

London Borough of Enfield

Draft Statement of Accounts 2023/24



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Annual Governance Statement

Annual Governance Statement

Introduction

Enfield Council ('The Council') is required by statute to review its governance arrangement at least once a year. It is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

This Annual Government Statement ('Statement') explains how the Council has complied with its codes and policies and continues to improve its systems and procedures to deliver for its residents.

Scope of responsibility

The Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has a best value duty under the Local Government Act 1999, to make arrangements to secure continuous improvement in the way in which functions are exercised.

The Council has adopted a number of codes and policies in place which are consistent with the principles of CIPFA/ SOLACE Framework for Delivering Good Governance in Local Government 2016. The documents are the Counter Fraud Strategy, which includes the Counter Fraud and Corruption Policy statement, the Whistleblowing Policy and the Anti-Money Laundering Policy, Contract Procedure Rules and the Pay Policy Statement, which are kept under regular review and updated as necessary. Monthly meetings with the Chief Executive are also held to discuss all high level legal, risk, governance and assurance issues.

This Statement also explains how the Council meets the requirements set out in Regulation 6(1) (b) of the Accounts and Audit (England and Wales) Regulations 2015, which requires a local authority to prepare an Annual Governance Statement.

The Council also fulfils a governance role in relation to businesses that it wholly or jointly owns, namely:

Annual Governance Statement Continued:

- Energetik (trading name of Lee Valley Heat Network Operating Company Ltd), created in 2015, a local energy company owned by Enfield Council, set up to supply heat and hot water to over 15,000 homes and businesses across North London.
- Housing Gateway Ltd, created in 2014, its founding purpose was to assist the Council in reducing its temporary accommodation budget pressure. It offers assured shorthold tenancies against which the Council can discharge its homelessness duties.
- Montagu LLP (full company name Montagu 406 Regeneration LLP), created in 2018, the Council owns 50% in the Limited Liability Partnership and set up to regenerate the Montagu industrial estate.

The purpose of the Governance Framework

The Governance framework comprises the culture, values, systems and processes by which the Council is directed and controlled. The framework brings together an underlying set of legislative requirements, good practice principles and management processes.

Compliance with this governance framework enables the Council to assess the success of its strategic objectives, and to consider whether they have led to the delivery of appropriate/cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, rather than absolute assurance of their effectiveness.

This Statement describes the key changes and developments within the Council's governance framework during 2023/2024 and up to the date of the approval of the annual statement of accounts.

The Statement shows progress that has been made in dealing with the governance issues included in last year's statement and the governance issues that have been identified from this year's governance review are addressed in this Statement.

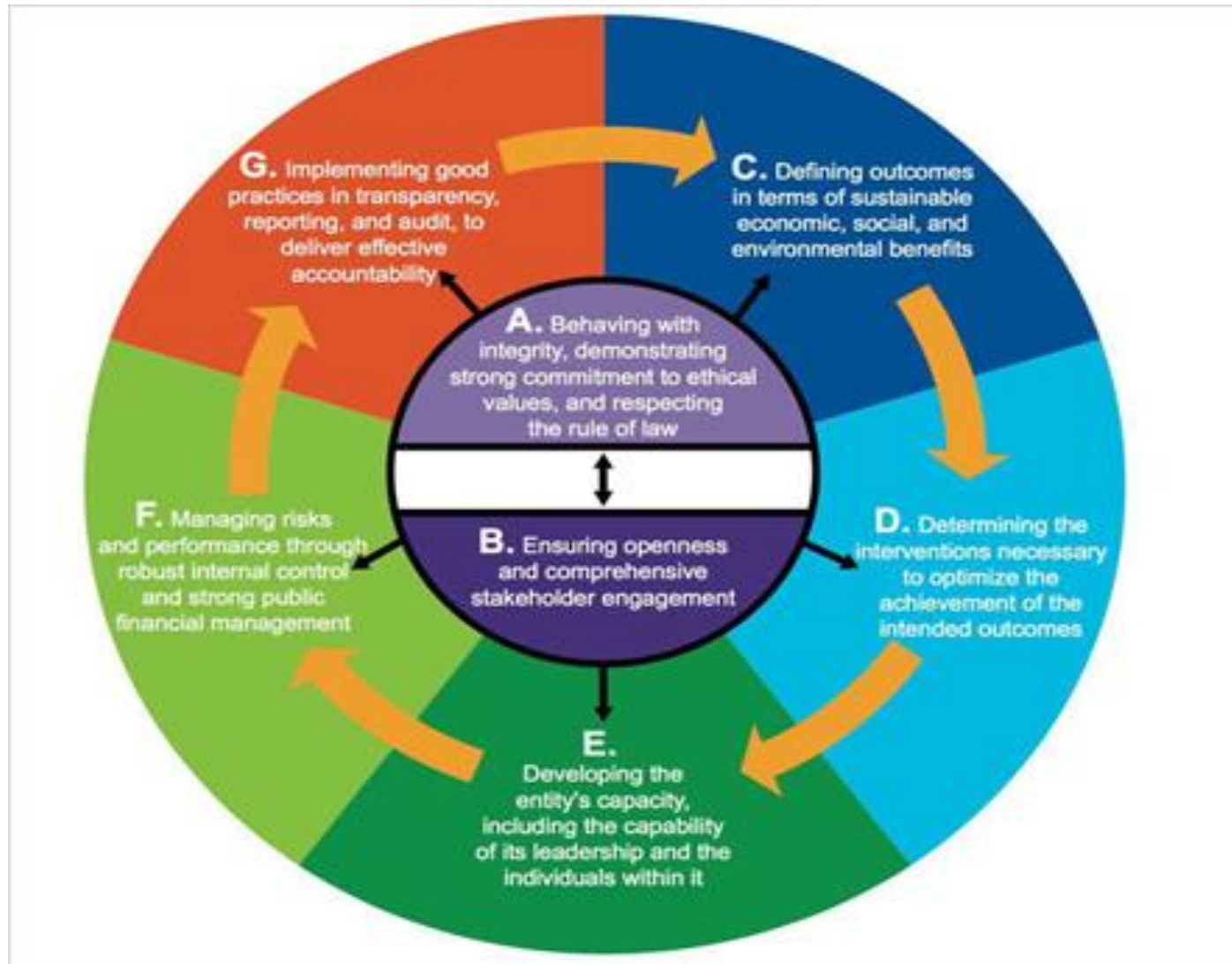
The Governance Framework

The 'Delivery of Good Governance in Local Government Framework', published by the Chartered Institute of Public Finance and Accountancy (CIPFA), in association with the Society of Local Authority Chief Executive and Senior Managers (SOLACE), sets out the standard for local authority governance in the United Kingdom. Our current Monitoring Officer was a member of the Panel which reviewed and developed this document. SOLACE, CIPFA and the LLG Group have recently published a new Code of Practice on Good Governance for Statutory Officers. This will be reviewed and considered in the coming year.

The Framework sets out seven core principles, as illustrated in figure 1 below, that underpin good governance in the public sector.

Core principles of delivering good Governance –

Annual Governance Statement Continued:



Annual Governance Statement Continued:

Key Elements of The Council's Governance Arrangements

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

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

The Constitution sets out how the Council operates, how decisions are made and the policies which are followed. It is made of six parts and sets out the basic rules for governing the Council's business, as well as detailed procedures and codes of practice.

The Constitution sets out the responsibilities of both members and officers. The Council has identified the following posts:

- The Chief Executive (s.4 Local Government and Housing Act (LGHA) 1989), who is the designated Head of Paid Service
- The Executive Director and Resources undertakes the Section 151 officer role (Local Government Act 1972)
- The Director of Law & Governance is the designated Monitoring Officer (s.5 LGHA 1989).
- The Head of Internal Audit which ensures compliance with the audit functions set out in the Accounts and Audit Regulations 2015.

A Scheme of Delegation sets out the powers delegated to officers as part of the Constitution. It ensures clear demarcation of responsibility and authority, to ensure there is adequate oversight of operational compliance with its requirements. The Council Scheme of Delegation is agreed at the annual meeting in May each year.

The Council has a Member Code of Conduct. It has a Register of Member Interests and a Register of Gifts and Hospitality which is maintained by the Monitoring Officer, and which are reviewed regularly.

All Councillors receive training on the requirements of the Code of Conduct and related issues. The Monitoring Officer gives regular advice notes to members on decision making and standard of conduct in the form of 'Monitoring Officer Advice Notes'.

The Council has a Councillor Conduct Committee which is ultimately responsible for the promotion and monitoring of high standards of conduct amongst Councillors and co-opted members. The Council has appointed 2 Independent Persons who, together with the committee, assist Councillors and co-opted members to observe their Code of Conduct and all other Codes within the Constitution. The committee will also consider requests for dispensations by councillors, and co-opted members relating to interests set out in the Code of Conduct.

The Constitution includes various other Codes and Protocols. For example:

- Code of Conduct for Members
- Internet and Email Usage Policy
- Planning Committee Code of Practice
- Licensing and Gambling Code of Practice

Annual Governance Statement Continued:

- Employee Code of Conduct
- Email, Internet and social networking usage policy and procedures
- Protocol for Member/Officer Relations
- Protocol for Member Appointments Panels
- Guide to officers – Secondary employment and business interests

There is no review programme in place for these documents and that will be put in place for the coming year.

All staff, in particular managers, are responsible for ensuring that laws and regulations are complied with and that the authorities' policies are implemented in practice. Executive and other Directors and Heads of Service are responsible for monitoring implementation of the Council's policies.

The Council has a number of key governance related policies. Officers are made aware of their responsibilities by way of staff newsletters, emails, managers' briefing and during the induction process.

The Council recognises the importance of Health and Safety (H&S) across its organisation. The H&S Committee (to consult with Trade Unions) has been reviewed and the membership altered slightly. A new chair has been appointed and further changes are being considered to improve the way the Council manages the H&S and well-being of its staff and others, including the creation of a new H&S Management Board.

Principal B – Ensuring openness and comprehensive stakeholder engagement

Consultation and engagement with residents, stakeholders and the wider community is part of the Council's decision-making process, to ensure that their views are heard. The Council encourages those communications via a wide range of methods such as the Council's Consultation portal, direct communications with residents by letters, the use of social media and public forum. Further details on current proposals and previous consultations and engagement activities can be accessed in the '*Have your say*' section on the Council's website.

Consultations - '*Have your say*'

While making important decisions which affect residents and other stakeholders, the Council has a duty of ensuring equality, diversity, and human rights principles. These duties are embedded in the budget setting and business planning process and each template require members to take into consideration the quality and diversity impacts of proposed decisions, where appropriate.

The Corporate H&S Committee is the main forum for consulting with TU representatives on H&S issues. There are also some departmental and site-based H&S fora for staff.

Our employees are our biggest asset, and their views are important to us. We have a number of staff fora including:

- The Women Into Leadership group
- Mental health and Wellbeing group
- Ethnic Minority Staff Group

Annual Governance Statement Continued:

- Disability Working Group
- LGBTQ+ Staff Network
- Young professionals Network

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

Council Plan 2023-2026

The Council approved the Enfield Council Plan 2020-22, which sets out the vision for delivering a lifetime of opportunities for everyone in Enfield. The Council has reflected on progress made on delivering the Plan; on the challenges and opportunities for the borough and created a new Council Plan for 2023-2026 which was approved by Full-Council in June 2023. The Plan contains five priorities, to create and support clean and green places; strong, healthy, and safe communities; thriving children and young people; more and better homes; and an economy that works for everyone. The Council aims to deliver on these priorities to help improve the lives of Enfield residents, investing in the borough to support people through the current challenging economic situation in the immediate term, while also delivering on longer term improvements. Internally, we have worked together to create a series of awareness raising programmes that use our Staff Matters and Culture Matters internal media channels in combination with wider general awareness raising and discussions at departmental management team meetings. We have also commissioned a series of short films that tie into the Council Plan priorities, and these have been released both internally and externally in stages over the 2023/24 financial year. These films also support our ongoing drive to attract, recruit and retain the best talent linked to our new Workforce Strategy.

New Local Plan to 2041

The Council is also preparing a New Local Plan, outlining the Borough's vision and spatial strategy through to 2041. This Local Plan serves the purpose of allocating sites to meet housing, employment and other development needs. It also sets out a wide range of policies addressing critical issues like climate change, good design, infrastructure delivery and the protection and enhancement of our built and natural environments. The emerging Enfield Local Plan is reaching a key stage in its development journey. On 19th March 2024, Full Council will meet to go over an extensive draft of the Local Plan. Subject to Full Council's approval, the draft would then be published for a formal statutory 6-week period of public consultation, as required by law. Following the conclusion of this consultation, all responses received, (along with the draft Local Plan and its supporting evidence base) will be submitted to the Secretary of State for an independent examination.

Medium-Term Financial Strategy

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

Climate Action Plan

Enfield implemented a Climate Action Plan following a declaration of climate emergency in the Summer of 2019. The Plan commits Enfield to becoming a carbon neutral organisation by 2030 and a carbon neutral borough by 2040. The Climate Action Plan 2020 sets out our current carbon emissions (baseline) and the action the Council needs to take to achieve our net zero targets. One of the Council commitments was to review the Climate Action Plan every two

Annual Governance Statement Continued:

years. A review was carried out and a consultation took place between 5 November 2022 to 30 January 2023 to understand the resident's views or concerns. The Council also used the online platform 'Let's Talk Enfield' to engage with its residents. The Council has drafted a new version of the Climate Action Plan, and this will be taken to Cabinet for approval in June 2024.

Fairer Enfield: Equality, Diversity and Inclusion Policy 2021-2025

This policy sets out how Enfield Council will tackle inequality and foster an inclusive workplace and inclusive communities, as the borough continues to grow, develop and create new opportunities for everyone in Enfield. The policy explains the expectations on our workforce, as we work together to design and deliver services to create a vibrant and inclusive borough. It sets out the Council's role in advancing equality and tackling inequality and discrimination. It impacts on everyone who lives, works, studies in or visits Enfield.

The Public Sector Equality Duty requires us to publish one or more specific and measurable equalities objectives every four years that demonstrate areas where we are tackling inequality. In Fairer Enfield 2021-25, we have identified eight objectives to reduce inequality, which affect specific groups in Enfield. The Council publishes an annual equality and diversity report which summarises the work we have carried out during the year to deliver on the principles and objectives we committed to in Fairer Enfield.

Enfield Joint Health and Wellbeing Strategy

Local authorities and Integrated Care Boards (ICBs) have equal and joint duties under the Health and Social Care Act 2012 to prepare a Health and Wellbeing Strategy, through their Health and Wellbeing Board. The purpose is to set out how the local system will work together to improve the health and wellbeing of the local community and reduce health inequalities for all. The Health and Wellbeing Board is developing an updated Joint Health and Wellbeing Strategy for the period 2024-30. The draft strategy sets out our long-term ambition for every resident to *start well, live well* and *age well*.

Principal D – Developing the interventions necessary to optimise the achievement of the intended outcomes-

The Council operates a network of Boards across its operations, including senior management membership. These Boards draw authority from the central Executive Management Team and monitor the delivery of projects and services across the Council including the achievement of expected outcomes, or agreement of action plans were required to ensure outcomes continue to be delivered. The network has been mapped and reviewed to ensure efficiency in operations and that work is not duplicated. The Assurance Board, which is chaired by the Chief Executive, plays a key role in determining whether interventions are necessary in any area of governance and assurance, as does the General Purposes Committee.

Annual Governance Statement Continued:

Principal E – Developing the entity’s capacity, including the capability of its leadership and the individuals within it

The Council has a Workforce Strategy: 2023-28. The Council’s vision for the workforce is to have the right people, with the right skills, connected to our communities and working together for Enfield. The Council seeks to deliver this vision by focusing on four key priorities: resourcing and talent, developing its people, culture and transformational change and making its mark on equality, diversity and inclusion.

The Council’s Fairer Enfield Equality, Diversity and Inclusion Policy 2021-2025, outlines the Council’s ambition to be an organisation where local people choose to work and develop good careers; where staff from different backgrounds work together harmoniously and productively and where everyone feels valued.

The Council also operates a comprehensive Performance Development Review system which ensures continuous improvement in both the skills and support provided to officers at every level of the authority. Internal training networks offer a wide range of skill development for employees with specialist training arranged through the Development Review where appropriate.

Finally, staff networks also support the development and capabilities of staff through regular seminars, workshops and learning. A series of leadership and culture workshops and our existing organisational development courses continue to support staff development.

Principal F – Managing risks and performance through robust internal control and strong public financial management

The Council’s Risk Management Strategy governs the corporate approach to risk management. It is supported by a comprehensive Performance Management Framework, and an annual Internal Audit Plan seeking to address areas of key risk on the Corporate Risk Register. The Corporate Risk Register has been reviewed and now adopts the 13 categories of risk recommended in the Government’s ‘Orange Book’. The risk register was agreed by the General Purposes Committee on 31st January 2024. The Council’s Risk Strategy is also currently under review and will soon be reported to the Council’s Assurance Board and to the General Purposes Committee for endorsement.

The Audit Committee function is carried out by the General Purposes Committee (GPC) in Enfield and is a key component of good governance. The Committee is an important source of assurance about the Council arrangements for managing risk, maintaining an effective control environment and reporting on financial and other performance.

In 2021-22, the Council commissioned CIPFA to undertake an independent review of the General Purposes Committee against the 2018 CIPFA Audit Committee Good Practice Guide. The review provided assurance on the operation and effectiveness of the GPC with CIPFA confirming that the operation of the General Purposes Committee in the London Borough of Enfield, on balance, works well and to the satisfaction of its members and to officers who support the committee.

The action plan for this year includes reference to the need to review the new global internal audit standards as applied to the public sector. In addition, the Public Sector Internal Audit Standards require the Council to arrange for an external review of the internal audit function every 5 years and that will take place sometime in 2024-25.

Annual Governance Statement Continued:

Financially, the Council operates planning through its Medium-Term Financial Plan and Capital Programme, with associate Treasury Management Strategy. Operational expenditure is governed by the Contracts Procedure Rules within the Constitution, and the Scheme of Delegation determines the appropriate authority required for different levels of expenditure, ensuring that appropriate oversight of spend is delivered in alignment with the Council's risk appetite. Robust financial management arrangements are more important than ever as local authorities across the UK continue to face significant challenges including increasing demand and cost pressures, uncertain funding and operating in an increasingly complex and unpredictable environment. Unprecedented inflation rises, the associated cost of living increases and the economic environment are magnifying these financial challenges.

Recruitment and retention of key staff to ensure the finance team is suitably resourced and fit for purpose in the current environment and in view of the resources available remains a significant challenge and key area of focus moving forward. In September 2023, a new post of Director of Property was recruited to, and the function was transferred to Resources Directorate. This has enabled increased focus on optimising the Councils property assets including capital disposals programme to support financial resilience.

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

The Council continues to make financial sustainability and resilience a key area of focus, with significant work undertaken in previous years to create a robust and sustainable budget to put the Council in a strong position to manage the challenges ahead. Improvements include:

- Ongoing focus on longer term financial planning, with a five-year Medium Term Financial Plan and ten-year Capital Strategy and Treasury Strategy in place.
- A change in our Capital Strategy which has been implemented for 2024-25 medium term financial plan
- Increased focus on capital financing and regular assessment of interest rate risk.
- Review of financial viability and affordability of capital projects with a heightened focus on the impact on revenue budgets.
- Detailed review of the financial model for the Council flagship regeneration scheme, Meridian Water, reported to Cabinet, setting out the optimised financial plan in February 2023 and further revised in March 2024
- Initiation of a strategic review of Council companies.
- Detailed review of the use of reserves including a five-year plan for reserves.
- Introduction of additional internal financial governance and challenge arrangements, including:
 - Pressures Challenge Boards scrutinising revenue budgets
 - Capital Finance Board
 - Weekly Executive Management Team Budget meetings

The Finance and Performance Scrutiny Panel considers the Council's financial and performance monitoring reports and also considered key financial pressure of Temporary Accommodation.

Financial resilience risks and existing risk mitigations are included in the Corporate Risk Register.

Annual Governance Statement Continued:

Principal G – Implementing effective practices in transparency, reporting, and audit, to deliver effective accountability

The Constitution is one of the key documents which sets out the Council's decision-making arrangement. The Council operates a Leader and Cabinet mode. Some decisions are reserved for Full Council, but most are made by the Cabinet, Committees, Sub-Committees and officers.

All forthcoming Key Decisions are published in the Council's Forward plan published every month on the Council's website and includes details of all key decisions proposed to be made by the Council during the relevant period. If any key decision is not in the Forward Plan, a decision may not be taken within that period unless the report author is able to demonstrate to members and the Monitoring Officers that the conditions under the urgency procedures are met.

Reports and minutes of meetings are also published on the Council's website.

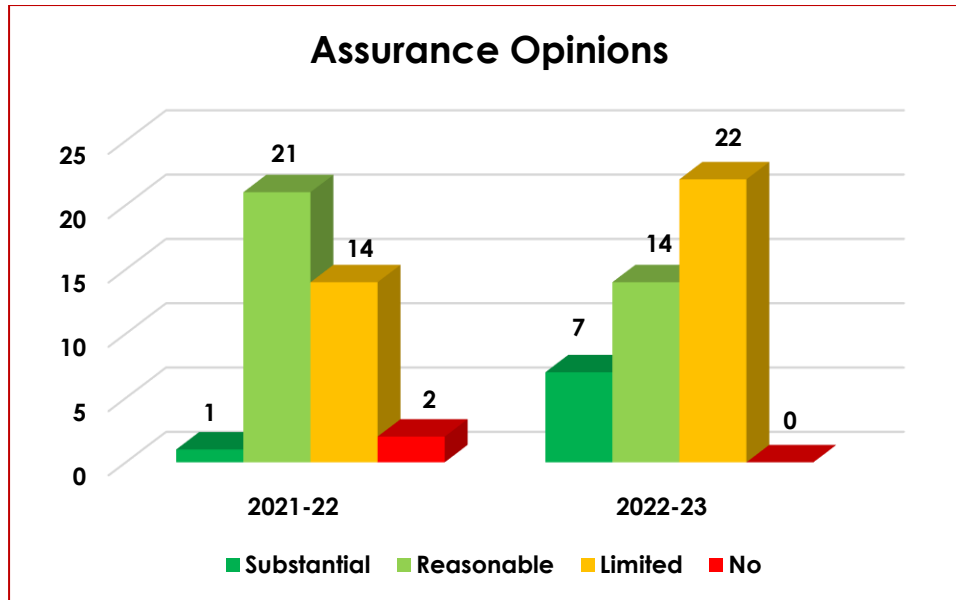
The Council operates a risk based Internal Audit Plan, which is approved by the General Purposes Committee. The Internal Audit Plan focuses on key areas of risk identified across the organisation from various sources, including the Corporate Risk Register. In line with the Public Sector Internal Audit Standards (PSIAS), progress against the Internal Audit Plan and audit outcomes are reported regularly through the year to the General Purposes Committee. The Head of Internal Audit also delivers an Annual Internal Audit opinion. This was last reported in July 2023 as '**Reasonable Opinion**'. It was described as:

"Reasonable Assurance

The opinion of the Head of Internal Audit and Risk Management is that the arrangements for governance, risk management and internal control provided **Reasonable** assurance that material risks, which could impact upon the achievement of the Council's services or objectives, were being identified and managed effectively. Improvements are required in the areas identified in our reports to enhance the adequacy and effectiveness of the framework of governance, risk management and internal control."

