children, through loss of administrative support to social workers.	Safeguardng (early help and protection of children) continues to be a concern. The Ofsted inspection of the Department took place during February 2015 and achieved a 'good' overall outcome. This recognised the positive impact of high staff retention. However, Enfield 2017 reviews of business support and business intelligence are likely to result in reduction of all support functions, including finance, HR etc. Therefore, there is concern that this could dilute support to front line staff and operational managers which could result in destabilising of the teams. If this increases turnover and the need to use agency staff, there could be increased cost. To mitigate the potential risk, departmental representatives are involved in the Enfield 2017 reviews to maintain awareness of service needs including support requirements. The aim continues to be making better use of IT to improve process efficiencies and avoid duplication. Service reviews are being undertaken as part of Enfield 2017, revisiting systems, practices and processes, and looking at integration. The Schools & Children's Services Department is represented on the Enfield 2017 Programme.	This remains an area of significant risk for 2015/16. However the issues identified, including the impact of business support on the offer to social workers, will be considered among the risks relating to transformation and change (above).

Further Governance issues for 2015-2016

The following table describes additional significant challenges identified during 2014/15 to carry forward for monitoring within 2015-2016:

Areas of focus identified in 2014/15	Action plan for 2015/16
Lea Valley Heat Network Inadequate supply of heat for the network would mean that the LVHN cannot be delivered.	The Council continues to have on-going dialogue with the NLWA in relation to the supply of heat. A timetable has been drawn up linking agreement to the future DCO application. Negotiations are currently focusing on the final point related to an excess profits clause. All necessary resource has been readied to ensure a deal can be struck and the Director R&E is in dialogue with the MD NLWA.

Leader of the Council

Chief Executive

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

We have audited the financial statements of the London Borough of Enfield for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

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

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

As explained more fully in the Statement of Responsibilities, the Director of Finance, Resources and Customer Services is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the London Borough of Enfield as at 31 March 2015 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

Opinion on other matters

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

Matters on which we report by exception

We are required to report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998; or
- we designate under section 11 of the Audit Commission Act 1998 a recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

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

Respective responsibilities of the Authority and the auditor

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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission in October 2014.

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, we are satisfied that, in all significant respects, the London Borough of Enfield put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

Delay in certification of completion of the audit

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

Paul Dossett

Paul Dossett
for and on behalf of Grant Thornton UK LLP, Appointed Auditor
Grant Thornton House
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30 September 2015