The number of assurance opinions from audits is shown in the Table below:

Annual Governance Statement Continued:



Dedicated resource and arrangements are in place to deliver the Council’s statutory transparency and accountability roles within the Freedom of Information and Data Protection Acts, and to ensure full co-operation with all investigations by the Information Commissioner, Local Government & Social Care Ombudsman, and Housing Ombudsman.

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

Element	Structure and processes
A. Cabinet and Leader	<ul style="list-style-type: none"> Provides political leadership; A key role in delivering the council’s services, proposing the budget, and promoting the Council’s aims and strategic priorities; Cabinet provides transparent and accountable political leadership. It considers the business detail involved in delivering the Council's corporate priorities.
B. Scrutiny	<ul style="list-style-type: none"> The Overview and Scrutiny Committee reviews the Council policy and has the power to challenge decisions; The Overview and Scrutiny Committee and its Scrutiny Panels scrutinise decisions made by the Cabinet, and those delegated to officers, and reviews services provided by the Council; General Purposes Committee review governance and promote high standards of conduct by councillors.

Annual Governance Statement Continued:

Element	Structure and processes
C. Decision Making	<ul style="list-style-type: none"> All decisions are made in compliance with the law and the Council's Constitution; Formal meetings of the Council are held in public; Decisions are published on the Council's website.
D. Risk Management	<ul style="list-style-type: none"> The Risk Management Strategy ensures proper management of risks and sets out how threats and opportunities faced in the delivery of the Council's objectives are managed; Risk registers identify both strategic and operational risks. Identified risks are scored according to likelihood and impact, and a traffic light system has been adopted to monitor the effectiveness of mitigating actions agreed. Strategic risks are reviewed by senior management and by elected members prior to and at the General Purposes Committee on a regular basis. The Government's Orange Book approach to risk management has been adopted recently.
E. Executive Management Team	<ul style="list-style-type: none"> The Head of Paid Service is the Chief Executive and is responsible for all Council staff and for leading an effective Executive Management Team; The Executive Director of Resources is the Council's Section 151 Officer and is responsible for safeguarding the Council's financial position and ensuring value for money; The Director of Law and Governance is the Council's Monitoring Officer and is responsible for ensuring legality and promoting high standards of conduct in public life.
F. Full Council	<ul style="list-style-type: none"> Full Council is responsible for approving the budget, agreeing policies, making constitutional decisions and deciding local legislation. Full Council elects the Leader for a term of four years, and the Leader appoints a cabinet of up to ten councillors (including him/herself), each holding a specific portfolio of responsibility. The Council's Constitution is updated where necessary throughout the year and sets out how the Council operates. It states which matters are reserved for decision by the Full Council, the responsibilities of the Cabinet and the matters reserved for collective and individual decision, and the powers delegated to panels and committees. The overall Council budget of the Council is set by Full Council and all decisions are made within this framework. The Council's goals are developed alongside the budget. Progress is reviewed by the Leader, lead Cabinet Member for Finance and Procurement, and respective cabinet members. Full Council also monitors its performance through feedback from its residents and service users.

The Council has robust financial governance arrangements in place to support its decision making; commitment of expenditure, oversight of contracts and its risk management arrangements including:

Annual Governance Statement Continued:

- Financial regulations which form part of the Council's Constitution, setting out how the Council manages its financial arrangements.
- The Council's Contract Standing Order requirements, which form part of the Council's Constitution, setting out the Council's procurement requirements to ensure that contracts are entered in a compliant manner and deliver value for money.
- The Procurement Team has been restructured to include Category Managers and strengthen the contract management teams, thereby significantly increasing the Council's capacity. Ensuring that effective arrangements are in place for contract management and that procurement processes are delivering value for money. The General Purposes Committee receives an annual report regarding procurement performance.
- Risks and existing risk mitigations and further planned actions are included in the Corporate Risk Register.
- Culture and leadership are a key part of ensuring value for money. CIPFA review identified high-level strengths in the Finance leadership across the Council. This has been further strengthened with additional capacity at Director level in Finance; with one role focussed on commercial and capital programmes, given Enfield's ambitious regeneration plans, the other role focussed on the statement of accounts and the medium-term financial plan.

The Council ensures that it continues to comply with its public sector duties by carrying out Equality Impact Assessments, engagement with service users and with the voluntary sector before making decision which could impact on its residents.

The Council maintains a constant commitment to addressing emergencies promptly and effectively, both locally and across London, 24 hours a day, 365 days a year. Our Emergency Management Response Team is made up of an Emergency Planning Officer, a Council Gold (covered by the Chief Executive, an Executive Director or the Director of Environment and Operations), a Council Silver (covered by a Director), alongside 11 supporting staff, totalling 14 personnel. This structured framework has been in place for a significant duration, ensuring resilience and readiness. All members of the Council Gold and Silver teams have undergone specialised training at the Emergency Planning College. Compared to other local authorities, our emergency response process is notably comprehensive, which ensures we minimise potential delays in responding to emergency situations. Furthermore, the Council implements a robust Business Continuity Management process, encompassing policy, framework and the Corporate Business Continuity Plan. We conduct Business Impact Analysis and develop Business Continuity Plans for all critical services to ensure operational continuity during emergency situations. The Council continues benchmarking against the London Resilience Standards, our recent self-assessment indicates significant progress, with confidence in meeting standards and a commitment to pursuing excellence moving forward. A new approach has been adopted in relation to BCM plans and impact analysis and this will be implemented over the coming year.

A review was recently undertaken of the process for officer decisions, and this has led to greater transparency and openness and increased oversight and awareness by the Executive Management Team. A central recording system will be implemented internally for non-key officers' decisions. A SharePoint library will be set up and each Directorate will be required to record details of the decision and upload their reports.

In November 2022, an independent peer team of officers appointed by the Local Government Association conducted a Corporate Peer Challenge (CPC) at Enfield Council. The CPC considered five key areas: local priorities and outcomes; organisational and place leadership; governance and culture; financial planning and management; and capacity for improvement. Following the CPC, the peer team produced a report which made 10 recommendations for areas where the Council could make improvements. In response to the 10 recommendations, the Council produced an action plan.

In November 2023, the peer team returned to Enfield Council to review progress made against the recommendations. Overall, the peer team commented the Council had made good progress against the recommendations identified by the CPC. The progress report also highlighted areas where further work could be focused to consolidate achievements and push forward with actions that could increase organisational resilience and secure further positive outcomes. The report will help to inform service planning for the 2024/25 financial year.

Annual Governance Statement Continued:

An internal audit on Members' Ethics and Supporting Members was issued in February 2023 with **Substantial Assurance**. The internal audit found:

- There was a consistent understanding of how Councillors should behave, and high ethical standards were adopted which promote public confidence in democracy.
- Actual or perceived conflicts of interest were identified and safeguarded against to ensure independence and objectivity and promoting public confidence.
- High ethical standards were promoted and maintained.
- Complaints were dealt with quickly and efficiently; the Independent Person was consulted where necessary; breaches were dealt with in accordance with the Council's procedures.
- Members received appropriate support to assist in fulfilling their roles and responsibilities.

The Council has an Enfield Safeguarding Adults Board (SAB) which is multi-agency partnership concerned with the safeguarding of adults who are at risk in Enfield. It has an independent chair, Geraldine Gavin; and a business unit that is joint with the Safeguarding Children's Partnership. A five-year strategic plan is being developed by the Enfield Safeguarding Adults Board and will be published in March 2024. The strategy consultation involved reaching out to voluntary sector organisations and presenting at the Faith Forum and VCS Board in order to both raise awareness and seek feedback. The strategy sets out three priority areas:

- Prevent abuse;
- Protecting adults at risk
- Learn from Safeguarding Adults Reviews and other cases.

The SAB also has an Executive meeting, and a Practice Improvement group. The Independent Chair also chairs these meetings.

Review of effectiveness

The effectiveness of governance arrangements is monitored and evaluated throughout the year and activity undertaken includes:

- Consideration of governance issues by the Executive Management Team, the Assurance Board and Departmental Management Teams including risk registers, counter fraud updates and internal audit reports.
- Preparation of a rolling plan of audit coverage provided by the Head of Internal Audit which is primarily based on an assessment of the Council's risk profile.
- The Annual Audit Opinion which is provided by the Head of Internal Audit.
- Ongoing assessment of internal management processes including performance management and compliance monitoring.
- The work of the Council's governance boards and working groups, including the Executive Management Team, the Assurance Board, other Management Boards, Departmental Management teams and working groups (e.g. the Risk Management Group).
- The independent views of regulatory inspection agencies such as Ofsted and the Care Quality Commission.
- The views of external auditors regularly reported to the General Purposes Committee including regular progress reports and the Annual Audit Letter.
- The work of the General Purposes Committee which includes ensuring best practice in corporate governance is applied across the Council.

Annual Governance Statement Continued:

The Council operates an Internal Audit Plan to review the effectiveness of its governance in specific areas. The development of the audit plan targets those areas considered to be higher risk for the Council and for residents. Due to this, the likelihood of negative assurance levels on individual audits increases, as any control weakness identified will be proportionally more significant in high-risk areas. The methodology of financial auditing continued to encompass comprehensive whole system reviews of key financial processes. Schools are audited on a rotational basis.

Other significant governance actions taken during the year:

The Council's statutory officers (Head of Paid Service, Section 151 Officer, Monitoring Officer) meet regularly as part of a wider Assurance Board to consider strategic and operational risk. The Board's work programme cycle is refreshed to respond to emerging risks. Examples of this include preparation for the CQC inspection of Adult Social Care, risks and response to damp and mould in Council housing, cyber security and corporate security, Martyn's law and insurance market challenges. Actions from this board are monitored.

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

The Government's Orange Book approach to risk management was adopted during 2023-2024.

Statement of Accounts Delays in External Audit:

There are delays in the external audit of the Council's Statement of Accounts for 2019/20, 2020/21, 2021/22 and 2022/23 which remains of serious concern to the Council and to members of the General Purposes Committee. The Council continues to drive improvements in its Statement of Accounts processes in preparation for the finalisation of these audits. The external auditor, BDO, has re-started work on the 2019/20 accounts and expect to have finalised this during 2024.

Governance Issues

The Council has undertaken an assessment of governance issues and actions to address them. The table below provides an update on issues identified in the 2022/23 statement and actions taken as well as details of any additional governance issues identified in 2023/24.

Governance Issue/ Area of Focus	Overview	Update and further actions planned
Financial Resilience	The financial climate continues to be a challenge for the Council due to the impact of inflation, service demand increases and the impact of the wider economic circumstances and risks. The financial year 2023/24	Financial resilience remains a top priority. There are three live work streams to focus the organisation on addressing the financial challenges: <i>stabilise</i> the current financial year, <i>save</i> for the future years and longer term <i>transformational</i> focus. These workstreams

Annual Governance Statement Continued:

Governance Issue/ Area of Focus	Overview	Update and further actions planned
	<p>closed with a forecast significant depletion in risk reserve levels.</p> <p>The cumulative impact of the general economic conditions, inflation and construction price inflation, and interest rate rises require close monitoring of the budget and reviewing the medium-term financial plan assumptions. In particular the impact of temporary accommodation is resulting in an in year significant financially challenging position. Further the future budget gap remains significant as anticipated funding levels fall short of the forecast increased cost pressures.</p>	<p>span capital and revenue budgets and progress is being driven through the new Finance Resilience Board programme.</p> <p>Progress will be reported in the autumn as part of the monitoring and budget setting cycles.</p> <p>The Council has £3m contingency annual budget. This reduced level of reserves brings sharp focus on the in-year financially challenging position.</p> <p>The Capital Strategy planned for autumn 2023 will focus on financial resilience responding to the current economic climate. This revised Strategy has positively impacted on the budget by reducing capital expenditure and minimising new borrowing. The strategy was agreed at Cabinet in the autumn with a revised programme agreed at Council in February 2024.</p> <p>Given the pressures on the HRA business plan, ongoing monitoring of the business plan is recognised as a mitigation to increasing risks around inflation on costs, caps on income and higher levels of debt. An MRP charge has been introduced for the HRA from 2024/25 to support financial resilience.</p> <p>The Dedicated Schools Grant (DSG) deficit in in 2023/24 is expected to be £2.6m arising from High Needs cost pressures. The cumulative DSG deficit, at the end of 2023/24 is £18m. In response to the significant accumulation of DSG deficits nationally, the Department for Education have developed two programmes, the Safety Valve programme, which targets Councils with the highest deficits and the Delivering Better Value (DBV) programme The Council is part of the DBV programme which provides support to 55 Councils with significant deficits.to produce an action plan to reduce the debt, however, additional funding is not provided as part of this programme.</p> <p>The new Council Plan provides a renewed strategic direction for the Council as it continues to invest in the borough to deliver positive outcomes for residents. The Plan emphasises the need for financial</p>

Annual Governance Statement Continued:

Governance Issue/ Area of Focus	Overview	Update and further actions planned
		resilience and moving to a position where we are less reliant on central government funding and instead resourced more by funding generated in-borough and through inward investment using levers such as our Local Plan.
Financial Impact	<p>The Council continues to operate in an environment of considerable uncertainty and financial challenge. The potential financial impact of the ongoing challenges in 2023/24 and future years continues to be a significant area of concern and ongoing focus through the Council's budget setting and in year budget monitoring processes.</p> <p>The Council continues to focus on financial planning through the regular review and updating of the Medium Term Financial Plan to reflect any known significant changes and the estimated financial implication and put in place mitigating actions where possible.</p>	<p>Looking forward to 2024/25 the Council has a number of workstreams underway in response to the financial challenges, these were set out in the Section 25 statement: including focussing on increasing cost controls in year, and starting the budget process early for 2025/26.</p> <p>Monitoring the implementation of the new council tax support scheme is a new area of risk for 2024/25 which will be closely monitored.</p>
Increase in Service Demand	<p>The key areas of budget pressure that continue to be felt in the Council's demand driven services include:</p> <ul style="list-style-type: none"> • Adults and Children's Social Care, specifically Learning Disabilities and Older People and people with physical disabilities services. • Homelessness services, specifically the provision of Temporary Accommodation. <p>Homelessness is a key area of concern with the Council experiencing unprecedented demand from residents losing their homes. This is at a time when the private rented sector is contracting, rents are rising and there is a severe shortage of affordable privately rented homes across the whole of the southeast of England. The supply of temporary accommodation has also fallen, meaning that the service has been dependent on commercial hotels and shared accommodation.</p>	<p>Actions taken in relation to Adults and Children's Social Care:</p> <ul style="list-style-type: none"> • Service transformation work in planning for in-house services (transport, enablement) and single point of access for adults with physical disabilities and older people. • Review of positive behaviour support offer and market development for adults with learning disabilities. • Transformation of community mental health services in partnership with NCL ICB and the North London Mental Health partnership. <p>New actions for 2024/2025:</p> <ul style="list-style-type: none"> • preparation for the reintroduction of regulatory inspections for Councils with Adult Social Care responsibilities – Programme board in place with sub-groups covering all key

Annual Governance Statement Continued:

Governance Issue/ Area of Focus	Overview	Update and further actions planned
		<p>areas with regular updates to EMT and Scrutiny Panel as well as member briefings.</p> <p>The level of demand on key services will continue to be closely monitored in 2023/24, with mitigating actions put in place where possible.</p> <p>A new approach to maximise the opportunities for residents to secure affordable accommodation in the light of increased pressures on accessing temporary and affordable housing in the borough is being developed, with a new service model and a revised placement policy proposed in 2023/24.</p> <p>Potential governance issues and risks associated with the increases in service demand will be monitored closely in these key areas.</p>
Information Governance	The Council requires adequate security controls and processing of its data and information in order to provide excellent protection of data and service to customers in regard to its duties under the Data Protection and Freedom of Information Acts.	<p>The Cyber Security function has an ongoing monitoring and work plan to further enhance the Council's data security. This is reported to the GPC.</p> <p>The cross-council information governance board is in place and meets regularly.</p>
Subsidiary Company Strategy	The Council's subsidiary companies deliver services to assist in provision to residents However, they represent significant investment from the Council, and it is therefore appropriate that their use and role in the Council's holistic approach to service delivery is reviewed at regular intervals.	<p>The Council has commissioned independent strategic reviews of its companies, to shape and inform the MTFP.</p> <p>A quarterly review of the Council companies is reported to Cabinet, increasing robustness and transparency of reporting.</p>
Statement of Accounts	<p>Statement of Accounts 2019/20, 2020/21, 2022/23 – audit outstanding</p> <p>The Council Statement of Accounts for 2019/20, 2020/21, 2021/22 and 2022/23 audit has been delayed.</p>	<p>The General Purposes Committee receives regular updates on the progress of the accounts external audit and the improvements in the Council's processes.</p> <p>The corporate finance function has been restructured to build in resilience. The corporate team has had significant impact on the quality of work undertaken and drive to embed improved processes.</p>

Annual Governance Statement Continued:

Governance Issue/ Area of Focus	Overview	Update and further actions planned
		<p>In this context of unaudited Statement of Accounts, assurance around the credibility of the finance function is sought from alternative sources including internal audit, reviewing of public interest reports and assessing LBE in the light of these, the CIPFA FM independent review, external reviews such as our MRP policy (February 2022); training for all Housing and Finance colleagues on HRA financing (this was in response to public interest reports in other councils).</p>
Purchase Cards	<p>Purchasing goods via the Council's main purchasing system, Neptune, is the Council's preferred method to pay and purchase goods and services. However, Purchase Cards (P Cards) were introduced some years ago to enhance the purchase to pay process, providing an easy and flexible alternative for buying small spend items.</p> <p>The Council's Financial Regulations and Contract Procedure Rules set out the guidelines that officers must comply with when purchasing goods and services on behalf of the Council.</p> <p>The number of P Cards in circulation increased during the coronavirus pandemic. The period over the pandemic necessitated greater flexibility and the ability to support residents.</p> <p>An internal audit of the P Card process was issued with limited assurance and identified non-compliance with P Card policy and procedures and a risk of fraudulent transactions taking place.</p>	<p>As a direct and immediate result of the audit, additional measures were introduced to improve the level of compliance, which resulted in improved compliance.</p> <p>Considerable work has now taken place to tighten the policy and rationalise the number of cards in circulation by almost half and reduce/homogenise card limits. These changes ensure improved compliance and control going forward.</p>
Improving communication on budget matters and improving links to the Council Plan	<p>The importance of culture in financial resilience is well documented in public interest reports.</p> <p>Although CIPFA FM scored well on leadership. The Corporate Peer Review identified opportunities to improve communication on budget to the wider organisation.</p>	<p>Development of a wider communication approach for the 2024/25 budget strategy is underway to drive consistency of messaging throughout the organisation. This includes clear messages on budget holder accountability.</p> <p>In addition, a briefing session will be undertaken for all budget holders to ensure they understand their roles and responsibilities.</p>

Annual Governance Statement Continued:

Governance Issue/ Area of Focus	Overview	Update and further actions planned
	Clearly link our Medium-Term Financial Plan to our new Council Plan.	<p>This will include the outcome of a review of departmental schemes of delegation programmed in this year, communicated to the wider organisation.</p> <p>Further actions are underway to link the MTFP and the new Council Plan, recognising that the MTFP is integral to the implementation of the Council Plan.</p>
Housing Assurance Framework	<p>The Council has developed a new assurance framework covering the Council Housing Service to ensure conformance with the new regulatory framework for social housing.</p> <p>The number of reported cases relating to damp and mould or conditions that increase the risk of damp and mould has been included in the corporate performance report.</p>	<p>The new assurance framework was approved by Cabinet in February 2023 enabling transparency and oversight of performance. The framework will help ensure that the service meets the proposed changes to the Social Housing Regulation and the four consumer Standards by reporting in a transparent way on performance.</p> <p>The framework will mitigate the risks associated with non-compliance against the Housing Regulators consumer standards using a three lines of defence model aligned to the key risks which may prevent compliance with the regulatory standards and to provide stronger governance structure around the Consumer Standard.</p> <p>The Council Housing workplan for 2024/2025 has been developed to embed and monitor all requirements of the Assurance Framework and to ensure these are maintained or updated when appropriate.</p> <p>A review of our approach to the new addition of Damp and Mould has seen improvement actions implemented.</p>
Procurement	The Council will review its procurement policies and procedures to ensure they reflect the new procurement rules expected to be introduced in October 2024.	
Constitution	The Council will review its Council Procedure Rules to ensure they are up to date and support the democratic process.	

Annual Governance Statement Continued:

Governance Issue/ Area of Focus	Overview	Update and further actions planned
	We will create a work programme for the review of the various codes and policies contained within the Constitution to ensure they are up to date and fit for purpose.	
Support for Democratic process and members	This will include an annual review of political balance and an annual review of members allowances.	
Overview and Scrutiny Committee	The Council will review its scrutiny structure to ensure it reflects the Council's policies.	
Health & Safety	Review the effectiveness of the Council's arrangements to manage the H&S and well-being of staff, visitors and others.	
Covert Surveillance	Make improvements to the way we oversee and manage use of the RIPA powers and the way we store and manage information obtained as a result thereof. This follows the self-assessment undertaken in March 2024 and submitted to the IPCO.	
Code of Practice on Good Governance for Statutory Officers.	This new code adopted by CIPA, SOLACE and LLG will be reviewed and considered in the coming year.	
Risk Management	The Council's Risk Strategy is currently under review and will soon be reported to the Council's Assurance Board and to the General Purposes Committee for endorsement. We will also consider how to better embed the culture that 'everyone is a risk manager' across the organisation.	
Global Internal Audit Standards	We will review the new global internal audit standards as applied to the public sector.	
5 year review of the Internal Audit Function	The Public Sector Internal Audit Standards require the Council to arrange for an external review of the internal audit function every 5 years and that will take place sometime in 2024-25.	
Business Continuity Management	A new approach has been adopted in relation to BCM plans and impact analysis and this will be implemented over the coming year.	

Annual Governance Statement Continued:

Conclusion

The Council is satisfied that appropriate governance arrangements are in place. We propose over the coming year to take the steps to address the matters identified above to further enhance our governance arrangements.

Signed on behalf of Enfield Council:



Ian Davis

Chief Executive

Date: 23 May 2024



Councillor Nesil Caliskan

Leader of the Council

Date: 23 May 2024

Statement of Accounts

Executive Director's Report and Written Statements

Executive Director's Report

Introduction

The Narrative Report provides information about Enfield, its main objectives and strategies and how the Council has used its resources in 2023-24 to achieve these. It provides a summary of the Council's performance and its financial position as outlined in the detailed core financial statements.

Enfield Overview and External Environment

About Enfield

Overview

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

Enfield is about 12 miles by road from the centre of London. The authority covers an area of 31.7 square miles (82.2 square kilometres, or 8219 hectares), and, from May 2022, is made up of 25 electoral wards with 63 Councillors.

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

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

Executive Director's Report continued:

Population

Enfield is the joint sixth largest London Borough by population, after Croydon (390,800), Barnet (389,300), Ealing (367,100), Newham (351,100) and Brent (339,800) and equal with Bromley (330,000). Enfield's population is estimated to be 330,000 (rounded to the nearest 100) as at the Census date in March 2021. This is an estimated increase of around 17,500 (or 5.6%) between 2011 and 2021, while the population in London and England increased by 7.7% and 6.6% respectively. Enfield is the seventh least densely populated of the thirty-three London boroughs, with 4,083 people per square kilometre.

Enfield has relatively high proportions of children and young people under the age of twenty, higher than both London and England averages. The percentage of younger adults (aged 25 to 44 years) is also higher than in England in general, but slightly below that of London as a whole. Both the London areas and Enfield have proportionately fewer older residents than the England average.

In Enfield, average Life Expectancy at birth for the 2020-2022 period is now estimated to be 84.1 years for females and 79.3 for males. This is higher for both sexes than the London and national averages, and is the twelfth best life expectancy for both sexes of the 32 London boroughs (no data are produced for City of London)

It is a diverse place, which has welcomed communities from across the world. Overseas born residents make up 40% of the borough's population, according to 2021 Census. In particular, Enfield is home to the largest numbers nationally of people belonging to the following nationalities, Greek and Greek Cypriot, Turkish and Turkish Cypriot, Kurdish, Albanian and Bulgarian.

In the year to ending September 2023, the Annual Population Survey estimated that the percentage of working-age people in current employment (i.e. those aged between 16 and 64 years) was 60.9%. The employment rate in Enfield was in decline from 2016 to 2019, despite the rise after September 2019, the 'pandemic period' of 2020/21 saw further falls in employment, followed by a recovery in mid to late 2021. More recently though it has declined sharply through 2023. It has fallen and risen roughly in line with the proportion of economically active adults (people aged 16 to 64 years who are either working or unemployed and ready to commence work). The proportion of economically inactive people remains higher than national and regional averages and represents a quarter of working-age adults and remains below that of London and the UK.

Estimates supplied by CACI Ltd for 2023 indicate that the mean average gross household income in the borough was around £52,000. This is higher than the UK average of £48,000, but somewhat lower than the London mean of £55,000 (all figures have been rounded). Enfield's median household income (arguably, a more meaningful statistical measure of the average) is around £44,000, which is the 8th lowest of the 33 London boroughs and lower than the London average. Within the borough, there are clear differences in household income between the western and eastern parts. Median incomes in the most affluent neighbourhoods are around twice those of the least affluent.

The housing crisis affects every part of our society. The median house price in Enfield has surged from £114,000 in 2000 to £319,000 in 2019, marking an increase of nearly 250%. The median house in Enfield now costs more than 13 times the average annual earnings, leading to issues of limited housing choices and overcrowding.

Executive Director's Report continued:

Local Economy

Enfield has made it a key priority to help businesses launch and thrive as set out in the Council's Economic Development Strategy 2020-2030. Enfield's economy is underpinned in the vitality of its small businesses. As of 2019, there were 13,275 registered businesses in Enfield. The Borough's industrial strength is evident through a network of employment sites that hold regional significance and local importance, collectively providing workspace for over 22,000 employees across 247 hectares. Brimsdown stands out as London's second largest industrial estate. The borough also offers excellent locational benefits with road links into the city, to the M25 and to the main northern trunk routes, the M1 and A1(M). There are four international airports and King's Cross St Pancras all within one hour's journey and new transport projects will make travel even more efficient. At the end of March 2024 there were 7,143 businesses that pay business rates in the borough.

More information about the borough can be found on the Enfield Council website using the link below:

[Enfield Borough Profile 2023](#)

Corporate Objectives & Corporate Plan

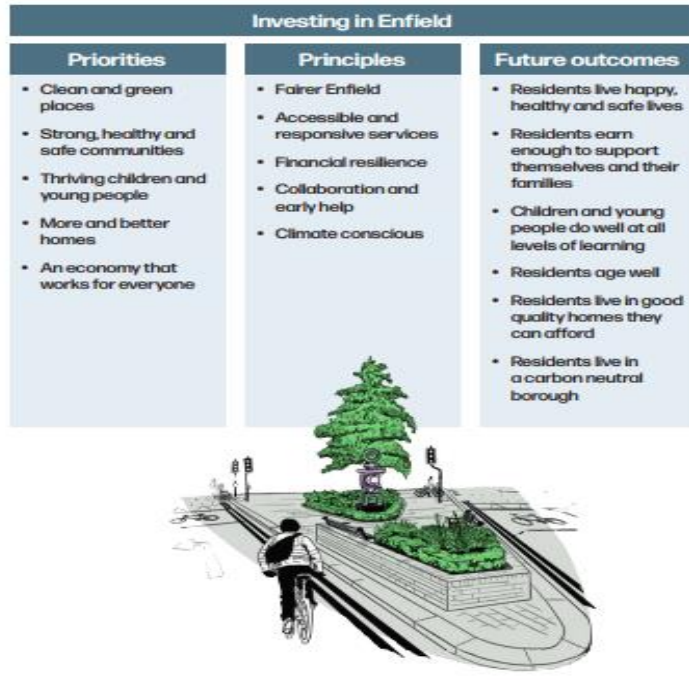
The Council Plan 2023-26: Investing in Enfield sets out how we are investing in Enfield to deliver positive outcomes for our communities. It explains our plans for 2023 to 2026.

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

Executive Director's Report continued:

The Plan sets out five overarching priorities; five principles; and six future outcomes we are working towards, which are outlined in the diagram below.

Council Plan Framework



It is not possible for the Council to deliver on its ambitions for local people if these are not in place and the financial strategy is a key pillar on which success is built. As part of this, one of the principles of the Council Plan 2023-26 is financial resilience and commits to:

- Deliver excellent value for money in all that we do and target our resources smartly to enable us to meet the needs of our residents, now and in the future.
- Plan ahead carefully, making decisions based on evidence of what works, to deliver on the priorities set out in the plan.
- Invest in our organisation to become more efficient and effective in what we do, in order to prevent higher costs for the future. This includes ensuring we have the right digital infrastructure in place.
- Deliver our long-term regeneration programme for the borough to drive transformational change for Enfield and achieve better outcomes for local people. This will also support our financial resilience by growing the local economy and Council Tax base.

Executive Director's Report continued:

- e. Look for new and innovative ways to generate income, so that we have additional funding to invest in services over the long-term. In line with our new Sustainable and Ethical Procurement Policy, we will use our significant purchasing power to help us achieve our strategic objectives, ensuring our suppliers show a wider commitment to the borough, our residents and local businesses through the delivery of social value.

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

[Enfield-Council-Plan-2023-2026-Your-Council](#)

Workforce

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

Our Workforce Strategy 2023-28 sets out how we are developing as a high performing organisation that is collaborative, innovative, and inclusive, where we let talent flourish and develop the skills we need to succeed.

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

Our four key priorities are:

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

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

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

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

Executive Director's Report continued:

Current Environment

The Council continues to operate in a challenging economic environment with historic high inflation, increases interest rates remaining, cost pressures in Temporary Accommodation and constrained levels of government funding. Since 2010, our core funding from central government has reduced in cash terms by 36.9% but when you include the impact of inflation since 2010/11 this reduction equates to 58%. The Council has made savings of £228m since 2010/11 with a further £16.568m in 2024/25. At the same time our population has grown by 5.6%. This has resulted in significant increases in demand for services which are further compounded by the cost of living crisis, with prevalence experienced in housing services.

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

Enfield has focused on strengthening our financial resilience and financial management arrangements with considerable work undertaken to establish a stable and more resilient position over recent years. These actions strengthened our position and ensured the original 2023/24 budget was set on a solid foundation. However, the scale of the financial challenges that have emerged this year and forecast budget gaps over future years are unprecedented with significant additional risks to our financial resilience and sustainability.

In 2023/24 the impact on the financial position has been significant, with an overspend against the base £286m General Fund budget, after reserve movements and use of flexible capital receipts, of £39.4m. The overspend in 2023/24 has had an adverse impact on reserves, with an overall net reduction in General Fund reserves of £26m this year. The most significant cost pressure is the £18.6m cost of temporary accommodation, a statutory duty, which is a recognised as a national crisis. Between 2022/23 and 2024/25 the cost cumulatively of homelessness equates to £50m more than the original budget.

The following sections provide more detail on the Council's approach to maintaining financial resilience given this challenging context.

Looking Forward

The financial environment for future years remains one of considerable uncertainty and financial challenge. The Council's 2024/25 budget and Medium Term Financial Plan for 2024/25 to 2028/29 was agreed by Council in February 2024. The report sets out how the budget has been balanced through income and savings proposals, increases in Council Tax and Business Rates, changes to the Council Tax support scheme and government funding but there is still considerable risk. especially in respect of:

- Housing costs pressures in Temporary Accommodation and Housing Benefit Subsidy Loss
- Uncertainty in levels of Local Government funding
- Challenging economic environment e.g. inflation, interest rates
- Pressures on Children's and Adults' Social Care Services
- Scope to make savings while maintaining services.

Executive Director's Report continued:

And there are budget gaps over the years 2025/26 to 2028/29 totalling £86m. The sustained cost pressures in Temporary Accommodation in 2023/24 have presented unprecedented financial challenges and despite mitigating actions underway, additional growth has been allowed for in the 2024/25 budget setting and it has been necessary to create a specific earmarked reserve of £10m (transferred from existing reserves).

The budget position remains under continuous review and the Medium Term Financial Plan will be updated to reflect the impact of the 2023/24 outturn in the 2025/26 budget and beyond. This will include the updated position on cost of living crisis, inflation, cost and demography pressures and the impact of the current economy on service costs and needs.

Financial Resilience is an ongoing priority for the Council, with pressures exceeding funding levels for a number of years; this has become even more challenging in the current economic climate with escalated pressures of inflation, temporary accommodation and increase interest rate rises. Action plans to address the specific budget challenges in temporary accommodation and housing benefit subsidy loss are in progress. In addition, more broader cost control measures have been put in place, with a number of workstreams including establishing a spend control panel, procurement review, workforce panel, review of building maintenance requirements and ongoing review of the capital programme in order to reduce our borrowing requirements. In addition, refreshed approach to address cost pressures and identify further savings and income proposals will start earlier with a "Budget Week" taking place in May 2024.

Looking forward, given the scale and complexity of the challenge of housing related pressures, over the coming period, it may be necessary to explore the flexible use of capital receipts (subject to the outcome of the government's consultation) to preserve the Council's reserves (as previously referenced in the Section 25 Statement in the Medium Term Financial Plan Section from February 2024).

Governance and Decision Making

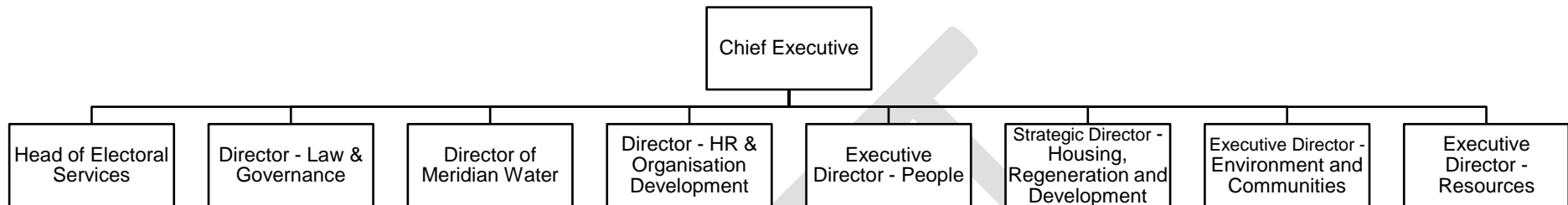
The Council operates under a leader and Cabinet model for decision making. This means that Council elects the Leader, and the Leader appoints the other members of the cabinet. Each cabinet member holds a separate portfolio, such as housing, finance, or adult social care. Decisions may be delegated to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

Governance and Decision Making

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

The Council's Senior Leadership Team structure in 2023/24 is set out below:

Executive Director's Report continued:



There are a number of regulatory posts in the structure - the Head of Paid Service is the Chief Executive; Monitoring Officer is held by the Director of Law and Governance and the role of Section 151 officer is held by the Executive Director Resources.

Our Annual Governance Statement (AGS) summarises the outcome of our review of the effectiveness of our system of internal control. The 2023/24 statement will set out the robust systems and effective governance arrangements in place and identify governance issues and planned actions.

Financial Performance

General Fund

The budget this year was set against a backdrop of considerable uncertainty and financial challenge given the increases in both inflation and interest rates. The overall position was a balanced budget for 2023/24; the net revenue budget is £286.942m. As has been the case in recent years, the budget process has sought to protect the most vulnerable in the Borough with the reallocation of resources to fund demographic pressures in Children's and Adults Social Care services. In addition, sought to continue to invest in the Borough, through the Ten Year Capital Strategy and Capital programme 2023/24 to 2032/33 and the Ten Year Treasury Management Strategy 2023/24 to 2032/33.

The General Fund Outturn position for 2023/24 was an overspend of £39.4m after the movement to/from specific reserves and the application of flexible capital receipts. Key budget pressures include:

- Exceptional increases in the cost of temporary accommodation arising from shortage in private sector housing and cost of living crisis.
- Increase in demographic costs in the Council's demand driven services particularly Children's Social Care, SEN Transport and accommodation provision No Recourse to Public Funds cases.

Executive Director's Report continued:

- Inflationary pressures across pay award, energy and utilities more than that budgeted for.
- Cost pressures in digital and property services.
- A review of Dedicated Schools Grant budget allocations following a request from the Department of Education to all Councils in March 2024.
- Investment in leisure centres to address maintenance/health and safety liabilities left when previous contract ended.
- Reduction in income in parking and planning.
- Significant newly emerging pressure for housing benefit subsidy loss where there is an increasing material difference between the housing benefit subsidy level and the amount that can be reclaimed from the government for supported living accommodation.

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

These cost pressures have resulted in a need for £39.4m to be drawn down from the Council's risk and MTFP smoothing reserves. The overall level of reserves are diminished with the total MTFP smoothing reserves of £21.069m, in addition to other usable reserves and the Section 151 balance of £14.350m. As part of the MTFP smoothing reserves a specific £10m reserve from within existing balances has been created to support the ongoing challenges experienced by the homelessness service.

Executive Director's Report continued:

General Fund Outturn 2023/24

Department	Net Budget £000	Total Gross Outturn £000	Flexible use of Capital Receipts £000	Reserves £000	Total Variance £000
Adult Social Care & Public Health	98.400	90.827	(0.149)	6.342	(1.380)
Children & Families	52.571	57.975	(0.317)	(0.545)	4.542
Education	4.424	5.821	-	1.512	2.909
Housing & Regeneration	7.437	24.612	-	1.392	18.567
Environment & Communities	36.730	39.973	(1.077)	0.975	3.141
Resources	33.246	42.426	(1.874)	(1.445)	5.861
Chief Executive	10.360	10.056	(0.008)	(0.027)	(0.339)
Service Net Costs	243.168	271.690	(3.425)	8.204	33.301
Corporate Expenses	41.937	46.898	(3.708)	1.621	2.874
Housing Benefit	(1.163)	5.669	-	-	6.832
Net Expenditure	40.774	52.567	(3.708)	1.621	9.706
Expenditure financed by:					
Business Rates	(111.567)	(115.621)	-	3.577	(0.477)
Council Tax	(149.144)	(149.144)	-	-	-
Other non-ring-fenced Gov. Grants	(26.231)	(26.344)	-	-	(0.113)
General Fund Financing	(286.942)	(291.109)	-	3.577	(0.590)
Contingency	3.000	-	-	-	(3.000)
Risk Reserve	-	-	-	(39.417)	(39.417)
Final Outturn Position	-	33.148	(7.133)	(26.015)	-

Executive Director's Report continued:

Housing Revenue Account (HRA)

The Statement of Accounts also includes the ring-fenced Housing Revenue Account (HRA), which is used for the provision of council housing. The HRA consists of expenditure on Council-owned housing, which is paid for by rental income. Since 2012 the HRA has been self-financing and operates to a thirty-year business plan. The Council has circa 10,350 Council Homes which generated income of £60.3m in rent in 2023/24. This income is ringfenced to the HRA and can only be used for Social Housing purposes.

The HRA general balance has increased during 2023/24 to £25.8m, from £17.4m in 2022/23.

The total HRA Earmarked reserves stand at £1m, reflecting the need of the Council to put aside resources to fund its ambitious regeneration programme, to build 3,500 homes over the next 10 years, including the Joyce and Snells development.

Dedicated Schools Grant (DSG)

The net Dedicated Schools Grant totalled £240.8m in 2023/24, of which £174.6m is directly passported to schools and the remainder is utilised for education costs. The Dedicated Schools Grant net position in 2023/24 was a surplus of £0.484m, £1.263m underspend for Early Years which was offset by an overspend of £0.779m overspend arising from High Needs cost pressures. The cumulative DSG deficit, which as per statutory requirements is accounted for as a negative reserve on the balance sheet, as at 31 March 2024 is £14.752m compared to £15.236m at 31 March 2023. The DSG recovery plan is under development.

Reserves

The Council is in an increasingly financially challenging position for 2023/24 with the economic environment, the cost of living crisis and challenges in the housing market. In line with the London and national picture, there is a reduction in private rented accommodation which is both a driver of homelessness and an increased financial pressure due to higher costs of Temporary Accommodation. Between 2022/23 and 2024/25, in meeting our statutory duties, the accumulative cost of homelessness is £50m more than the original budget resulting in a financial strain on reserves.

The 2023/24 overspend has impacted on the progress made in recent years in building financial resilience and sustainability with General Fund Reserves seeing a reduction of circa £26m, when excluding Schools Balances. However, the Council takes forward into 2024/25 a new £10m reserve for Temporary Accommodation and a Section 151 balance (General Fund Balance) of £14.4m and general risk reserve of £3.5m. The primary funding for the overspend has been sourced by reducing the capital financing smoothing reserve, which has been partly enabled by the revised Capital Strategy.

Executive Director's Report continued:

Summary of Usable Reserves

Usable Reserves	31-Mar-23 £000	31-Mar-24 £000
Risk Reserve	3,440	3,550
MTFP Smoothing Reserves:		
Balance Sheet Management	2,295	-
Collection Fund Equalisation Reserve	15,687	-
Collection Fund Pooling Reserve	-	4,524
Housing Benefit Smoothing Reserve	(726)	-
Adult Social Care Smoothing Reserve	3,697	-
NLWA Reserve	514	1,566
Meridian Water Reserve	1,296	1,429
Temporary Accommodation Reserve	-	10,000
MTFP Smoothing Reserves	22,763	17,519
Other Usable Reserves:		
Capital Financing	23,463	-
Companies reserve	-	1,032
Adult Social Care Fund	-	7,658
Service Specific	12,066	7,678
Property	925	411
Grants & Other Contributions	20,930	19,043
Other Usable Reserves	57,384	35,822
Total General Fund Usable Reserves	83,587	56,891
Schools	(1,336)	816
Insurance	7,513	7,492
Total Other General Fund Reserves	89,764	65,199
General Fund Balance	13,950	14,350
Total General Fund Earmarked Reserves	103,714	79,549
HRA Earmarked Reserves	16,163	24,413
Total Reserves	119,877	103,962

Executive Director's Report continued:

Capital Expenditure and Financing 2023/24

The table below summarises the capital expenditure incurred, and funding applied in 2023/24 compared to the revised budget approved in November. The capital outturn will result in some re-profiling of the capital programme which will impact on 2024/25 and future years' budgets.

Capital expenditure	Revised budget £'000	Outturn £'000
Bereavement Services	329	281
Community Safety	150	193
Corporate Buildings and Improvements	4,343	3,586
Council Dwellings	129,901	103,773
Housing Grants	2,296	3,847
Housing Regeneration Projects	19,067	15,763
IT Infrastructure and Programmes	5,789	731
Regeneration Projects – Meridian Water	93,509	42,260
Parks and Open Spaces	2,731	2,905
Schools and Educational Establishments	13,927	14,178
Transport and Environmental Schemes	11,041	11,299
Total capital expenditure in 2023/24	283,082	198,816
Sources of Finance:		
Capital Grants	71,755	45,493
Section 106 & CIL	2,330	2,730
Revenue Contribution	-	37
Capital Receipts	31,118	21,081
Major Repairs Allowance	10,982	10,400
Earmarked and Capital Reserves	13,300	-
Borrowing	153,596	119,076
Total capital funding 2023/24	283,082	198,816

The principal elements of expenditure for the 2023/24 capital programme were expenditure on improving, maintaining and regenerating council housing stock through the Housing Revenue Account (HRA), continuing investment in the Council's flagship regeneration scheme, Meridian Water, further investment in school buildings to help meet increasing demand and increased Special Educational Needs places. This investment was funded by grants, capital receipts and approximately half was funded from borrowing.

Executive Director's Report continued:

Treasury and Capital Financing Requirement

The proportion of net revenue budget allocated to total capital financing costs was 8.6% for 2023-24, which is below the affordability range of 10-12% established in the Capital Strategy.

The increase in the Capital Financing Requirement (CFR) from £1,337m to £1,431m for underlying need to borrow is a direct reflection of the Council's ambition to improve the lives of borough residents. The capital programme must be financed and all projects in the General Fund are designed to be repaid based on their asset lifespan. The Council's total CFR is £1,431m which is split into General Fund £1,330m and HRA £101m. As at 31 March 2024 the Council's debt was £1,250m, exclusive of interest, an increase of £132m from the previous year. Treasury cash balances increased from £37m to £56m. Consequently, net debt grew from £1,081m to £1,194m, a change of £113m. The majority of this additional borrowing was for HRA expenditure and therefore was at the discounted PWLB rate for housing; the average interest rate on all loans is 3.04%.

The Council had £53m in cash and cash equivalents at year-end, which has increased from £36m from the previous financial year as a result of fluctuations in the Council's working capital requirements. Holding high cash balances is a short-term situation and the Council will gradually run down these balances through spending on the capital programme to its preferred position of £35m cash in-hand rather than borrow unnecessarily.

During 2023/24 £205m was borrowed from the Public Works Loan Board for the General Fund on a long-term basis together with £15m on behalf of Energetik and £27m short term from the Local Authority Market to support the Council's daily cashflow requirements. In response to the risks of holding debt in a volatile interest rate environment the Council has embarked on a rationalisation of its capital expenditure as set out in its budgets approved by Council in February 2024.

At the end of 2023/24, the Council had £61.0m in the General Fund Capital Grants and receipts unapplied Account, £24.1m in the HRA Capital Receipts and Reserves Unapplied Account, including £0.2m in the HRA Major Repairs Reserve to finance future capital spend. Much of the £85.1m capital resources unapplied have strict conditions attached, meaning they can only be used for certain projects. In addition, the Council also had £23.3m capital grants which have been received in advance which cannot be used until 2024/25 or later.

Pension Liability

The pension liability reflects the underlying long term commitment that the Council has to pay for the retirement benefits owed to its Pension Fund members. The net pension liability decreased from £76.7m as at 31 March 2023 to £46.3m as at 31 March 2024. The scheme assets are £1,400.4m of the Fund as at 31 March 2024 which has increased from £1,284.2m at 31 March 2023.

Executive Director's Report continued:

Subsidiaries and Group Performance

The Council has two wholly owned subsidiaries, Housing Gateway Limited (HGL) and Lee Valley Heat Network Operating Company Ltd (trading as Energetik). In addition, the Council is part of a Joint Venture with HBL (Henry Boot Ltd) to regenerate Montagu Industrial Estate. The Council will record its share of Montagu in the Accounts as a joint venture. The Council's group accounts consolidate all wholly owned active companies.

HGL, was established to provide good quality housing for its residents. The Company's mission reflects its wider role and critical contribution to the Council's Housing strategy. In addition, HGL also operates an ethical letting agency, Enfield Let. These homes are let to residents in need of temporary accommodation, resulting in savings to the Council's revenue budget. HGL is funded by loans and £5m of equity from the Council. The value of loans advanced to HGL as at 31 March 2024 was £132.6m and the underlying book value of the fixed assets totalled £160.6m at the end of 2023/24.

The Council's commitment to the climate change agenda is in part being delivered through investment in connections to low carbon energy such as the Energetik heat network. The company has successfully attracted grants and low-cost loans to support infrastructure into the borough. During 2023/24 Energetik continued with its planned infrastructure works, including the construction of the Meridian Water energy centre. Energetik is funded by approved loans from the Council of up to £77m. As at 31 March 2024 loans of £48.1m were outstanding and £17.75m equity funding had been invested by the Council. It is supported by tangible fixed assets of £57.9m. A strategic review of Energetik is underway.

Non-Financial Performance

Delivering our Council Plan during 2023/24

The Council Plan 2023-26: Investing in Enfield sets out how we are investing in Enfield to deliver positive outcomes for our communities. It explains our plans for 2023 to 2026.

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

Our achievements so far against each priority and theme are provided below.

Executive Director's Report continued:

Priority One

Clean and green places

Our achievements so far

 <p>We have dedicated resources to clearing our borough of unsightly and illegal dumping and continue to take enforcement action against people who fly-tip.</p>	 <p>Enfield's beaver reintroduction project made history again in 2023 after a baby 'kit' was spotted for the first time. It is thought that this is the first baby beaver to be born in London for hundreds of years. Beavers were hunted to extinction in England but have been introduced in recent times to some areas across the country.</p>
 <p>Since 2019, the Enfield Chase Woodland Restoration Project has delivered 80 hectares of woodland and 3.3km of new footpaths. The new woodland will improve biodiversity, reduce flood risk and provide residents with access to nature.</p>	 <p>Since 2019, we have made 20 School Streets across the borough permanent, improving air quality and making it safer for primary school pupils to walk, cycle and scoot to school.</p>
 <p>In July 2022, we launched an innovative digital platform Excess Materials Exchange to allow materials coming out of demolition projects to be reused, supporting our commitments to reduce carbon emissions and promote the circular economy.</p>	 <p>We have been awarded an A-rating for our sustainability and climate action work by internationally recognised environmental data charity CDP.</p>
 <p>Our latest annual emission report from 2022/23 shows that the Council's direct emissions have fallen by 30 per cent in the last four years. The largest carbon savings this year were from the reduction in natural gas in buildings for heating and hot water.</p>	 <p>We have delivered £3.1 million of low-carbon retrofit works to council buildings and schools, funded through the Public Sector Decarbonisation Scheme. We installed 589 solar panels to corporate buildings and 10 air source heat pumps to reduce reliance on natural gas.</p>

Priority Two

Strong, healthy and safe communities

Our achievements so far

 <p>Working with the Mayor of London's Office for Policing and Crime, Enfield has secured a portion of £1.46m in funding to be shared across 10 local authorities. The funding will expand a successful two-year pilot scheme for perpetrators of domestic abuse in Enfield across 9 other London boroughs enabling them to learn from Enfield Council's past experiences and roll out their own programmes.</p>	 <p>Our SMART Living project is utilising technology to enable Adult Social Care users to achieve happiness, safety and independence and reduce isolation. We are the first local authority to introduce artificial intelligence PainChek technology in care homes to better identify and support residents who may be experiencing pain but unable to express this verbally.</p>
 <p>The Enfield Public Safety Centre (EPSC) is Enfield Council's CCTV control room, monitoring CCTV cameras across the borough 24 hours a day, 7 days a week. The EPSC helps the police in their investigations, enabling arrests and providing vital evidence for trials and prosecutions</p>	 <p>Enfield Council and the Lawn Tennis Association (LTA) have announced a partnership to invest in and refurbish public park tennis courts across the borough. In total, 12 park tennis venues will be renovated, with investment of £643,476 helping ensure that quality facilities are available for the local community.</p>
 <p>We have agreed plans to create a new Mental Health Hub that will provide a range of community-based specialist services and a community café for out-of-hours crisis support, along with a service which supports people who are living with long-term mental health conditions.</p>	 <p>Enfield Council has received £250,000 in grant funding from the National Lottery Heritage Fund to deliver the "Untold Edmonton" Programme. The programme running from September 2022 until November 2024 will fund 2 festivals, a volunteering programme and up to 20 community heritage projects exploring Edmonton's rich and diverse history.</p>

Executive Director's Report continued:

Priority Three

Thriving children and young people

Our achievements so far

 <p>In November 2023 Enfield Council agreed that children and young people who have spent 13 weeks or more in local authority care will be protected from discrimination. "Care experience" is not currently on the list of protected characteristics in the Equality Act but will be embodied in all of our future decisions and policies through Equality Impact Assessments.</p>	 <p>We launched Operation Engage in October 2020 in partnership with the Metropolitan Police. Outreach youth workers in Wood Green custody suite provide support, signposting and mentoring to young people that come into custody. Out of the 287 Enfield young people presented in custody during 2023/24, 177 have positively engaged with the project.</p>
 <p>In November 2022, we launched our mobile youth bus, and since then the Outreach Team have been delivering detached youth work on estates and parks in Enfield providing a range of positive activities after school and evenings to young people in the borough.</p>	 <p>We launched our Youth Participation Policy in 2023 to support council offers to meaningfully include children and young people in consultation, engagement and co-production opportunities. As part of the process we are capturing feedback from children and young people to better understand their experiences of taking part in our youth participation activities.</p>
 <p>We launched an <u>Inclusion Charter</u> which sets out principles and guidance for early years settings, schools and colleges to provide an inclusive education for children and young people with special educational needs and disabilities.</p>	 <p>In 2023 we opened our new Youth and Family Hubs at Ponders End and Craig Park. The hubs offer wide-ranging help and support to families, from pregnancy up until their children are 18, or 25 for young people with special educational needs and disabilities.</p>

Priority Four

More and better homes

Our achievements so far

 <p>In 2020 we launched our Housing and Growth Strategy, a bold and ambitious programme to directly deliver 3,500 new and affordable homes. We have already provided 370 new homes of which 276 are affordable, with many more homes in the pipeline.</p>	 <p>We have made significant progress to achieving 100% Decent Homes Standard and as of April 2024, 85% of our council homes met the Decent Homes Standard.</p>
 <p>The Council-owned heat network Energetik provides better value, reliable and lower carbon heat and hot water. As of August 2023, there were 865 total connections to the heat network.</p>	 <p>In 2023, we completed a deep retrofit on ten council homes in Haselbury, converting them into warm, affordable and environmentally efficient homes.</p>
 <p>Construction has commenced on our ambitious Meridian Water regeneration project and the first homes were completed in September 2023. Enfield Council tenants in Edmonton were the first people to be offered housing in the high-quality homes at the development.</p>	 <p>We launched a borough-wide additional licensing scheme for Houses in Multiple Occupation (HMOs) in September 2020 and a selective licensing scheme covering private rented homes in 14 wards in September 2021. The schemes are helping to drive up standards in the growing private rented sector.</p>
 <p>Our Council-owned company Housing Gateway has continued to acquire new units and held a portfolio of 647 high-quality private rented homes as of January 2024.</p>	 <p>We launched an ethical lettings agency Enfield Let in October 2020. The scheme assists those who would otherwise struggle to access private rented housing and ensures residents are not discriminated against because of their financial status. As of April 2024, Enfield Let held a portfolio of 265 properties.</p>

Executive Director's Report continued:

Priority Five

An economy that works for everyone

Our achievements so far



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



We launched our Skills, Training and Employment Pillar (STEP) programme in 2022 which supports residents aged 19+ who are looking for volunteering, work experience, training or paid employment. As of December 2023, 101 residents had been supported to move into education or training, and 42 residents have moved into employment.



Our Equals Employment Service provides support to adults with learning disabilities into sustained paid employment. In 2022/23, we recorded the joint highest proportion of working age people (15.7%) who receive support for their learning disability in paid employment in London and the joint third highest proportion nationally.



We were successful in our bid for funding from the Levelling Up Fund with up to £11.9 million for regeneration projects in the Angel Edmonton area, including improvements to public spaces, better spaces for businesses and community facilities and enhancements to the cultural offering.



Our Skills Academy at Meridian Water opened in June 2023, providing opportunities for local people to gain the skills and qualifications needed to pursue a career in construction. The academy aims to train around 500 people per year.



Our Welfare Advice and Support Team supported over 2,600 residents referred to the service in 2023/24 to improve their financial situation by supporting them to access the income and benefits they are entitled to and manage their debts.

Executive Director's Report continued:

Risks and Opportunity

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

Risk	Mitigation
<p>Financial Resilience</p> <p>The financial climate continues to be a challenge for the Council, both in terms of service demand, constraints government funding and financial restraints caused by wider economic circumstances and risks.</p> <p>The continuing impact of the challenging economic conditions and higher interest rate require close monitoring of the budget and reviewing the medium term financial plan (MTFP) assumptions. In addition, new MRP regulations affecting the treatment of capital receipts, loans to the Council's subsidiaries and the HRA will take effect from 2024/25 and 2025/26 and this has potential to further impact on the Council's financial resilience.</p> <p>There are a number of heightened risks to the Council's financial resilience including historic inflation, impact on services of the economic environment, cost of living impact on income levels and service need, construction costs and ongoing higher interest rate. The ongoing challenging housing market conditions of the cost pressure of Temporary Accommodation is presenting significant challenges in 2023/24.</p> <p>A new pressure has emerged in the Housing benefit subsidy loss where there is an increasing material discrepancy between the housing benefit subsidy level and the amount that can be reclaimed from the government.</p> <p>The Council has a challenging savings programme risk of not delivering will impact on the final outturn for 2024/25. Whilst the scope to make savings while maintaining services is a risk for 2025/26 onwards</p> <p>Further, the effect of the current national economic environment on regeneration schemes and Council Companies is an area of risk.</p>	<p>Financial Resilience remains a top priority.</p> <p>The MTFP is under continual review, integrating the capital strategy, treasury impact and balance sheet position. The Council has a £3m contingency annual budget and general fund balances of £14.4m and a specific £10m temporary accommodation reserve.</p> <p>The council companies' business plans are subject to due diligence review, in addition hurdle rates are in place for HGL and lending to Energetik is subject to criteria setting out lending agreements.</p> <p>The Council has pre-empted the MRP outcome and has made initial estimates as part of the budget setting process. Estimates will be revised as part of the budget monitoring cycle in 2024/25.</p> <p>The Corporate Finance Team are continually driving improvements in the quality of the Statement of Accounts production.</p> <p>There are a number of work streams to focus the organisation on addressing the current financial challenges including spending control panel, workforce panel and the temporary accommodation and housing benefit cost pressure action plans.</p> <p>As set out in the February 2024 cabinet report Enfield will need to take advantage of the flexibility to use capital receipts to preserve reserves over the coming period as set out in the recent government consultation (publication of the outcome is expected shortly).</p>

Executive Director's Report continued:

Risk	Mitigation
<p>The Council Statement of Accounts for 2019/20, 2020/21 and 2021/22 external audit has not been completed. Should any material issues be identified this will be compounded given the number of years now outstanding, thereby, increasing financial resilience risk.</p>	<p>Over the budget cycle for 2025/26, Directorates are required to identify realistic savings to meet the budget savings targets as options for Cabinet to consider. Final budget is due at February 2025 Cabinet. The process for setting the budget 2025/26 has started with "budget week" in May 2024.</p>
Income Maximisation	
<p>Income from council tax, rents, business rates, debt collections, invoices, grants, traded services, and commercial activities is not maximized.</p>	<p>The Council's fees and charges are reviewed annually and adjusted for cost increases, inflation and shaped by benchmarking information.</p> <p>Collection rates are estimated annually based on historic performance and an assessment of the economic impact on the collection of income. This is monitored monthly. In addition, a programme of activity is underway to increase income levels through reviews of discounts and debt collection practices.</p> <p>Discretionary financial assistance is available through the Welfare and Debt Advice team and payment arrangements are set up to support payment.</p> <p>Further actions are continuing to maximise income collection including a review of single person discount for Council Tax, increasing Direct Debit take up and E-billings promotions and a review of the business rate base in the borough and debt collection approaches.</p> <p>The implementation of the Council Tax Support Scheme in 2024/25 is being closely monitored.</p>
Financial Management	
<p>If the Council fails to maintain its financial controls and or has its Statement of Accounts (SOA) qualified, then it could suffer significant reputational damage with its partners (customers, residents, suppliers and public bodies). This is because the Statement of Accounts reflects that the Council is a 'going concern'.</p>	<p>In this context of unaudited Statement of Accounts, assurance around the credibility of the finance function is sought from alternative sources including Internal audit, reviewing of public interest reports and assessing LBE in the light of these, external reviews such as our MRP policy; training for all Housing and Finance colleagues on HRA financing (this was in response to public interest reports in other councils).</p>

Executive Director's Report continued:

Risk	Mitigation
Fraud/Corruption If there are ineffective internal controls and governance arrangements in place this could lead to the Council being subjected to an incident of organised or high value fraud, bribery and/or corruption, resulting in financial and reputational loss.	<p>The General Purposes Committee receives regular updates on the progress of the external audit of the accounts and the improvements in the Council's accounts production processes. Including briefing on the sector challenges from the Public Sector Audit Appointments team.</p> <p>A Counter Fraud and Operating Plan is in place along with comprehensive anti-fraud policies. In addition, Fraud Awareness training is provided and there is regular reporting to EMT and GPC in place. The Council engages qualified anti-fraud staff and continues to take a pro-active approach to minimising fraud.</p>
Data Management If there are inadequate security controls and/ or staff training, then this could lead to a loss, corruption, disclosure or breach of data, resulting in reputational damage, legal action and/or fines due to non-compliance with Data Protection & PCI legislation	<p>A Corporate Information and Data Governance Board (IDGB) formed of senior staff monitors, oversees, reports and makes recommendations to the Executive Management Team on all strategic level data protection issues.</p> <p>The Council policies and processes are continually reviewed to ensure they remain good practice.</p> <p>The Council has invested in new management software to monitor information requests.</p>
Duty of Care If the Council fails in its statutory duties to Adults & Children within the borough, this could result in potential harm to individuals / families, potential legal challenges and reputational damage.	<p>The Council has Safeguarding procedures and Policies in place. Relevant staff and volunteers have DBS checks. There are quality assurance processes in place, a comprehensive programme of internal audits and updates and reports are regularly provided to the Assurance Board. The Council continues to monitor, improve and implement best practice in our duty of care.</p>
Digital Technology Failure of the Councils ICT and/or Digital systems (due to cyberattack, hardware failure etc.) will lead to a severe disruption of service delivery.	<p>The Council has a Cyber Digital Remediation plan in place and provides training for staff to ensure the risks are understood. Regular audits are carried out to ensure systems and processes are fit for purpose. There is a resilient infrastructure in place along with a data recovery service. Continuous work programme is in place to embed a culture of best practice amongst our staff and a programme of upgrades is in place to further modernise our infrastructure.</p>

Executive Director's Report continued:

Risk	Mitigation
<p>Major Incident</p> <p>If there is a failure to respond adequately following a major incident within the borough that adversely affects residents / businesses, or the Council is subject to a significant event that causes business interruption and fails to respond adequately, then this could lead to significant financial loss, disruption of services and significant reputational damage.</p>	<p>The Emergency Planning Team coordinate information sharing, gathering and signposting. Staff are trained to respond along with additional staff volunteers to assist to Emergency incidents. Incident management policies are in place, Corporate and Departmental Business Continuity Plans are in place and all services regularly review their plans. We continue to monitor and disseminate information from relevant agencies.</p>
<p>Housing</p> <p>If there is a failure to deliver the housing strategy, then this will result in an inadequate supply of social and private sector properties within the borough.</p>	<p>A housing strategy is in place with teams and resources delivering this, and continually reviewing policies to keep up-to-date with the current climate and good practice. Housing delivery is monitored through the Housing Delivery Board. Chain maximising approaches have been developed through working alongside new housing allocations to support priority housing needs. Established Developer and Registered Provider forums are in place to promote and support housing delivery in the Borough.</p>
<p>Regeneration & Growth</p> <p>If there is a failure of key schemes (Meridian Water, Joyce Avenue and Snells Park Estates, etc.) to regenerate and improve the borough this will lead to reputational damage and financial loss.</p>	<p>The Council has in place Boards with regular reporting to them as well as executive oversight of all major schemes along with risk registers for all major projects. Regular risk review for all major projects are undertaken and the Council continues to build in-house capacity to deliver these projects more resiliently. Robust procurement processes are in place. Close attention is given to recruitment and skills of staff and where necessary independent specialist expertise is utilised.</p>
<p>Commercial Ventures</p> <p>If the Council's commercial ventures (including trading companies) fail or perform poorly then this will result in significant reputational damage and financial loss.</p>	<p>Council members and officers are represented on all company Boards. Quarterly reporting of company performance against business plan targets takes place and there is requirement of an annual submission of company business plans. A separate risk register for each company have been developed to support risk monitoring. The Council continues to Review Public Interest Reports from other authorities and draw up action plans for Enfield, and this is shared with Assurance Board on a regular basis.</p>

Executive Director's Report continued:

Outlook

Medium Term Financial Strategy

The Council Plan is linked to the budget through the Medium Term Financial Plan (MTFP) and the annual budget process. The Budget and MTFP forecasts the funding requirements for the Council's General Fund services and provides the mechanism to redirect limited resources to priorities.

The Council's 2024/25 Budget and updated Medium Term Financial Plan (MTFP) was agreed in February 2024 and set out the wider context for financial planning in 2024/25 and over the medium term. The Council's net budget for 2024/25 is £318.530m. Whilst a balanced budget has been set for 2024/25, there remains a gap of circa £86m over the period 2025/26 to 2028/29. Whilst a balanced budget has been set this is not without considerable risk. The Council faces a financially challenging outlook with a number of heightened risks to the Council's financial resilience including inflation, though noting that the rate has improved as we enter 2024/25, impact on services of the economic environment, cost of living threats to reduced income levels and service need, construction costs and ongoing high interest rate and ongoing challenging housing market conditions continuing to apply pressure on provision of Temporary Accommodation. Financial Resilience has been a theme of the budget strategy since 2018 and remains a key priority.

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

The Council Plan provides a strategic direction and priorities for the Council for the next three years as it continues to invest in the borough to deliver positive outcomes for residents. The Plan informs how we set our budget and reflects on and takes into account our challenging financial position.

The new Council Plan sets out the following five priorities:

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

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

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

Executive Director's Report continued:

The Council's Commercial Strategy contributes to deliver a sustainable budget going forward through development of business cases to bring in additional income as well as service redesign. In the 2024/25 budget additional income of £5.9m has been included as part of the contribution towards closing the budget gap.

The Budget has been developed alongside the Ten Year Capital Strategy and Capital Programme 2024/25 to 2033/34 and the Ten Year Treasury Management Strategy 2024/25 to 2033/34.

[Link to the Council's Medium Term Financial Plan 2024/25 to 2028/29](#)

Capital Strategy and Ten-Year Capital Programme 2024/25 to 2033/34

The Ten-Year Capital Strategy for 2024/25-2033/34, which was approved in November 2023, outlines a set of new affordability measures and principles tailored for the capital program to adapt to the evolving economic landscape. It also includes a range of actions designed to achieve these affordability measures. In February 2024, the Ten Year Capital Programme was agreed which set out investment of over £1.56bn funded from grants, capital receipts and borrowing. The key investments include Meridian Water and investment in improvements to existing housing quality as well as new housing. Due diligence on the strategy is carried out via the Capital Finance Board, Capital Finance Review Panel and the Executive Management Team, who consider the prioritisation of schemes and monitor the progress of high risk schemes.

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

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

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

A link to the Council's 2023/24-2032/33 ten year Capital programme is below:

[Council's Ten Year Capital Programme 2023/24 - 2032/33](#)

Executive Director's Report continued:

Treasury Management

The Council agreed its Ten-Year Treasury Management Strategy 2023/24 to 2032/33 in February 2024 alongside the Ten Year Capital Programme. The Council has high ambitions for the regeneration of the Borough and the Ten-Year Treasury Management Strategy supports the Ten-year Capital Strategy in delivering such ambitions, and further gives greater visibility to the longer-term Capital Financing Requirement (CFR) of the Council's capital programme. The CFR is the underlying need to borrow to finance the capital programme, with the peak debt at £1.6bn in 2028/29 (for comparison purposes, the future peak debt in Treasury Strategy in 2021/22 was £1.985m).

The rolling review of the Capital Programme set out above is in place to ensure that the capital programme continues to be affordable in the adverse economic climate of interest rate rise risk. The strategic use of capital receipts is carefully considered and monitored as part of managing borrowing costs. The Treasury Strategy confirms the approved capital programme affordability measure: cost of financing of between 10% - 12% of Net Revenue Budget (outturn at 8.6% in 2023/24).

A link to the Council's 2024/25 Treasury Management Strategy Statement is below:

[Council's 2024/25 Treasury Management Strategy](#)

Executive Director's Report continued:

Basis of preparation and presentation

The Statement of Accounts summarises the financial performance for the financial year 2023/24 and the overall financial position of the Council. This Narrative Report explains the most significant matters reported in the accounts and provides a simple summary of the Council's overall financial position.

The Statement of Accounts for 2023/24 has been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, which is based on International Financial Reporting Standards.

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

The key financial statements set out within this document include:

- **Movement in Reserves Statement (MiRS)** – this statement sets out the movement on the various reserves held by the Council which are analysed into usable and unusable reserves. It analyses the increase or decrease in net worth of the Council as a result of incurring expenses, gathering income and from movements in the fair value of the assets. It also analyses the movement between reserves in accordance with statutory provisions.
- **Comprehensive Income and Expenditure Statement (CIES)** – this statement brings together all the functions of the Council and summarises all the resources it has generated, consumed or set aside in providing services during the year. As such, it is intended to show the true financial position of the Council, before allowing for the concessions provided by statute to raise council tax according to different rules and the ability to divert particular expenditure to be met from capital resources.
- **Balance Sheet** – this records the Council's year-end financial position. It shows the balances and reserves at the Council's disposal, its long term debt, net current assets or liabilities, and summarises information on the non-current assets held. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council can use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council cannot use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.
- **Cash Flow Statement** – this summarises the inflows and outflows of cash arising from transactions with third parties for both capital and revenue.

Executive Director's Report continued:

- **Notes to the Financial Statements** – the notes provide more detail about the items contained in the key financial statements, the Council's Accounting Policies and other information to aid the understanding of the financial statements.
- **Housing Revenue Account (HRA)** – this records the Council's statutory obligation to account separately for the cost of the landlord role in respect of the provision of Council Housing.
- **Collection Fund** – the Council is responsible for collecting Council Tax and local Business Rates. The proceeds of Council Tax are distributed to the Council and the Greater London Authority (GLA). Local Business Rates are distributed between the Council, the Government and the GLA. The Fund shows the income due and application of the proceeds.
- **Group Accounts** – these consolidate the accounts of the Council with its two subsidiary companies, Housing Gateway Ltd and Energetik.

Independent Auditor's Report

Statement of Responsibilities

The Council's Responsibilities

The Council is required to:

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

The Executive Director of Resources' Responsibilities

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

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

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

The Executive Director of Resources has also:

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

Confirmation by the Executive Director of Resources (s151 Officer)

I can confirm that this Statement of Accounts has been prepared on the basis of providing a true and fair view of the Council's financial position with the best known information at this time. However, these accounts' opening balances have not been subject to finalised external audit for over three years and, given the number of years now outstanding, the level of risk of amendment is compounded. On this basis, it is not possible to substantially confirm that these accounts present a true and fair view at this time and until the external audits have been completed for 2019/20, 2020/21, 2022/23 and 2023/24.

Signed

Fay Hammond
Executive Director of Resources (Section 151)

31 May 2024

DRAFT

Core Financial Statements

Core Financial Statements

Comprehensive Income and Expenditure Statement

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

31 March 2023			31 March 2024				
Gross Expenditure £'000s	Gross Income £'000s	Net Expenditure £'000s	On its services the council spent:	Note	Gross Expenditure £'000s	Gross Income £'000s	Net Expenditure £'000s
13,480	(2,735)	10,745	Chief Executive		12,664	(2,824)	9,840
129,143	(13,225)	115,918	Corporate		40,233	(2,757)	37,476
558,393	(394,227)	164,166	People		601,388	(443,449)	157,939
279,080	(234,177)	44,903	Resources		278,140	(220,570)	57,570
93,507	(47,932)	45,575	Environment and Communities		106,377	(51,267)	55,110
72,077	(59,110)	12,967	Housing & Regeneration		90,237	(57,204)	33,033
102,781	(76,823)	25,958	Housing Revenue Account		129,137	(85,254)	43,883
1,248,461	(828,229)	420,232	Total Cost of Services		1,258,176	(863,325)	394,851
23,464	(30,776)	(7,312)	Other Operating Expenditure	7	65,367	(28,467)	36,900
107,984	(52,909)	55,075	Financing & Investment Income & Expenditure	8	101,009	(142,373)	(41,364)
-	(319,766)	(319,766)	Taxation & Non-Specific Grant Income	9	-	(341,854)	(341,854)
1,379,909	(1,231,680)	148,229	Deficit on the Provision of Services		1,424,552	(1,376,019)	48,533
Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services							
		23,795	(Surplus) / Deficit on revaluation of non-current assets				(285,858)
		(393,078)	Remeasurement of the net defined pension liability	45			(32,480)
		(369,283)	Other Comprehensive Income and Expenditure				(318,338)
		(221,054)	Total Comprehensive Income and Expenditure				(269,805)

Core Financial Statements

Movement in Reserves Statement (MiRS)

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

	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance at 1 April 2023	(103,714)	(16,163)	(79)	(23,170)	(68,762)	(211,888)	(1,148,747)	(1,360,635)
Total Comprehensive Income and Expenditure	2,860	45,673	-	-	-	48,533	(318,338)	(269,805)
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 20)	21,305	(53,923)	(126)	(5,877)	12,782	(25,839)	25,839	-
(Increase)/Decrease In 2023/24	24,165	(8,250)	(126)	(5,877)	12,782	22,694	(292,499)	(269,805)
Balance at 31 March 2024	(79,549)	(24,413)	(205)	(29,047)	(55,980)	(189,194)	(1,441,246)	(1,630,440)
General Fund and HRA Balance analysed over:								
Earmarked Reserves (Note 22)	(65,199)	(1,766)						
Balances not earmarked	(14,350)	(22,647)						
Balance at 31 March 2024	(79,549)	(24,413)						

Core Financial Statements

Movement in Reserves Statement (MiRS) continued:

	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance at 1 April 2022	(139,777)	(6,568)	(766)	(21,248)	(76,899)	(245,258)	(894,323)	(1,139,581)
Total Comprehensive Income and Expenditure	142,161	6,068	-	-	-	148,229	(369,283)	(221,054)
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 20)	(106,098)	(15,663)	687	(1,922)	8,137	(114,859)	114,859	-
(Increase)/Decrease In 2022/23	36,063	(9,595)	687	(1,922)	8,137	33,370	(254,424)	(221,054)
Balance at 31 March 2023	(103,714)	(16,163)	(79)	(23,170)	(68,762)	(211,888)	(1,148,747)	(1,360,635)
General Fund and HRA Balance analysed over:								
Earmarked Reserves (Note 22)	(89,764)	(2,529)						
Balances not earmarked	(13,950)	(13,634)						
Balance at 31 March 2023	(103,714)	(16,163)						

Core Financial Statements

Group Comprehensive Income and Expenditure Statement

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

	31 March 2023			31 March 2024			
	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	
	13,480	(2,735)	10,745	Chief Executive	12,664	(2,824)	9,840
	129,143	(13,225)	115,918	Corporate	40,233	(2,757)	37,476
	558,393	(394,227)	164,166	People	601,388	(443,449)	157,939
	279,080	(234,177)	44,903	Resources	278,140	(220,570)	57,570
	94,166	(49,601)	44,565	Environment and Communities	108,353	(52,987)	55,366
	72,077	(59,110)	12,967	Housing & Regeneration	90,237	(57,204)	33,033
	102,076	(81,259)	20,817	Housing Revenue Account	130,683	(90,573)	40,110
	1,248,415	(834,334)	414,081	Total Cost of Services	1,261,698	(870,364)	391,334
	23,464	(30,776)	(7,312)	Other Operating Expenditure	65,367	(28,467)	36,900
	88,702	(29,727)	58,975	Financing and Investment Income and Expenditure	75,934	(110,684)	(34,750)
	0	(319,763)	(319,763)	Taxation and non-specific grant income	0	(341,854)	(341,854)
	1,360,581	(1,214,600)	145,981	Deficit on the Provision of Services	1,402,999	(1,351,369)	51,630
			173	Group Tax			(242)
			4,827	Share of (surplus)/Deficit on Joint Venture			(269)
			150,981	Deficit on the Provision of Services after Tax			51,119
				Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services			
			23,795	(Surplus) / Deficit on revaluation of non-current assets			(285,858)
			(393,078)	Remeasurement of the net defined pension liability			(32,480)
			(369,283)	Other Comprehensive Income and Expenditure			(318,338)
			(218,302)	Total Comprehensive Income and Expenditure			(267,219)

Core Financial Statements

Group Movement in Reserves Statement (MiRS)

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

	LBE Usable Reserves £'000	LBE Unusable Reserve £'000	Total Authority Reserves £'000	Subsidiaries Usable Reserves £'000	Subsidiaries Unusable Reserves £'000	Total Group Reserves £'000
Balance at 31 March 2022	(251,113)	(888,468)	(1,139,581)	(32,892)	-	(1,172,473)
Opening Balance adjustment			-			
Adjusted Opening Balance	(251,113)	(888,468)	(1,139,581)	(32,892)	-	(1,172,473)
Movement in Reserves during 2022/23:						
Total comprehensive income and expenditure	148,229	(369,285)	(221,056)	2,754	-	(218,302)
Adjustments between accounting basis and funding basis under regulations	(114,862)	114,862	-	-	-	-
Reversal of Loan Impairment	(13,560)	13,560	-	-	-	-
(Increase)/decrease in year	19,807	(240,863)	(221,056)	2,754	-	(218,302)
Balance at 31 March 2023	(231,306)	(1,129,331)	(1,360,637)	(30,138)	-	(1,390,775)
Movement in Reserves during 2023/24:						
Total comprehensive income and expenditure	48,533	(318,338)	(269,805)	2,586	-	(267,219)
Adjustments between accounting basis and funding basis under regulations	(25,839)	25,839	-	-	-	-
Reversal of Loan Impairment	(5,663)	5,663	-	-	-	-
(Increase)/decrease in year	17,031	(286,836)	(269,805)	2,586	-	(267,219)
Balance at 31 March 2024	(214,275)	(1,416,167)	(1,630,442)	(27,552)	-	(1,657,994)

Core Financial Statements

Consolidated Balance Sheet

Group 31 March 2023 £'000	Single Entity 31 March 2023 £'000		Note	Single Entity 31 March 2024 £'000	Group 31 March 2024 £'000
Assets:					
2,274,364	2,187,853	Property, Plant & Equipment	23	2,477,913	2,575,303
3,929	3,929	Heritage Assets	25	5,105	5,105
289,842	182,015	Investment Properties	28	233,103	345,878
19,574	11,409	Intangible Assets	25	6,743	15,510
24,127	69,150	Long-Term Investments	19	69,629	24,328
9,702	103,547	Long-Term Receivables	32	112,996	9,833
2,621,538	2,557,903	Long Term Assets		2,905,489	2,975,957
1,721	1,721	Assets Held for Sale	25	10,192	10,192
13,452	13,452	Inventories		10,705	10,706
-	-	Short-Term Investments	32	-	-
125,081	126,190	Short-Term Receivables	33	128,713	130,178
45,727	37,574	Cash & Cash Equivalents	34	53,765	55,849
185,981	178,937	Current Assets		203,375	206,925
Liabilities:					
(1,253)	(1,253)	Cash & Cash Equivalents Overdrawn	34	(1,260)	(1,260)
(118,044)	(111,416)	Short-Term Borrowing	32	(70,104)	(76,731)
(121,123)	(113,302)	Short-Term Payables	35	(117,281)	(134,018)
(3,922)	(3,922)	Short-Term Provisions	38	(5,436)	(5,436)
(244,342)	(229,893)	Current Liabilities		(194,081)	(217,445)
(42,036)	(22,252)	Other Long-Term Liabilities	40	(19,024)	(40,589)
(9,559)	(7,287)	Long-Term Provisions	38	(9,281)	(12,032)
(1,014,012)	(1,014,012)	Long-Term Borrowing	32	(1,188,110)	(1,188,117)
(76,670)	(76,670)	Pensions Liability	45	(46,267)	(46,267)
(30,125)	(26,091)	LT Capital Grants RIA	36	(21,661)	(20,438)
(1,172,403)	(1,146,312)	Long Term Liabilities		(1,284,343)	(1,307,443)
1,390,775	1,360,635	Net Assets		1,630,440	1,657,994

Core Financial Statements

Consolidated Balance Sheet (continued):

Group 31 March 2023 £'000	Single Entity 31 March 2023 £'000		Note	Single Entity 31 March 2024 £'000	Group 31 March 2024 £'000
Reserves:					
8,855	8,855	Accumulated Absences Account		9,176	9,176
(307,606)	(327,022)	Capital Adjustment account		(325,118)	(300,039)
(706)	(706)	Collection Fund Adjustment Account		(2,300)	(2,300)
76,670	76,670	Pensions Reserve	45	46,267	46,267
(913,369)	(913,369)	Revaluation Reserve		(1,175,612)	(1,175,612)
(8,411)	(8,411)	Deferred Capital Receipts Reserve		(8,411)	(8,411)
15,236	15,236	DSG Adjustment ACCT		14,752	14,752
(1,129,331)	(1,148,747)	Unusable Reserves	21	(1,441,246)	(1,416,167)
(68,762)	(68,762)	Capital Grants Unapplied Account		(55,980)	(55,980)
(23,170)	(23,170)	Capital Receipts Reserve		(29,047)	(29,047)
(51,397)	(13,950)	General Fund		(14,350)	(56,222)
(89,764)	(89,764)	GF Earmarked Reserves	22	(65,199)	(65,199)
(25,743)	(13,634)	HRA Balance		(22,647)	(33,408)
(2,529)	(2,529)	HRA Earmarked Reserves	22	(1,766)	(1,766)
(79)	(79)	Major Repairs Reserve	HRA4	(205)	(205)
(261,444)	(211,888)	Usable Reserves		(189,194)	(241,827)
(1,390,775)	(1,360,635)	Reserves / Net Worth		(1,630,440)	(1,657,994)

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

Core Financial Statements

Consolidated Cash Flow Statement

Group 31 March 2023 £'000	Single Entity 31 March 2023 £'000		Single Entity 31 March 2024 £'000	Group 31 March 2024 £'000
(150,981)	(148,229)	Net Deficit on the provision of services	(48,533)	(51,119)
150,912	177,053	Adjust to deficit on the provision of services for non-cash movements	132,973	132,759
(90,624)	(89,379)	Adjustments for items included in net deficit in the provision of services that are investing & financing activities.	(82,542)	(83,022)
(90,693)	(60,555)	Net cash outflow/(inflow) from operating activities	1,898	(1,382)
(92,723)	(100,055)	Investing activities	(115,272)	(119,848)
114,628	100,446	Financing activities	129,558	131,345
(68,788)	(60,164)	Net increase/(decrease) in cash and cash equivalents	16,184	10,115
113,262	96,485	Cash and cash equivalents at the beginning of the reporting period	36,321	44,474
44,474	36,321	Cash and cash equivalents at the end of the reporting period:	52,505	54,589

The Cash Flow Statement shows the cash flows of the Council and the Group during the reporting period. The Statement shows how both have generated and used cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities shows how the Council and the Group have funded their operations from taxation and grant income or from the recipients of services provided.

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

Notes to the Accounts

DRAFT

Note 1 Accounting Policies

1.1 Basis of Preparation

The Accounts and Audit Regulations 2015 (SI 2015 No 234) require the Council to prepare a Statement of Accounts for each financial year in accordance with proper accounting practices. For 2023/24, these proper accounting practices principally comprise:

- the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code)
- the Service Reporting Code of Practice 2023/24 (SeRCoP)
- the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 2003 No 3146, as amended) (the 2003 Regs)

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

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

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

The Statement of Accounts has been adjusted to reflect events after 31 March 2024 and before the date the Statement was authorised for issue only where the events provide evidence of conditions that existed at 31 March.

Note 1 Accounting Policies continued:

1.2 Events after the Reporting Period

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

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

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

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

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

1.4 Adjustments Between Accounting Basis and Funding Basis

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

Expense	Accounting Basis in CIES	Funding Basis in MiRS	Adjustment Account
Property, Plant and Equipment	Depreciation and revaluation/impairment losses	Revenue provision to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
Intangible Assets	Amortisation and impairment	Revenue provision to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
Investment Properties	Movements in fair value	Revenue provision to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account

Expense	Accounting Basis in CIES	Funding Basis in MiRS	Adjustment Account
Revenue Expenditure Funded from Capital under Statute	Expenditure incurred in 2023/24	Revenue provision to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
Capital Grants and Contributions	Grants that became unconditional in 2023/24 or were received in 2023/24 without conditions	No credit	Capital Grants Unapplied Reserve (amounts unapplied at 31 March 2024) Capital Adjustment Account (other amounts)
Non-Current Asset Disposals	Gain or loss based on sale proceeds less carrying amount of asset (net of costs of disposal)	No charge or credit	Capital Adjustment Account (carrying amount) Capital Receipts Reserve (sale proceeds and costs of disposal)
Pensions Costs	Movements in pensions assets and liabilities (see Policy 1.11)	Employer's pensions contributions payable and direct payments made by the Council to pensioners for 2023/24	Pensions Reserve
Council Tax	Accrued income from 2023/24 bills	Demand on the Collection Fund for 2023/24 plus share of estimated surplus for 2022/23	Collection Fund Adjustment Account
Business Rates	Accrued income from 2023/24 bills	Budgeted income receivable from the Collection Fund for 2023/24 plus share of estimated surplus for 2022/23	Collection Fund Adjustment Account
Dedicated Schools Grant	Expenditure incurred in 2023/24 to be met from Dedicated Schools Grant	Expenditure incurred up to the amount of the Grant receivable for 2023/24.	Dedicated Schools Grant Adjustment Account
Holiday Pay	Projected cost of untaken leave entitlements at 31 March 2024	No charge	Accumulated Absences Adjustment Account

1.5 Financial Instruments

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

Financial Liabilities

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

Note 1 Accounting Policies continued:

Financial Assets

Financial assets are subsequently measured in one of two ways:

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

Amortised cost assets are measured in the Balance Sheet at the outstanding principal repayable (plus accrued interest). The exception is loans made at concessionary rates to subsidiaries of the Council, where the loans are accounted for as if they had been made at commercial interest rates and the concessionary interest treated as an investment in the companies (see Note 19). Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) are based on the carrying amount of the asset, multiplied by the effective rate of interest for the instrument. Any gains or losses in fair value that might arise are not accounted for until the instrument matures or is sold.

Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit losses model (see Note 32 [Financial Instruments]). Changes in loss allowances (including balances outstanding at the date of derecognition of an asset) are debited/credited to the Financing and Investment Income and Expenditure line in the CIES.

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

1.6 Revenue from Contracts with Service Recipients

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

1.7 Government Grants and Contributions

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

- the Council will comply with any conditions attached to the payments, and
- the grants or contributions will be received.

Note 1 Accounting Policies continued:

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

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

1.8 Intangible Assets

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

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

Intangible assets are measured at cost. Software which is held on cloud-based platforms are considered as being 'Software as a Service'. It is a method of software delivery and licensing in which software is accessed online via a subscription, rather than bought and installed on individual computers or servers within the council. These costs are expensed annually and not held as assets.

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

1.9 Interests in Companies and Other Entities

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

1.10 Investment Properties

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

Note 1 Accounting Policies continued:

1.11 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Rentals paid by the Council under operating leases are charged to the CIES as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments. From 1st April 2024, operating leases(as lessee) will be accounted under IFRS 16 Leases, further information under Note 2.

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

1.12 Overheads and Support Services

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

1.13 Post-Employment Benefits

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

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

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

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

- the liabilities of the Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method.
- liabilities are discounted to their value at current prices, using a discount rate of 4.8% (based on the indicative rate of return on high quality corporate bonds - the iBoxx index of AA rated corporate bonds)
- the assets of the Pension Fund attributable to the Council are included in the Balance Sheet at their fair value.

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

Note 1 Accounting Policies continued:

- Service cost, comprising:
 - current service cost – allocated in the Comprehensive Income and Expenditure Statement (CIES) to the services for which the employees worked.
 - past service cost – debited to the Surplus or Deficit on the Provision of Services in the CIES as part of non-distributed costs in the Corporate line.
 - net interest on the net defined benefit liability – charged to the Financing and Investment Income and Expenditure line of the CIES.
- Remeasurements, comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- contributions paid to the Pension Fund – not accounted for as an expense in the CIES.

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

1.14 Property, Plant and Equipment

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

Assets are initially measured at cost, comprising:

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

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

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

Note 1 Accounting Policies continued:

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

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

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

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land and certain Community Assets) and assets that are not yet available for use (i.e., assets under construction).

The useful lives used by the Council are:

Asset Category	Useful Economic Life
Council Dwellings	50 years
Operational Buildings	5-50 years
Vehicles	5-8 years
Plant and machinery	3-7 years

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

1.15 Infrastructure Assets

Highways Network Infrastructure Assets

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

Recognition

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

Note 1 Accounting Policies continued:

Measurement

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

Depreciation

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

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

Disposals and derecognition

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

Note 1 Accounting Policies continued:

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

1.16 Private Finance Initiative and Similar Contracts

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

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

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

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement (CIES)
- finance cost – debited to the Financing and Investment Income and Expenditure line in the CIES.
- contingent rent – debited to the Financing and Investment Income and Expenditure line in the CIES.
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator.
- lifecycle replacement costs – a proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

1.17 Provisions

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

1.18 Termination Benefits

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

Note 1 Accounting Policies continued:

1.19 Schools

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

1.20 Current Assets Held for Sale and Surplus Assets

Current Assets Held for Sale comprise those assets that are actively being marketed for sale the Council has determined are for immediate sale in their present condition and are expected to be sold in the next twelve months. These assets are carried at Fair Value based on their potential highest and best use at the balance sheet date. The assets are not depreciated.

Assets that are not in operational use and do not meet the definition of investment properties, nor current assets held for sale, are classified as surplus assets. They are carried at fair value based on highest and best use. Surplus Assets generally refer to properties where the Council has yet to proceed with the disposal of the properties or is considering developing them for alternative use.

1.21 Pooled Budgets

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

1.22 Cash and Cash Equivalents

The council identifies cash as being both cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are any deposits made with financial institutions that have an initial maturity period of less than three months and readily convertible to known cash amounts with insignificant risk of change in value.

Note 2 Accounting Standards Issued but Not Yet Adopted

The following new standards and amendments to existing standards have been published but are still to be adopted by the Code of Practice of Local Authority Accounting in the United Kingdom and will be adopted in 2023/24:

IFRS 16 – From 1 April 2024 International Financial Reporting Standard (IFRS) 16 – Leasing will be applicable to all local authorities. The standard mandates that assets be recognised on the balance sheet as right-of-use assets instead of being off-balance sheet as they are currently. The terms "operating leases" and "finance leases" will no longer apply to leases where the council is the lessee, though the distinction will remain for leases where the council is the lessor. Consequently, assets will be brought onto the balance sheet with a corresponding financing liability, and revenue expenditure will be split between a financing cost (interest) and the repayment of the lease principal, without altering the total cost to the council.

Work is underway to quantify the value of the additions to the balance sheet and to calculate the corresponding lease liability. Although further work is needed in 2024/25, it is anticipated that the introduction of IFRS 16 will recognise approximately 750 lease agreements, increasing the assets held by the Authority by £13 million, with a corresponding rise in lease liabilities.

The Council has implemented this policy for all leases above £10,000, exempting those below this amount. IFRS 16 will be applied retrospectively, with the cumulative effect recognised as of April 1, 2024. This means right-of-use assets and lease liabilities will be calculated as if IFRS 16 had always been in effect, but will be recognised in 2024/25 without adjusting prior year figures. The Authority has also chosen to apply recognition exemptions for short-term leases of 12 months or less, treating the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Note 3 Critical Judgements in Applying Accounting Policies

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

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

Treatment of Voluntary Aided & Voluntary Controlled Schools

As at 31 March 2024, Enfield had 21 voluntary aided Schools (17 Primary; 4 Secondary) and 1 Secondary Foundation School. The Council has formed a judgement that it does not control the economic benefits which flow from these properties. Regarding voluntary aided Schools, this judgement was based on correspondence from the Diocese in which they attest their legal ownership and control of school property assets. Foundation school Trusts also own

Note 3 Critical Judgements in Applying Accounting Policies continued:

and control the property of the schools they manage, and the assets are included within their Trust accounts. Therefore, the Council does not recognise voluntary aided and foundation school property as assets on its Balance Sheet.

Meridian Water Assets

Land assets held in connection with the Meridian Water regeneration project are non-current assets owned by the Council. At the reporting date the assets were not used to deliver services and did not meet the criteria for Assets under Construction. Consequently, they have been classified as Surplus Assets in accordance with the Code. The value of these land assets at 31 March 2024 is £462m and have been valued at market value, on the basis of 'highest and best use', which is industrial. Once detailed planning consent as well as a development agreement are in place, the valuation would be calculated on a residential basis, as the reader of the Accounts could be confident that the site would be developed for residential purposes.

Impairment Allowances for Doubtful Debt

As at 31 March 2024, the Council had an outstanding balance of short-term debtors totalling £128.7m. Within this debtors' balance, there is an impairment allowance of £46.5m, meaning the gross short-term debtors are £175.2m. It is not absolutely certain that this impairment allowance would be sufficient as the Council cannot assess with certainty which debts will be collected or not. The economic impact of high inflation and cost of living has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts.

The impairment allowances held are based on policies adapted to historic collection rates in relation to the specific type of debt and success rates experienced in collection. However, under IFRS 9, there is a significantly greater focus on judgement and thus the Council further takes into account future considerations, such as specific knowledge on specific debtors or classes of debtors. During 2023/24, the Council reviewed the debts outstanding and made adjustments reflecting the uncertainty of the collection rates as a result of the impact of the cost of living and the economy.

The Council's share of bad debt provisions for doubtful debts have been calculated at 31 March 2024 as £20.298m for council tax and £4.370m for business rates (NNDR).

Business Rates Appeals Provision

The Council experienced very high levels of appeals against the 2010 revaluation of business hereditaments. Most of the appeals were resolved during 2023/24 with a small residual number outstanding with the Valuation Office Agency. The check, challenge, appeal process remains highly uncertain. The Collection Fund currently holds £12.8m appeals provision to counter the potential impact of successful appeals in future years.

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

The Accounts contain estimated figures that are based on assumptions made by Council officers, external valuers, actuaries and the Valuation Office about future and otherwise uncertain events. Estimates are made taking into account recent experience, current trends and other objective factors. Since balances cannot be determined with complete certainty there is the possibility that actual events could be materially different from the assumptions and estimates that have been made.

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

The principal items in the Council's Balance Sheet at 31 March 2024 which may materially be affected by future events are set out below.

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

Items	Uncertainty	Effect If Actual Results Differ from Assumptions
Property Plant and Equipment	<p>The estimated remaining useful life of all operational assets is reviewed annually based on the advice from the Council external valuers. Depreciation charges for operational buildings and council dwellings will change in direct relation to changes in estimated current value.</p> <p>The valuation of Property, Plant & Equipment (PPE) reported in the Council's Balance Sheet is a significant estimate informed by the Council's expert independent valuer – who assesses the circumstances of the Council's assets to determine the appropriate valuation methodology and reports the estimated values to be included in the financial statements.</p>	<p>Across the asset-base, a 1-year change in the UEL would have approximately a £1.8m change in the depreciation charge.</p> <p>The Council's Property, Plant & Equipment includes assets that a 1% change in market values would increase/decrease the Council's net equity by £2.2m (Property, Plant & Equipment (PPE) valuation of £2.329bn includes £130.7m of Assets Under Construction and £40.8m of community assets).</p> <p>A reduction in the estimated value of HRA dwellings would result in a reduction in the revaluation reserve or a loss in the CIES. If the value of dwellings were to reduce by 5% this would lead to a reduction in value of about £11.5m.</p> <p>The valuation of Group Property, Plant & Equipment is not significantly different to the main entity (£2.602bn vs £2.558bn). Therefore, no separate impact is considered.</p>
Fair value measurement of investment property	<p>The Council's external valuers use valuation techniques to determine the fair value of investment property. This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, but this is not always available. In which case, the valuers use the best information available.</p>	<p>Estimated fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date.</p> <p>A reduction of 1% in estimated value of Investment Property would result in a reduction in the revaluation reserve or loss in the CIES by £2.333m</p>
Pension Fund Liability	<p>Estimation of the net liability to pay pensions depends on judgements relating to the discount rate used, the rate at which employee earnings are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The Council has engaged an actuary to advise on these assumptions and judgements.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured. E.g.</p> <p>a. 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of approximately £23m.</p> <p>b. 1% increase in assumed earnings inflation would increase the value of liabilities by approximately £0.6m.</p> <p>c. one-year increase in assumed life expectancy would increase the liability by approximately £58m.</p>

Notes Supporting the Comprehensive Income and Expenditure Statement

Notes Supporting the Comprehensive Income and Expenditure Statement

Note 5 Expenditure and Funding Analysis

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

31 March 2023				31 March 2024		
Net Expenditure Chargeable to General Fund and HRA Balances £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the CIES £'000	Segment	Net Expenditure Chargeable to General Fund and HRA Balances £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the CIES £'000
10,745	-	10,745	Chief Executive	10,001	161	9,840
38,944	(76,974)	115,918	Corporate	91,357	53,881	37,476
148,995	(15,171)	164,166	People	124,171	(33,768)	157,939
44,327	(576)	44,903	Resources	52,814	(4,756)	57,570
44,738	(837)	45,575	Environment & Communities	36,845	(18,265)	55,110
12,967	-	12,967	Housing & Regeneration	21,754	(11,279)	33,033
10,050	(15,908)	25,958	Housing Revenue Account	(18,348)	(62,231)	43,883
310,766	(109,466)	420,232	Net Cost of Service	318,594	(76,257)	394,851
(284,298)	(12,295)	(272,003)	Other Operating Income and Expenditure	(302,679)	43,639	(346,318)
26,468	(121,761)	148,229	Deficit/(Surplus)	15,915	(32,618)	48,533
(146,345)			Opening General Fund & HRA Balance	(119,877)		
26,468			In year surplus / (deficit)	15,915		
(119,877)			Closing General Fund & HRA Balance	(103,962)		

*The adjustments of £32.618m are explained below and further analysed in the table following.

Notes Supporting the Comprehensive Income and Expenditure Statement

Note 5 Expenditure and Funding Analysis continued:

Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for other operating expenditure adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets. Financing and investment income and expenditure on the statutory charges for capital financing i.e., Minimum Revenue Provision (MRP) and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices. Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivables in the year to those receivables without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Adjustments Pension Benefits

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

Notes Supporting the Comprehensive Income and Expenditure Statement

Note 5 Expenditure and Funding Analysis continued:

Other Adjustments

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

31 March 2023					31 March 2024				
Adjustments for Capital Purposes	Adjustments for Pension Benefits	Other Adjustments	Total Adjustments	Segment	Adjustments for Capital Purposes	Adjustments for Pension Benefits	Other Adjustments	Total Adjustments	
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
-	(2,248)	2,248	-	Chief Executive	(30)	191	-	161	
(40,154)	(930)	(35,890)	(76,974)	Corporate	92,991	(1,287)	(37,823)	53,881	
(8,418)	(12,086)	5,333	(15,171)	People	(35,012)	760	484	(33,768)	
(576)	(6,356)	6,356	(576)	Resources	(5,214)	458	-	(4,756)	
(837)	-	-	(837)	Environment & Communities	(19,234)	969	-	(18,265)	
-	-	-	-	Housing & Regeneration	(11,427)	148	-	(11,279)	
(12,803)	(3,105)	-	(15,908)	Housing Revenue Account	(62,484)	253	-	(62,231)	
(62,789)	(24,724)	(21,953)	(109,466)	Net Cost of Service	(40,410)	1,492	(37,339)	(76,257)	
(1,334)	(10,961)	-	(12,295)	Other Operating Income and Expenditure	7,791	(3,569)	39,417	43,639	
(69,698)	(47,179)	(4,884)	(121,761)	Deficit/(Surplus)	(32,619)	(2,077)	2,078	(32,618)	

Adjustments between Internal Reporting & Statutory Position

These relate to:

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

The movement in General Fund (including schools) and HRA balances is analysed by subjective nature of income and expenditure in the table below.

Notes Supporting the Comprehensive Income and Expenditure Statement

Note 6 Expenditure and Funding Analysis

31 March 2023 £'000	Nature of Expenses	31 March 2024 £'000
391,932	Employee Related Expenses	383,183
723,666	Other Service Expenses	744,008
40,187	Depreciation & Amortisation	36,139
126,981	Impairment & Revaluation	35,864
48,494	Interest Payable & Similar Charges	31,875
8,160	Precepts & Levies	9,846
-	(Gain)/ Loss on disposal of non-current assets	27,054
1,325,623	Expenditure Total	1,267,969
(15,472)	(Gain)/ Loss on disposal of non-current assets	-
(262,431)	Fees, Charges & Other Service Income	(272,868)
(13,898)	Interest & Investment Income	(14,258)
(203,872)	Income from Council Tax & Non-Domestic Income	(224,343)
(681,721)	Government Grants & Contributions	(707,967)
(1,177,394)	Income Total	(1,219,436)
148,229	Deficit on Provision of Services	48,533

Notes Supporting the Comprehensive Income and Expenditure Statement

Note 7 Other Operating Income and Expenditure

31 March 2023				31 March 2024		
Gross Expenditure £'000	Gross Income £'000	Net £'000		Gross Expenditure £'000	Gross Income £'000	Net £'000
-	-	-	Payments to Housing Capital Receipts Pool	-	-	-
8,160	-	8,160	Precepts and Levies	9,846	-	9,846
15,304	(30,776)	(15,472)	(Gain)/ Loss on disposal of non-current assets	55,521	(28,467)	27,054
23,464	(30,776)	(7,312)	Total	65,367	(28,467)	36,900

Note 8 Financing and Investment Income and Expenditure

31 March 2023				31 March 2024		
Gross Expenditure £'000	Gross Income £'000	Net £'000		Gross Expenditure £'000	Gross Income £'000	Net £'000
23,730	-	23,730	Interest payable and similar charges	28,306	-	28,306
47,689	(36,722)	10,967	Net interest on the net defined pension liability	64,009	(60,440)	3,569
-	(6,294)	(6,294)	Interest Receivable and Similar Income	-	(8,297)	(8,297)
2,289	(9,893)	(7,604)	Income and Expenditure in relation to investment properties	2,966	(8,927)	(5,961)
20,479	-	20,479	Changes in fair value of investment properties	-	(64,709)	(64,709)
13,797	-	13,797	Other Investment Income and Expenditure	5,728	-	5,728
107,984	(52,909)	55,075	Total	101,009	(142,373)	(41,364)

Notes Supporting the Comprehensive Income and Expenditure Statement

Note 9 Taxation and Non-Specific Grant Income

31 March 2023 £000	Taxation & Non-Specific Grant Income	31 March 2024 £000
(132,942)	Income from Council Tax	(146,119)
(70,930)	Locally Retained Business Rates	(78,224)
(57,507)	General Government Grants and Contributions	(68,078)
(58,387)	Capital Grants and Contributions	(49,433)
(319,766)	Total	(341,854)

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

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

A. Capital Grants and Contributions

31 March 2023 £'000	Capital Grants and Contributions Government Grants	31 March 2024 £'000
(8,378)	Housing infrastructure Fund	(11,643)
(19,406)	Building Council Homes for Londoners	(8,837)
(4,485)	Special Provision Capital Fund	(7,687)
(7,407)	School Condition Allocations	(4,938)
(3,736)	Disabled Facilities Grant	(4,062)
(3,908)	Transport for London Grant	(3,908)
-	Local Authority Housing Fund	(1,938)
-	Community Infrastructure Levy Income	(1,107)
(2,887)	Rough Sleepers Accommodation Programme	-
(854)	School Basic Need Grant	-
(7,326)	Other Capital Grants and Contributions (under £1m each)	(5,313)
(58,387)	Total Capital Grants and Contributions	(49,433)

Notes Supporting the Comprehensive Income and Expenditure Statement

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

B. Non-Specific Revenue Grant Income

2022/23 £'000	Non-Specific Revenue Grant Income Credited to Taxation and Non-Specific Grant Income	2023/24 £'000	2022/23 £'000	Covid Grants credited to Taxation and Non-Specific Grant Income	2023/24 £'000
(18,214)	Revenue Support Grant	(20,758)	(1,955)	Covid-19 Additional Relief Fund(CARF)	-
(12,924)	Social Care Grant	(21,106)			
(684)	Local CT Support Scheme	-	(1,955)	Total Non-Specific Covid Grant Income	-
(12,540)	S31 Business Rates Grants	(19,525)			
(1,558)	Housing Benefit Administration Grant	(1,503)			
(5,113)	DLUHC Services Grant	(3,000)			
(2,230)	Other Grants & Contributions (under £1m each)	(2,110)			
(2,289)	Support for Energy Bills	(76)			
(1,955)	Covid-19 Add. Relief Fund (CARF)	-			
(57,507)	Total Non-Specific Revenue Grant Income	(68,078)			

Notes Supporting the Comprehensive Income and Expenditure Statement

Note 11 Grant Income Credited to Services

31 March 2023 £'000	General Government Grants	31 March 2024 £'000
(228,460)	Dedicated Schools Grant	(240,782)
(206,594)	Housing Benefit Subsidy	(192,074)
(18,024)	Public Health Grant	(18,611)
(15,784)	NCL CCG Section 75 Schemes	(16,728)
(12,547)	Education Funding Agency- Learning & Skills Grant	(13,871)
(12,642)	Adult Social Care Grant	(11,726)
(10,439)	Flexible Homelessness Grant	(11,269)
(9,582)	Pupil Premium Grant	(19,855)
(6,800)	PFI Grants	(6,800)
(2,086)	Universal Infant Free School Meals Grant	(6,247)
(5,621)	Household Support Fund	(5,696)
-	Mainstream Schools Additional Grant	(4,731)
(4,240)	Asylum Grant	(3,723)
(877)	Market Sustainability and Fair Cost of Care Fund	(3,041)
(2,285)	Homes for Ukraine Grant	(2,525)
-	Market Sustainability and Improvement Fund	(1,975)
(1,665)	Supporting Families Grant (formerly Troubled Families Grant)	(1,941)
-	Teachers' Pay Additional Grant	(1,775)
(1,427)	Recovery Premium Funding	(1,708)
(1,671)	Discretionary Housing Payment	(1,671)
(2,190)	Hospital Discharge Funding	(1,644)
(1,578)	Holiday Activities and Food (HAF)	(1,594)
(1,003)	Rough Sleeper Initiative	(1,416)
(3,978)	DFE Schools Supplementary Grant	(1,384)
-	Community Focused Extended School Funding	(1,035)
(2,386)	Transport for London	(804)
(1,960)	Rough Sleeper Accommodation Programme	(572)
(11,988)	Other Grants and Contributions (under £1m each)	(15,258)
(565,827)	General Government Grants	(590,456)

31 March 2023 £'000	Covid grants included in this note are as follow:	31 March 2024 £'000
(1,427)	Recovery Premium Funding	(1,708)
(195)	Schools Led Tutoring Grant	(455)
(481)	Community Vaccine Champions grant	-
(69)	COVID 19 National Testing Programme	-
61	Reopening High Streets Safely Fund	-
(44)	Other Covid Grants under £100,000	-
(2,155)	Total Service-Specific Covid Grant Income	(2,163)

Notes Supporting the Comprehensive Income and Expenditure Statement

Note 12 Dedicated Schools' Grant

The Council's expenditure on schools is funded primarily by grant money provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department to fund academy schools in the Councils' area. DSG is ring fenced and can only be applied to meet expenditure properly included in the schools' budget, as defined in the School Finance (England) Regulations 2011.

The schools budget includes elements for a range of educational services provided by the Council and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school. Details of the deployment of DSG receivable for 2023/24 are as follows:

	Central expenditure £'000	Individual schools' budget £'000	Total 31 March 2024 £'000	Total 31 March 2023 £'000
Final DSG for 2023/24 before academy and high needs recoupment			403,522	381,754
Academy and high needs figure recouped			160,191	153,399
Total DSG after academy and high needs recoupment			243,331	228,355
Plus: Brought forward from Previous Year				-
Less: Carry-forward to next Financial Year agreed in advance				-
Agreed initial budgeted distribution	66,594	176,737	243,331	228,355
In year adjustments	-	(184)	(184)	105
Final budget distribution	66,594	176,553	243,147	228,460
Less: Actual central expenditure	66,739	-	66,739	57,735
Less: Actual ISB deployed to schools	-	175,924	175,924	173,344
Plus: Local authority contribution current year	-	-	-	-
In Year Carry-forward	(145)	629	484	(2,618)
Plus/Minus: Carry-forward to next Financial Year agreed in advance				-
Carry-forward to next Financial Year			484	-
DSG unusable reserve at the end of previous year			(15,236)	(12,618)
Addition to DSG unusable reserve at the end of current year			-	(2,618)
Total of DSG unusable reserve at the end of current year			(15,236)	(15,236)
Net DSG position at the end			(14,752)	(15,236)

Notes Supporting the Comprehensive Income and Expenditure Statement

Note 13 Material Items of Income and Expenditure

The Council incurred expenditure of £5.696m in 2023/24 which was funded from Government Grants allocated to the Council this financial year to help support residents with the cost of living. This is included in the Comprehensive Income and Expenditure net cost of service.

Note 14 Members Allowances

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

31 March 2023		31 March 2024
£'000		£'000
666	Basic allowances	691
322	Special responsibility allowances	343
988	Total	1,034

Notes Supporting the Comprehensive Income and Expenditure Statement

Note 15 Senior Officers' Remuneration

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

Senior Employee Designation	Year	Taxable Pay £000	Pension Contribution £000	Total £000
Ian Davis (Chief Executive)	2023/24	221,604	38,923	260,527
Tony Theodoulou (Executive Director of People * 1)	2023/24	174,486	-	174,486
Simon Pollock (Executive Director, Interim)*	2023/24	150,968	28,835	179,802
Fay Hammond (Executive Director of Resources *2)	2023/24	174,486	-	174,486
Director of Law & Governance *3	2023/24	133,569	25,512	159,081
Strategic Director Housing & Regeneration*	2023/24	139,680	26,679	166,359
Executive Director of Environment & Communities *5	2023/24	41,613	7,948	49,561
Director of HR & Organisational Development*	2023/24	131,448	25,102	156,550
Director – Meridian Water*	2023/24	128,709	24,583	153,292
Director of Public Health *4	2023/24	100,189	19,136	119,326
Head of Electoral Services*	2023/24	75,819	14,481	90,300

Senior Employee Designation	Year	Taxable Pay £000	Pension Contribution £000	Total £000
Ian Davis (Chief Executive)	2022/23	215,785	-	215,785
Tony Theodoulou (Executive Director of People * 1)	2022/23	168,584	-	168,584
Sarah Cary (Executive Director of Place)	2022/23	132,329	26,731	159,060
Fay Hammond (Director of Resources *2)	2022/23	165,175	-	165,175
Terry Osborne (Director of Law & Governance *4)	2022/23	61,056	12,333	73,389
Terry Osborne (Interim Director of Law & Governance *3)	2022/23	116,850	-	116,850
Director of Public Health *5	2022/23	93,734	18,934	112,668

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

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

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

* 4: This is a statutory role.

* 5: The postholder started the role on 8th January 2024

* The postholder reports directly into Head of Paid Service

Notes Supporting the Comprehensive Income and Expenditure Statement

Note 16 Other Employees with Remuneration over £50,000

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

2022/23				2023/24		
Non Schools	Schools	Total	Taxable Remuneration Band	Non Schools	Schools	Total
192	108	300	£50,000 - £54,999	186	125	311
54	85	139	£55,000 - £59,999	90	83	173
122	48	170	£60,000 - £64,999	45	65	110
28	26	54	£65,000 - £69,999	124	41	165
43	16	59	£70,000 - £74,999	28	20	48
17	11	28	£75,000 - £79,999	35	20	55
36	11	47	£80,000 - £84,999	38	10	48
9	4	13	£85,000 - £89,999	10	8	18
7	1	8	£90,000 - £94,999	6	5	11
14	4	18	£95,000 - £99,999	12	2	14
1	3	4	£100,000 - £104,999	3	2	5
3	1	4	£105,000 - £109,999	0	1	1
-	-	-	£110,000 - £114,999	6	4	10
4	2	6	£115,000 - £119,999	1	-	1
-	-	-	£120,000 - £124,999	3	1	4
2	-	2	£125,000 - £129,999	-	-	-
-	1	1	£130,000 - £134,999	1	-	1
2	-	2	£135,000 - £139,999	-	-	-
-	-	-	£140,000 - £144,999	1	1	2
1	1	2	£145,000 - £149,999	-	-	-
-	-	-	£155,000 - £159,999	-	1	1
535	322	857	Totals	589	389	978

Notes Supporting the Comprehensive Income and Expenditure Statement

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

Note 17 Termination Benefits and Exit Packages

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

If an employee is aged 55 or over and is a member of the pension scheme, they are entitled to receive their occupational pension at the point at which their employment was terminated. This gives rise to an extra strain on the Pension Fund, the cost of which is reimbursed from the General Fund or HRA. Redundancy payments and the pension strain effect are the key components of the cost of exit packages.

31 March 2023					31 March 2024				
No. of Redundancies	No. of Other Departures	Total No. of Exit Packages by Band	Total Cost of Exit Packages by Band £'000	Exit Package Cost Band (including special payments)	No. of Redundancies	No. of Other Departures	Total No. of Exit Packages by Band	Total Cost of Exit Packages by Band £'000	
39	39	78	490	£0 - £20,000	62	36	98	664	
12	6	18	488	£20,000 - £40,000	14	7	21	578	
6	1	7	323	£40,000 - £60,000	3	-	3	148	
57	46	103	1,301	Total	79	43	122	1,390	

Notes Supporting the Comprehensive Income and Expenditure Statement

Note 18 External Audit Costs

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

2022/23	2023/24
£'000	£'000
Main Audit:	
- 2023/24	446
218 2022/23	-
50 2021/22	-
56 2020/21	-
61 2019/20	-
5 2018/19 and pre 2018 Audit	-
Housing Benefit:	
- 2023/24	47
- 2022/23	30
Teachers' Pension:	
- 2023/24	13
- 2021/22	17
- Grants Audit 2023/24	10
- GLA schemes 2023/24	23
- Housing Capital receipts 2023/24	10
390 Audit Cost Total	596

Notes Supporting the Comprehensive Income and Expenditure Statement

Note 19 Related Parties and Group Structure

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

Central Government

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

Members and Officers

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

For financial year 2023/24 several members and senior officers declared they had interests with Local Voluntary Bodies, Charities, schools and other organisations. Transactions between the Council and the vast majority of these organisations were not materially significant and in all cases the member or officer was not in a position to control or direct them. Details of these interests are recorded in the Register of Members Interests which is open to public inspection. Note 19 Related Parties and Group Structure continued:

Group Structure

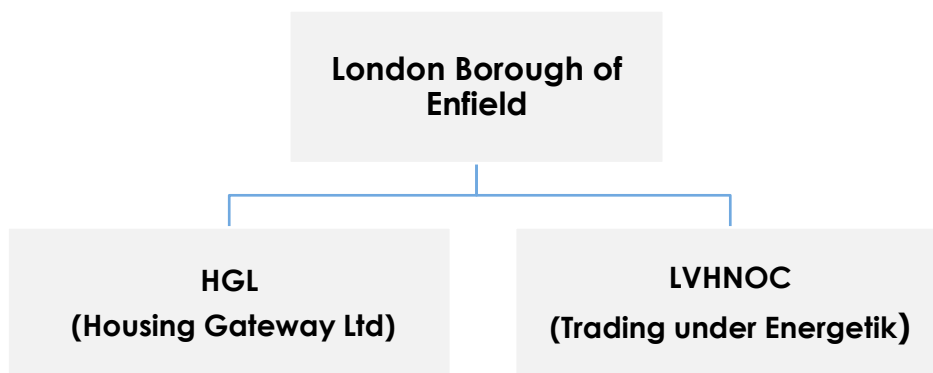
For a variety of legal, regulatory and service delivery reasons, local authorities may conduct their activities through other legal entities that fall under their ultimate control. For this reason, the financial statements of the local authority alone do not in themselves, present a full picture of its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

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

The Council has two (2022/23: two) subsidiaries that are active. Each company is 100% owned by the Council (parent body). All companies have been consistently consolidated into the group accounts on a line-by-line basis with intercompany transactions, balances and cash flows eliminated.

Notes Supporting the Comprehensive Income and Expenditure Statement

2023/24 Structure –



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

The Council's Investment in its Subsidiaries -

31 March 2023 £'000	Subsidiary	Accounting Valuation Basis	Fair Value Level	31 March 2024 £'000
43,407	HGL (Loans)	Amortised Cost	2	43,373
4,857	HGL (Equity)	Fair Value through Profit & Loss (FVPL)	3	4,834
4,046	Energetik (Loans)	Fair Value through Profit & Loss (FVPL)	3	4,627
16,840	Energetik (Equity)	Fair Value through Profit & Loss (FVPL)	3	16,795
69,150	Total			69,629

Notes Supporting the Comprehensive Income and Expenditure Statement

Note 19 Related Parties and Group Structure continued:

As at 31 March 2024 the Council held long-term investments in two of its wholly owned subsidiaries: HGL and Energetik.

With respect to Housing Gateway Limited (HGL) the investment has arisen as a result of advancing loans to HGL where the rate of interest charged is below that of market rates for comparable organisations. Soft loan accounting for these loans has resulted in a long-term investment being created. Total nominal loans of £132.9m were outstanding at 31 March 2024. Proper accounting practice requires that £43.4m is deemed to be "investment in the subsidiary", that is valued on an amortised cost basis, and represents the benefit of the reduced interest rate.

There was no new equity injection in HGL during 2023/24. In accordance with Fair Value accounting the existing equity share (purchased in 2020/21) was revalued at £4.8m based on a perceived level of risk. The value of the gross equity prior to impairment was £5.0m.

The Lee Valley Heat Network Limited (LVHN) long-term investment, total nominal loans of £43.3m were advanced as at 31st March 2024, of which £4.6m was deemed to be an "investment in subsidiary" under proper accounting practice that is valued on a fair value through the profit & loss accounting basis. The accounting basis recognises the company being an innovative start-up company, which by their very nature are deemed to be of a higher business risk.

There was no new equity injection in LVHN during 2023/24 and in accordance with Fair Value accounting the equity share valuation (purchased in 2020/21 and 2022/23 remains at £16.8m The value of the gross equity prior to impairment was £17.8m.

Housing Gateway Limited (HGL)

HGL was formed in March 2014 with the purpose of acquiring properties to increase the availability of value for money social housing for Enfield residents and to discharge the Council's statutory duties for homelessness. HGL commenced trading in financial year 2014/15. During 2023/24 the Board of Directors included non-executive directors Councillor Sabri Ozaydin and Officers Kayt Wilson (Head of Legal Services) and Joanne Drew (Director of Housing & Regeneration). As at 31 March 2024, HGL had an outstanding loan balance of £132.9m (2022/23: £126.8m) and included new loans advanced of £6.5m during the year.

The HGL Loan is split between long-term debtor loans of £89.6m and long-term investment of £43.3m. The long-term investment is a consequence of soft loan accounting reflecting HGL receiving loans at sub-market rates.

The Council also holds a £5.0m equity share in HGL that was purchased in 2022/23. The proceeds have been used for capital purposes. In accordance with Fair Value accounting this equity share is valued at £4.8m based on a perceived level of risk.

Notes Supporting the Comprehensive Income and Expenditure Statement

Note 19 Related Parties and Group Structure continued:

Lee Valley Heating Network Operating Company (LVHNOC)/Energetik

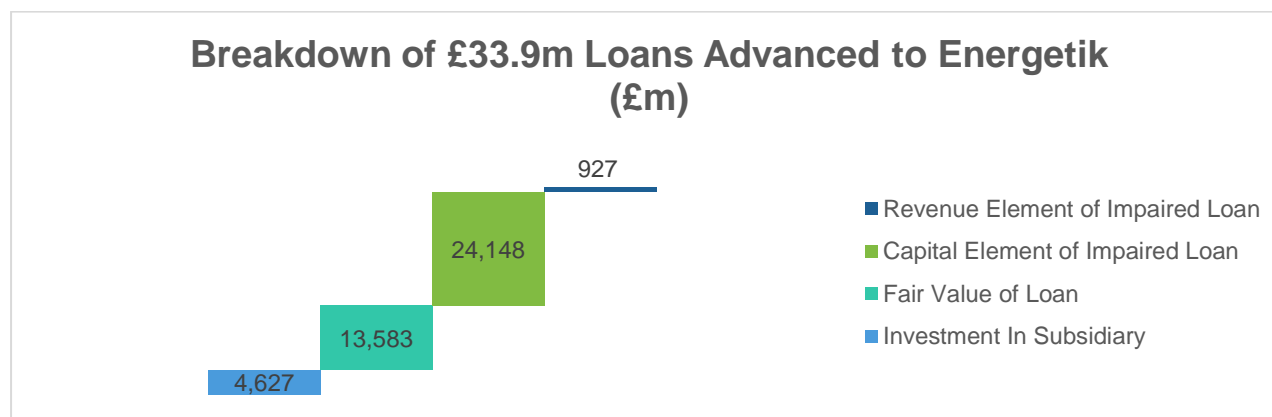
In 2011, the Council set up New River Services Ltd with the Board made up of Councillors and Senior Officers. The Company provided a legal platform to enable the Council to trade its services with other public bodies on a commercial basis. The Company was renamed Lea Valley Heat Network Ltd in June 2013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

During 2023/24, the Management Board included Mrs C Clare, Mr I Guest, Mr M King, Cllr Doug Taylor and Dr T Groth. After 31st March 2024 Mrs C Clare ceased to be a Director and Mw S Pollock was appointed as a Director. As at 31 March 2024 Energetik had outstanding loans with the Council of £43.3m (2022/23: £33.9m), a growth of £9.4m (2022/23: £18.7m) over the previous year.

There was no new equity purchased by the Council in 2023/24, and the gross value of equity remained at £17.8m which was purchased in 2022/23 (£12.8m) and 2020/21 (£5.0m). In accordance with Fair Value accounting this equity share is valued at £16.8m based on a perceived level of risk as noted in the above paragraph.

Similar to HGL, loans to Energetik are issued below the Market rate and therefore undergo a soft loan assessment under proper accounting practice that is valued on a fair value through the profit & loss accounting basis. The accounting basis recognises the company being an innovative start-up company, which by its very nature is deemed to be of a higher risk. Therefore, of the £43.3m loans outstanding with Energetik, £4.6m is deemed to be an "investment in subsidiary" as a result of soft loan accounting; there is an impairment of £25.1m to the loan, which is split £0.9m to Revenue and £24.2m to Capital, which is reversed out of the General Fund to the Capital Adjustment Account. The balance of £13.6m loan is held on the balance sheet as a long-term Debtor and comprises of revenue and capital loans. The loan is reviewed annually for possible impairments.

Breakdown of Loan to LVHN/Energetik



Notes Supporting the Comprehensive Income and Expenditure Statement

Note 19 Related Parties and Group Structure continued:

Joint Venture

Montagu 406 Regeneration LLP

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

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

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

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

Meridian Water

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

Notes Supporting the Movement in Reserves Statement

Notes Supporting the Movement in Reserves Statement

Note 20 Adjustments Between Accounting Basis and Funding Basis Under Regulations

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

Expense	Accounting Basis in CIES	Funding Basis in MiRS	Adjustment Account
Property, Plant and Equipment	Depreciation and revaluation/impairment losses	Minimum Revenue Provision(MRP) to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
Intangible Assets	Amortisation and impairment	Minimum Revenue Provision(MRP) to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
Investment Properties	Movements in fair value	Minimum Revenue Provision(MRP) to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
Revenue Expenditure Funded from Capital under Statute	Expenditure incurred in 2023/24	Minimum Revenue Provision(MRP) to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
Capital Grants and Contributions	Grants that became unconditional in 2023/24 or were received in 2023/24 without conditions	No credit	Capital Grants Unapplied Reserve (amounts unapplied at 31 March 2024) Capital Adjustment Account (other amounts)
Non-Current Asset Disposals	Gain or loss based on sale proceeds less carrying amount of asset (net of costs of disposal)	No charge or credit	Capital Adjustment Account (carrying amount) Capital Receipts Reserve (sale proceeds and costs of disposal)
Pensions Costs	Movements in pensions assets and liabilities (see Note 45)	Employer's pensions contributions payable and direct payments made by the Council to pensioners for 2023/24	Pensions Reserve
Council Tax	Accrued income from 2023/24 bills	Demand on the Collection Fund for 2023/24 plus share of estimated surplus for 2022/23	Collection Fund Adjustment Account
Business Rates	Accrued income from 2023/24 bills	Budgeted income receivable from the Collection Fund for 2023/24 plus share of estimated surplus for 2022/23	Collection Fund Adjustment Account
Dedicated Schools Grant	Expenditure incurred in 2023/24 to be met from Dedicated Schools Grant	Expenditure incurred up to the amount of the Grant receivable for 2023/24.	Dedicated Schools Grant Adjustment Account
Holiday Pay	Projected cost of untaken leave entitlements at 31 March 2024	No charge	Accumulated Absences Adjustment Account

Notes Supporting the Movement in Reserves Statement

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

31 March 2024	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Unusable Reserves £'000	Corresponding Unusable Reserve
Adjustments to Revenue Resources							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement differ from increases / decreases in revenue for the year calculated in accordance with statutory requirements:							
· Pensions costs	(2,330)	253	-	-	-	2,077	Pensions Reserve
· Council tax & business rates	1,594	-	-	-	-	(1,594)	Collection Fund Adjustment Account
· Schools deficit	484	-	-	-	-	(484)	Dedicated Schools Grant Reserve
· Holiday pay	(587)	265	-	-	-	322	Accumulated Absences Account
· Capital expenditure	934	(62,751)	(34,091)	(10,526)	(28,360)	134,793	Capital Adjustment Account
Capital and Revenue Financing							
Resources set aside for capital financing	28,343	8,310	21,081	10,400	41,142	(109,275)	Capital Adjustment Account
Use of capital receipts for revenue purposes	(7,133)	-	7,133	-	-	-	
Transfer to and from deferred capital receipts	-	-	-	-	-	-	Deferred capital Receipts reserve
Total adjustments	21,305	(53,923)	(5,877)	(126)	12,782	25,839	
31 March 2023							
Adjustments to Revenue Resources							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement differ from increases / decreases in revenue for the year calculated in accordance with statutory requirements:							
· Pensions costs	(44,079)	(3,105)	-	-	-	47,184	Pensions Reserve
· Council tax & business rates	(1,799)	-	-	-	-	1,799	Collection Fund Adjustment Account
· Schools deficit	(2,618)	-	-	-	-	2,618	Dedicated Schools Grant Reserve
· Holiday pay	(74)	(307)	-	-	-	381	Accumulated Absences Account
· Capital expenditure	(85,018)	(23,110)	(30,991)	(5,029)	(52,315)	196,463	Capital Adjustment Account
Capital and Revenue Financing							
Resources set aside for capital financing	29,443	11,071	27,116	5,716	60,452	(133,798)	Capital Adjustment Account
Use of capital receipts for revenue purposes	(1,953)	-	1,953	-	-	-	
Transfer to and from deferred capital receipts	-	(212)	-	-	-	212	Deferred capital Receipts reserve
Total adjustments	(106,098)	(15,663)	(1,922)	687	8,137	114,859	

Notes Supporting the Movement in Reserves Statement

Note 21 Unusable Reserves

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

Adjustments between Accounting and Funding Basis 2023/24						
Unusable Reserves	Opening Balance 1 April 2023 £'000	Other Comprehensive Income and Expenditure £'000	Adjustments to Revenue Resources £'000	Capital and Revenue Financing £'000	Other Movements £'000	Closing Balance 31 March 2024 £'000
Revaluation Reserve	(913,369)	(285,858)	-	-	23,615	(1,175,612)
Capital Adjustment Account	(327,022)	-	134,794	(109,275)	(23,615)	(325,118)
Collection Fund Adjustment Account	(706)	-	(1,594)	-	-	(2,300)
Dedicated Schools Grant Reserve	15,236	-	(484)	-	-	14,752
Accumulated Absences Account	8,855	-	321	-	-	9,176
Pensions Reserve	76,670	(32,480)	2,077	-	-	46,267
Deferred Capital Receipts Reserve	(8,411)	-	-	-	-	(8,411)
Total	(1,148,747)	(318,338)	135,114	(109,275)	-	(1,441,246)

Adjustments between Accounting and Funding Basis 2022/23						
Unusable Reserves	Opening Balance 1 April 2022 £'000	Other Comprehensive Income and Expenditure £'000	Adjustments to Revenue Resources £'000	Capital and Revenue Financing £'000	Other Movements £'000	Closing Balance 31 March 2023 £'000
Revaluation Reserve	(947,214)	23,795	-	-	10,050	(913,369)
Capital Adjustment Account	(379,636)	-	196,462	(133,798)	(10,050)	(327,022)
Collection Fund Adjustment Account	(2,506)	-	1,800	-	-	(706)
Dedicated Schools Grant Reserve	12,618	-	2,618	-	-	15,236
Accumulated Absences Account	8,474	-	381	-	-	8,855
Pensions Reserve	422,564	(393,078)	47,184	-	-	76,670
Deferred Capital Receipts Reserve	(8,623)	-	212	-	-	(8,411)
Total	(894,323)	(369,283)	248,657	(133,798)	-	(1,148,747)

Notes Supporting the Movement in Reserves Statement

Note 22 Transfers (To) / From Earmarked Reserves

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

Reserves and Balances	31 March 2023 £'000	Net Transfers 2023/24 £'000	31 March 2024 £'000
General Fund – Earmarked Reserves			
01 – Risk + MTFP Smoothing Reserves	(26,203)	1,999	(24,204)
02 - Capital Financing	(23,463)	22,368	(1,095)
03 - Service Specific	(12,066)	7,705	(4,361)
04 - Insurance	(7,513)	21	(7,492)
05 - Property	(925)	514	(411)
06 - Grants & Other Contributions	(20,930)	(5,890)	(26,820)
07 - Schools	1,336	(2,152)	(816)
Sub Total	(89,764)	24,565	(65,199)
08 – General Fund Balance	(13,950)	(400)	(14,350)
Total General Fund Reserves	(103,714)	24,165	(79,549)
Housing Revenue Account - Earmarked Reserves			
09 - Grants & Other Contributions	-	-	-
10 - Insurance	(523)	(170)	(693)
11 - Property	(2,006)	933	(1,073)
Sub Total	(2,529)	763	(1,766)
12 – HRA Balance	(13,634)	(9,013)	(22,647)
Total HRA Reserves	(16,163)	(8,250)	(24,413)
Total Revenue Reserves	(119,877)	15,915	(103,962)

Notes Supporting the Movement in Reserves Statement

General Fund Earmarked Reserves includes:

Risk + MTFP Smoothing Reserves

These reserves are kept aside to smooth out the ebbs and flows of the Collection Fund and the timing of savings delivery (Risk Reserve and Adult Social Care Smoothing Reserve. this includes £10m set aside for Temporary Accommodation cost pressures in 2024/25).

Capital Financing

The Capital Financing Reserves of £1 million is dedicated to covering the expenses related to the strategic review of Energetik. This amount has been earmarked from the investment returns generated by the benefit of the low interest loans received but not yet allocated to Energetik, as set out in the Treasury outturn

Service Specific

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

Insurance Reserve

This reserve is set aside in order to finance costs (e.g. claims and premium payments) associated with insurable risk. The reserve meets expenditure relating to various types of future claims.

Property Reserve

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

Grants & Other Contributions

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

Schools

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

General Fund Balance

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

Housing Revenue Account Reserves include:

Grants & Other Contributions

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

Insurance

Similar to the General Fund, the HRA maintains a small Insurance Reserve to finance costs associated with insurable risks.

Property

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

Housing Revenue Account Balance

This reserve is similar in function to the General Fund Balance

Notes Supporting the Consolidated Balance Sheet

Notes Supporting the Consolidated Balance Sheet

Note 23 Property, Plant and Equipment

Balances as at 31 March 2024	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Cost or Valuation	742,560	902,864	35,182	40,795	476,679	130,670	2,328,750
Accumulated Depreciation	-	(7,108)	(26,464)	-	-	-	(33,572)
Carrying Amount	742,560	895,756	8,718	40,795	476,679	130,670	2,295,178
Owned	742,560	831,026	8,718	40,795	476,679	130,670	2,230,448
PFI	-	64,730	-	-	-	-	64,730
Carrying Amount	742,560	895,756	8,718	40,795	476,679	130,670	2,295,178
Movement in Carrying Amount	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 2023	757,848	662,794	9,078	41,418	434,344	97,924	2,003,406
Additions	74,927	13,483	3,385	773	42,259	32,746	167,573
Revaluation increases / (decreases) recognised in Revaluation Reserve	(5,443)	290,258	-	-	420	-	285,35
Revaluation increases / (decreases) recognised in the CIES	(69,764)	(23,375)	-	(543)	-	-	(93,682)
Depreciation	(4,505)	(11,545)	(3,394)	-	-	-	(19,444)
Impairments recognised in the CIES	-	(848)	(74)	-	-	-	(922)
Disposals and Derecognitions	(8,214)	(32,356)	(277)	(997)	(345)	-	(42,189)
Transfer to Inventory	-	-	-	-	-	-	-
Reclassifications	(2,288)	1,244	-	143	-	-	(901)
Reclassifications (to) / from Assets held for Sale	-	(10,192)	-	-	-	-	(10,192)
Reclassifications (to) / from Investment Property	-	6,292	-	-	-	-	6,292
Other Movements	(1)	1	-	1	1	-	2
As at 31 March 2024	742,560	895,756	8,718	40,795	476,679	130,670	2,295,178

Notes Supporting the Consolidated Balance Sheet

Note 23 Property, Plant and Equipment continued:

Balances as at 31 March 2023	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Cost or Valuation	757,848	681,002	48,034	41,418	434,344	97,924	2,060,570
Accumulated Depreciation	-	(18,208)	(38,956)	-	-	-	(57,164)
Carrying Amount	757,848	662,812	9,078	41,418	434,344	97,924	2,003,406
Owned	757,848	653,278	9,078	41,418	434,344	97,924	1,993,890
PFI	-	9,516	-	-	-	-	9,516
Carrying Amount	757,848	662,794	9,078	41,418	434,344	97,924	2,003,406
Movement in Carrying Amount	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 2022	763,980	637,610	8,439	61,947	435,347	94,778	2,002,101
Additions	42,729	13,200	3,839	612	33,851	67,081	161,312
Revaluation increases / (decreases) recognised in Revaluation Reserve	(4,708)	12,625	-	8,129	(38,498)	-	(22,452)
Revaluation increases / (decreases) recognised in the CIES	(53,389)	(6,764)	-	(29,673)	(553)	-	(90,379)
Depreciation	(4,553)	(10,722)	(4,473)	-	-	-	(19,748)
Impairments recognised in the CIES	-	(1,442)	(89)	-	-	-	(1,531)
Disposals and Decommissioning	(8,644)	(2,050)	-	-	(3)	(3,417)	(14,114)
Transfer to Inventory	-	-	-	-	-	(10,842)	(10,842)
Reclassifications	22,433	21,166	1,362	439	4,200	(49,600)	-
Reclassifications (to) / from Assets held for Sale	-	(468)	-	-	-	-	(468)
Reclassifications (to) / from Investment Property	-	(361)	-	(36)	-	(76)	(473)
As at 31 March 2023	757,848	662,794	9,078	41,418	434,344	97,924	2,003,406

*The stated carrying value of Surplus Assets reflects their highest and best use as Level 2 inputs in the IFRS 13 Fair Value measurement hierarchy. Meridian Water represents £462m of the net book value in 2023/24 and £420m in 2022/23.

Notes Supporting the Consolidated Balance Sheet

Note 23a Group Property, Plant and Equipment

Within the consolidation of the group accounts, £48.0m, of Investment Properties are reclassified as Property, Plant & Equipment (PPE) because they are used for operational purposes within the group. So rather than an extensive table of movements (which are materially the same as the single entity's accounts), the following table should help illuminate the content of Property, Plant & Equipment (PPE)

31 March 2023		31 March 2024
£'000		£'000
2,187,853	Council's Property, Plant & Equipment (PPE)	2,477,913
48,789	Reclassified from Investment Property (Housing Gateway Ltd)	48,049
119	Housing Gateway Limited (HGL)	124
37,603	Lee Valley Heat Network (LVHN)	49,217
2,274,364	Total	2,575,303

Notes Supporting the Consolidated Balance Sheet

Note 24 Infrastructure Assets

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

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

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

31 March 2023		31 March 2024
£'000		£'000
183,506	Net book value as at 1 April	184,447
16,128	Additions and Enhancements	12,028
(13,515)	Depreciation	(13,245)
(961)	Impairments recognised in the CIES	(496)
(711)	Disposals and Derecognitions	-
-	Other Movements	1
184,447	Net Book Value as at 31 March	182,735
184,447	Infrastructure assets	182,735
2,003,406	Other Property, Plant & Equipment (PPE) assets	2,295,178
2,187,853	Total Property Plant and Equipment	2,477,913

Notes Supporting the Consolidated Balance Sheet

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

Balances as at 31 March 2024	Investment Property £'000	Heritage Assets £'000	Assets Held for Sale £'000	Intangible Assets £'000
Cost or Valuation	233,103	5,105	10,192	52,675
Accumulated Depreciation	-	-	-	(45,932)
Carrying Amount	233,103	5,105	10,192	6,743
Movements in Carrying Amount	Investment Property £'000	Heritage Assets £'000	Assets Held for Sale £'000	Intangible Assets £'000
As at 1 April 2023	182,015	3,929	1,721	11,409
Additions	312	65	-	-
Revaluation increases / (decreases) recognised in Revaluation Reserve	-	623	-	-
Revaluation increases / (decreases) recognised in the CIES	64,709	-	-	-
Depreciation	-	-	-	(3,450)
Disposals and Decommissioning	(7,651)	(412)	(1,711)	(1,216)
Reclassifications (to) / from Assets Held for Sale	10	-	(10)	-
Reclassifications (to) / from Property, Plant & Equipment	(6,292)	900	10,192	-
As at 31 March 2024	233,103	5,105	10,192	6,743

Notes Supporting the Consolidated Balance Sheet

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

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

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

Notes Supporting the Consolidated Balance Sheet

Note 26 Non-Current Assets Valuation

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

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

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

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

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

Revaluations	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Investment property £'000	Heritage £'000	Assets Held for Sale £'000	Intangible Assets £'000	Total £'000
Carried at Historical / Depreciated Historical Cost	-	-	35,182	182,735	40,795	-	130,670	-	5,105	10,192	6,743	411,422
Valued at current value as at:												
31 March 2024	742,560	783,799	-	-	-	14,420	-	233,103	-	-	-	1,773,882
31 March 2023	-	16,140	-	-	-	462,259	-	-	-	-	-	478,399
31 March 2022	-	82,167	-	-	-	-	-	-	-	-	-	82,167
31 March 2021	-	6,978	-	-	-	-	-	-	-	-	-	6,978
31 March 2020	-	13,780	-	-	-	-	-	-	-	-	-	13,780
Total Cost or Valuation	742,560	902,864	33,502	182,735	40,795	476,679	130,670	233,103	5,105	10,192	6,743	2,766,628

Notes Supporting the Consolidated Balance Sheet

Note 27 Surplus Assets

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

For all valuations as at 31st March 2024, the level of observable inputs were all deemed to be Level 2. This includes the value of the Meridian Water assets.

Level 2

2023/24	1 April 2023 £'000	Transfers In £'000	Transfers Out £'000	Additions £'000	Disposals £'000	Fair Value Movements £'000	31 March 2024 £'000
Land	420,000	-	-	42,259	-	-	462,259
Buildings	-	-	-	-	-	-	-
	420,000	-	-	42,259	-	-	462,259

Level 2

2022/23	1 April 2022 £'000	Transfers In £'000	Transfers Out £'000	Additions £'000	Disposals £'000	Fair Value Movements £'000	31 March 2023 £'000
Land	435,000	-	-	33,228	-	(48,228)	420,000
Buildings	-	-	-	-	-	-	-
	435,000	-	-	33,228	-	(48,228)	420,000

Notes Supporting the Consolidated Balance Sheet

Note 28 Investment Properties

The fair value of the Council's investment property is measured annually at each reporting date. For 2023/24 the fair value for investment properties has been certified by RICS qualified valuers (Knight Frank, Spencer Craig & Sanderson Weatherhall) based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area.

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

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

31 March 2023		31 March 2024
£'000		£'000
75,001	Land	84,717
47,756	Commercial Units	48,305
31,097	Shops	30,856
28,161	Other	69,225
182,015	Total	233,103

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

31 March 2023		31 March 2024
£'000		£'000
(9,893)	Rental and Service Charge Income from Investment Property	(8,927)
2,289	Related Operating Expenses	2,966
20,479	Changes in Fair Value ((Increase)/Decrease)	(64,709)
12,875	Net (gain)/loss	(70,670)

Notes Supporting the Consolidated Balance Sheet

Note 28 Investment Properties continued:

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on its right to the remittance of income and the proceeds of disposal, except for a number of covenants and other contractual restrictions attached to the rural estate that do not have a material impact on fair value. The movement in the fair value of investment properties over the year is summarised above.

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

There were no transfers between any of the three levels during 2023/24 or the preceding year.

The breakdown of the Level 3 Properties for 2022/23 and 2023/24 is as follows:

31 March 2024	Land £'000	Commercial Units £'000	Total £'000
Opening Balance	27,812	5,686	33,498
Additions	312	-	312
Disposals	-	(26)	(26)
Unrealised Gains/Losses	439	108	547
Closing Balances	28,563	5,768	34,331

31 March 2023	Land £'000	Commercial Units £'000	Total £'000
Opening Balance	27,234	6,143	33,377
Additions	344	-	344
Disposals	361	(415)	(54)
Unrealised Gains/Losses	(127)	(42)	(169)
Closing Balances	27,812	5,686	33,498

Notes Supporting the Consolidated Balance Sheet

Note 28a Group Investment Properties

The fair value for investment properties has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions for these asset types are such that the levels of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy, except for the Rural Estate, which was assessed at Level 3. There were no transfers between any of the three levels during 2023/24 or the preceding year.

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

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

31 March 2023		31 March 2024
£'000		£'000
305,198	Balance at the start of the year	289,842
3,407	Capital expenditure	6,911
(650)	Write out of disposals	(8,031)
(20,284)	Nets gains/(losses) from fair value adjustments	63,493
	Transfers:	
2,171	From Property, Plant and Equipment	(6,337)
289,842	Balance at the end of the year	345,878

31 March 2023		31 March 2024
£'000		£'000
75,001	Land	84,717
47,756	Commercial Units	48,305
31,097	Shops	30,856
107,827	Housing	112,775
28,161	Other	69,225
289,842	Total	345,878

Notes Supporting the Consolidated Balance Sheet

Note 29 Intangible Assets

The Council's intangible assets comprise non-financial' fixed assets that do not have physical substance but are identifiable and are controlled by the Council through custody or legal rights., whose cost is amortised over a three to five year period.

Movements in the carrying value over the year are summarised in note 26.

Notes Supporting the Consolidated Balance Sheet

Note 30 Capital Expenditure and Capital Financing

31 March 2023				31 March 2024		
General Fund	Housing Revenue Account	Total		General Fund	Housing Revenue Account	Total
£'000	£'000	£'000		£'000	£'000	£'000
1,244,716	-	1,244,716	Opening Capital Financing Requirement	1,308,462	28,337	1,336,799
			Capital Investment:			
61,450	99,862	161,312	Property, Plant and Equipment	61,547	104,346	165,893
16,128	-	16,128	Infrastructure Assets	12,028	-	12,028
831	-	831	Investment Properties	312	-	312
2,064	-	2,064	Intangible Assets	-	-	0
13,994	-	13,994	Revenue Expenditure Funded from Capital Under Statute (REFCUS)	2,952	3,847	6,799
-	-	-	Heritage Assets	65	-	65
19,000	-	19,000	Companies Investment	13,720	-	13,720
113,467	99,862	213,329	Total Capital Investment	90,624	108,193	198,817
			Sources of Finance			
(1,506)	(25,610)	(27,116)	Capital Receipts	(4,552)	(16,529)	(21,081)
(37,203)	(29,368)	(66,571)	Government Grants and Contributions	(45,914)	(8,310)	(54,224)
-	(5,716)	(5,716)	HRA Major Repairs Reserve	-	(10,400)	(10,400)
(623)	(10,831)	(11,454)	Direct Revenue Contributions	(37)	-	(37)
(18,969)	-	(18,969)	Minimum Revenue Provision	(19,300)	-	(19,300)
(920)	-	(920)	Repayment of Loans	(562)	-	(562)
(3,973)	-	(3,973)	Decrease in PFI Contract Liabilities	(4,233)	-	(4,233)
230	-	230	Adjustment for impairment of Companies Equity Share	68	-	68
13,243	-	13,243	Adjustment for impairment of Energetik loan	5,406	-	5,406
(49,721)	(71,525)	(121,246)	Total Sources of Finance	(69,124)	(35,239)	(104,363)
1,308,462	28,337	1,336,799	Closing Capital Financing Requirement	1,329,962	101,291	1,431,253
63,746	28,337	92,083	Increase in underlying need to borrow	21,500	72,954	94,454
63,746	28,337	92,083	Increase in Capital Financing Requirement	21,500	72,954	94,454

Notes Supporting the Consolidated Balance Sheet

Note 31 Capital Commitments

The Council has entered into a number of contracts for the construction or enhancement of property, plant and equipment. Significant contractual commitments at 31 March 2024 total £151.6m (£105.6m as at 31 March 2023). Details are below:

31 March 2023	Schemes	31 March 2024
£'000		£'000
293	Children & Family Services	38
20	Customer Experience & Change	-
1,139	Digital Data & Technology	187
3,971	Education	6,188
4,735	Environment & Operations	1,062
56,014	HRA	28,360
31,939	Meridian Water	115,383
7,481	Property & Economy	401
105,592	Total	151,619

Notes Supporting the Consolidated Balance Sheet

Note 32 Financial Instruments

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

Financial Instruments - Assets

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

31 March 2023			31 March 2024	
Long-term	Short-term		Long-term	Short-term
£'000	£'000		£'000	£'000
		Fair Value through Profit or Loss		
		Debtor		
10,474	-	Loan to LVHN	13,583	-
		Amortised Cost		
		Debtor		
-	-	Loans to LVHN	-	-
83,365	-	Loans to HGL	89,579	-
-	-	Accrued Interest on above loans	-	-
-	-	School Loans	138	-
-	38,861	Trade debtors	-	44,850
1,439	-	Finance lease	1,427	-
8,269	-	Other Long-term debtors	8,269	-
-	37,574	Cash and Cash Equivalents	-	53,765
103,547	76,435	Total	112,996	98,615

Notes Supporting the Consolidated Balance Sheet

Note 32 Financial Instruments continued:

The Council has entered into a 50:50 Joint Venture with Henry Boot Construction Ltd to redevelop the Montagu Industrial Estate. Montagu 406 Regeneration LLP was incorporated on the 1 February 2018 and the Joint Special Purpose Vehicle agreement signed on 22 February 2018. The company is trading but not yet in position to distribute surpluses to the Joint Venture partners. The Council has transferred land to Montagu 406 Regeneration LLP to support the development of the estate. The land was valued at £6.16m and a long-term debtor has been created on the balance sheet.

Cash and cash equivalents decreased by £16.2m. Most of this decrease related to cash balances that were held in Money Market Funds used to support daily cashflow operational requirements. There was a reduction of £2.8m in Cash advances to LBE schools to support school cashflow.

31 March 2023		31 March 2024	Change
£'000	Cash and Cash Equivalents movement	£'000	£'000
20	Petty Cash	20	-
36,865	Money Market Funds	56,140	19,275
-	Call Accounts	-	-
(8,292)	Cash In Transit	(18,586)	(10,294)
497	Bank	3,876	3,379
8,484	School Loans	12,315	3,831
37,574	Cash and Cash Equivalents	53,765	16,191

As at 31st March 2024 Loans advanced to Housing Gateway Limited (HGL) were valued on a cash basis at £132.9m and were categorised as soft loans, i.e. loans that are issued at sub-market interest rate. However, of this valuation, and in accordance with soft loan accounting, £43.4m was categorised as a long-term investment and is deemed as equity. Equity investments are not classed as a financial instrument and are considered outside of this note. The equity investment has arisen due to a difference between amortised cost valuation and cash basis valuation.

There was a net change of £6.2m in the nominal loan balance for HGL made up of new advances of £6.5m offset by repayments of £0.3m. The value of the element that is classified as a long-term debtor loan increased by the same amount from £83.4m to £89.6m. The impact of soft loan accounting has been negligible with the value deemed as equity remaining unchanged at £43.4m. A high-level reconciliation is shown below.

Notes Supporting the Consolidated Balance Sheet

Note 32 Financial Instruments continued:

31 March 2023			31 March 2024	
HGL	LVHN		HGL	LVHN
£'000	£'000	Company Loan Accounting	£'000	£'000
127,400	15,234	Opening loan balance (cash basis)	126,772	33,941
-	19,000	New loans advanced in year	6,500	10,893
(628)	(293)	Loans repaid in year	(320)	(1,549)
126,772	33,941	Closing nominal loan balance (cash basis)	132,952	43,285
(43,407)	(4,046)	Value of long-term investment (Equity) that has risen upon soft loan accounting	(43,373)	(4,627)
-	(19,421)	Loan Impairment	-	(25,075)
83,365	10,474	Value of long-term debtors' loans	89,579	13,583

Loans advanced to Lee Valley Heat Network Limited (LVHN) were valued on a cash basis at £43.3m as at 31st March 2024 and were also categorised (in part) as soft loans. New loans of £10.9m were advanced by the Council to LVHN to support ongoing capital works for the construction of a heat network. £1.5m of loan capital was repaid by LVHN to the Council in the year. In accordance with soft loan accounting, £4.6m was categorised as a long-term investment and is deemed equity. The Council impairs loans advanced to LVHN as a prudent assessment of the inherent business risk of lending to an organisation that does not yet have large cash inflows and will be substantially dependent on events in the medium-term future. The total value of the LVHN loan impairment as at 31st March 2024 was £25.1m. The nominal loan balance for LVHN was £24.1m and the value of the loan element classified as a long-term debtor increasing by £3.1m from £10.5m to £13.6m.

Notes Supporting the Consolidated Balance Sheet

Note 32 Financial Instruments continued:

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

31 March 2023			31 March 2024	
Long-term	Short-term		Long-term	Short-term
£'000	£'000		£'000	£'000
		Amortised Cost		
		Borrowings		
(1,014,012)	(104,224)	Principal	(1,188,110)	(62,117)
-	(7,192)	Accrued interest	-	(7,987)
		Creditors		
(2,399)	(1,448)	PFI - Highlands School	(829)	(1,570)
(8,041)	(1,131)	PFI - Street lighting	(6,913)	(1,128)
(11,668)	(1,654)	PFI - Starksfield & Refurbishment	(9,918)	(1,749)
(145)	-	Finance leases	(1,364)	(277)
-	(72,130)	Trade creditors	-	(75,069)
-	(1,253)	Cash and Cash Equivalents	-	(1,260)
(1,036,265)	(189,032)	Total	(1,207,134)	(151,157)

During the financial year, the Council had repaid short-term principal debt of £115.0m. This was mainly comprised reclassified long-term PWLB debt (£28.6m) and local authority short-term loans (£84.0m).

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

Soft Loans made by the Council

A soft loan is where the rate of interest charged is below that of market rates for comparable organisations and the Council has made material soft loans to two wholly owned subsidiaries, Housing Gateway Limited (HGL) and Lee Valley Heat Network Limited (LVHN).

For HGL, of the total £132.9m outstanding nominal loan, proper accounting practice requires that £43.4m is deemed to be “investment in the subsidiary” and this is detailed in Note 19 Related Parties and Group Structure. It represents the benefit of the reduced interest rate. The remaining balance (£89.5m) is held at amortised cost as a long-term debtor.

For LVHN, the valuation has been more complex due to it being an innovative start-up company, which by their very nature are deemed to be of a higher business risk. Of the total £43.3m outstanding nominal loan, proper accounting practice required that £4.6m be deemed to be investment in subsidiary, £13.6m

Notes Supporting the Consolidated Balance Sheet

Note 32 Financial Instruments continued:

as a long-term debtor, with the balance (£25.1m) being a prudent assessment of the inherent business risk of lending to an organisation that does not yet have large cash inflows and subsequently impaired mainly through the Capital Adjustment Account and the CIES. The basis of the fair value valuation is an assessment of the recoverable amounts in the case of a default, and then taking the probability of default happening, estimated by means of standard industry benchmarks. Full movements on loans, and their recognition on the balance sheet, are given below.

31 March 2023			31 March 2024	
HGL	LVHN		HGL	LVHN
£'000	£'000		£'000	£'000
		Total Loans (nominal values)		
127,400	15,234	Opening Balance	126,772	33,941
-	19,000	New Loans Granted	6,500	10,893
(628)	(293)	Loans Repaid	(320)	(1,549)
126,772	33,941	Closing Balance of nominal loans	132,952	43,285
		<i>. . . of which:</i>		
-	5,929	Loans at Market Rates	-	8,274
126,773	28,012	Loans at Sub-Market Rates	132,952	34,959
126,773	33,941		132,952	43,233
		Loans are shown on the Balance Sheet as:		
83,365	-	Debtors at Amortised Cost	89,579	-
-	10,474	Debtors at Fair Value	-	13,583
83,365	10,474	Total	89,579	13,583
(43,407)	(23,467)	Difference to nominal loan value	(43,373)	(29,703)
43,407	4,046	Loan element classified as investment in subsidiary (Equity) and not deemed as a financial instrument	43,373	4,627
-	18,741	Impairment charged to Capital Adjustment Account (Cumulative)	-	24,149
-	680	Impairment charged to CIES (Cumulative)	-	927
-	-	Soft Loan Reconciliation Total	-	-

Notes Supporting the Consolidated Balance Sheet

Note 32 Financial Instruments continued:

Expected Credit Loss Model

Under IFRS 9 the Council is required to undertake an annual impairment assessment of qualifying financial assets for expected credit losses occurring over the lifetime of the asset. Accordingly, at 31 March 2024 the Council had advanced loans of £43.3m to LVHN, but the loans on the Balance Sheet were valued at £18.2m (inclusive of the loan element that is classified as Equity investment due to soft loan accounting). The residual amount of £25.1m has been charged to the CIES over the last five years as an impairment charge, of which £24.1m has been reversed to the Capital Adjustment Account, as these were capital charges associated with loans used for capital purposes. As the loans are reviewed annually, impairments may be reversed in the future. The loan schedule has remained at the original nominal amount, all principal payments to date have still been received to date and the Council expects the entire loan to be repaid in full, with interest. There were no defaults in loan repayments during the financial year.

The Council has also assessed the HGL loans under IFRS 9 for an expected credit loss allowance provision. As at 31st March 2023 there was no requirement to set aside a provision to cover twelve months expected credit losses for HGL as the assessment had proved the impact to be immaterial. Any such losses, should they occur as evidenced in the IFRS 9 assessment, would be absorbed by Council balances. There were no defaults in loan repayments during the financial year.

Financial Instruments - Gains and Losses

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

31 March 2023		31 March 2024
£'000	Net (gains)/losses on:	£'000
(25)	Financial Assets at Fair Value in Profit and Loss	254
-	Financial Assets at Amortised Cost	-
-	Financial Liabilities at Amortised Cost	-
(3,970)	Interest Revenue	(8,697)
27,539	Interest Expense	36,407
23,544	Total	27,964

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

Notes Supporting the Consolidated Balance Sheet

Note 32 Financial Instruments continued:

of changes in the Bank of England Base Rate. Loans advanced to LVHN are used for capital and revenue purposes. Both revenue and capital categorised loans are impaired, with capital impairment being reversed out of the Comprehensive Income & Expenditure Statement and into the Capital Adjustment Account. Impairment associated with revenue loans is charged directly to the General Fund and impacts on Council balances.

Financial Instruments - Fair Values

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

- Borrowings of the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans (Public Works Loan Board (PWLB) new loan rate). The calculation has been determined by adopting the PWLB redemption calculation.
- The fair values of other long-term loans have been discounted at the market rates using the Public Works Loan Board new loan rate with similar remaining terms to maturity on 31st March. The calculation has been determined by adopting the PWLB redemption calculation.
- The fair value of short-term instruments, including trade payables and receivables; cash and cash equivalents is assumed to be approximate to the carrying amount given the low and stable interest rate environment.
- The fair value of Cash and cash equivalents is assumed to be the carrying value.
- The fair value of PFI and lease contracts has been determined by discounting the contractual cash flows over the whole life of the instrument at the UK Government Gilt (AA rated) rate with similar remaining terms to maturity on 31st March.
- The fair value for HGL is assumed to approximate to the carrying amount.
- The fair value for LVHN loans is based on a credit impairment assessment and the balance sheet value reflects such impairment. The impairment has been calculated by discounting the loan cashflows using an appropriate discount rate that reflects the credit quality of LVHN and the annual average UK money market rate.
- Fair values are shown in the table below, split by their level in the fair value hierarchy:
 - Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
 - Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
 - Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness. With respect to LVHN, fair value of loans has been assessed using an appropriate discount rate that is reflective of the inherent business risk.

Notes Supporting the Consolidated Balance Sheet

Note 32 Financial Instruments continued:

31 March 2023			31 March 2024		
Carrying amount £'000	Fair Value £'000		Fair Value Level	Carrying amount £'000	Fair Value £'000
Financial Liabilities:					
(1,125,428)	(843,744)	Total Borrowing	2	(1,258,214)	(1,049,662)
(26,484)	(22,059)	PFI and Finance Lease Liabilities*	2	(23,747)	(20,968)
(1,253)	(1,253)	Cash and Cash Equivalents	N/A	(1,260)	(1,260)
(72,130)	(72,130)	Trade Payables (Creditors)	N/A	(75,069)	(75,069)
(1,225,295)	(939,186)	Total Financial Liabilities		(1,358,290)	(1,146,959)
Financial Assets:					
83,365	83,365	Long Term Loans to HGL	2	89,579	89,579
33,941	10,474	Long Term Loans to LVHN	3	43,285	13,583
-	-	Long Term School Loans	N/A	138	138
1,439	1,439	Finance Leases	N/A	1,427	1,427
8,269	8,269	Other long-term debtors	N/A	8,269	8,269
42,874	42,874	Trade Receivables (Debtors)	N/A	44,850	44,850
37,574	37,574	Cash and Cash Equivalents	N/A	53,765	53,765
203,449	179,982	Total Financial Assets		241,313	211,611

*This includes PFI short term liabilities of £4.4m (2022/23 £4.2m) also within Short Term Liabilities

The fair value for total borrowings reflects the increase in PWLB rates as a result of the underlying increase in UK Gilt rates during 2023/24. The increase Gilt rates have been driven by inflationary pressures in the UK economy as well as the increase in Bank of England's Bank Rate as a response to controlling inflation. The reduction in the fair value of borrowings represents a discount that would be achieved if the Authority had prematurely repaid its total loans at 31 March due to the discount rate being significantly higher than the fixed interest rates of the loans within the portfolio.

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

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

Nature and Extent of Risks arising from Financial Instruments

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in 2021.

Notes Supporting the Consolidated Balance Sheet

Note 32 Financial Instruments continued:

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The 2023/24 Treasury Management Strategy was approved at the Council's meeting on the 23 February 2023. The strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces treasury management practices specifying the practical arrangements to be followed to manage these risks.

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

The main risks covered are:

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

Credit Risk: Loans to Subsidiary Companies

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

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

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

For LVHN, the council has recognised that there is a credit risk and has adjusted the book value downwards accordingly (from £33.9m to £14.5m), by applying an appropriate discount factor. This is reviewed annually.

Notes Supporting the Consolidated Balance Sheet

Note 32 Financial Instruments continued:

Credit Risk: Investments

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

A limit of £25m of the total portfolio is placed on the amount of money that can be invested with a single counterparty (other than the UK government) and for unsecured investments in banks, building societies and companies. The Council also sets limits on investments in certain sectors. No more than £15m in total can be invested for a period longer than one year.

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

31 March 2023			31 March 2024		
Long Term	Short Term	Credit Rating	Long Term	Short Term	
£'000	£'000		£'000	£'000	
-	36,865	AAA	-	56,140	
-	-	A+	-	-	
-	36,865	Total	-	56,140	

Cash balances held in Money Market Funds (AAA) and Call Accounts (A+) as illustrated in the above table decreased during the financial year by 61% to finance the Council's daily cashflow requirement including the repayment of unused government grants, maturing debt and the capital programme. Cash held in such instruments is easily accessible and is available upon demand if required. Credit ratings for Money Market Funds and Call Accounts have been obtained from the main credit rating agencies and the lowest rating has been assigned per instrument.

The Council holds £56.1m of liquid financial assets that can be withdrawn or sold at short notice if required to meet cash outflows on financial liabilities.

Credit Risk: Trade and Lease Receivables

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

Notes Supporting the Consolidated Balance Sheet

Note 32 Financial Instruments continued:

Liquidity Risk

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

Liquidity Risk Disclosure 2023/24 (Undiscounted)	<1 Year £000s	1-2 Years £000s	2-5 years £000s	5-10 Years £000s	10-20 Years £000s	20- 40 Years £000s	> 40 years £000s	Total £000s
Borrowing	62,117	44,998	157,054	258,410	309,408	288,241	130,000	1,250,227
Trade Payables	70,662	-	-	-	-	-	-	70,662
Lease payables	4,446	6,943	9,386	1,331	-	-	-	22,106
Total Financial Liabilities	137,185	51,941	166,440	259,741	309,408	288,241	130,000	1,342,954
Liquid Financial Assets	52,505	-	-	-	-	-	-	52,505
Net Liquidity Risk	84,680	51,941	166,440	259,741	309,408	288,241	130,000	1,290,449

Liquidity Risk Disclosure 2022/23 (Undiscounted)	<1 Year £000s	1-2 Years £000s	2-5 years £000s	5-10 Years £000s	10-20 Years £000s	20- 40 Years £000s	> 40 years £000s	Total £000s
Borrowing	104,223	31,770	62,922	178,680	304,111	281,528	155,000	1,118,234
Trade Payables	67,897	-	-	-	-	-	-	67,897
Lease payables	4,232	4,447	10,171	7,634	-	-	-	26,484
Total Financial Liabilities	176,352	36,217	73,093	186,314	304,111	281,528	155,000	1,212,615
Liquid Financial Assets	40,212	-	-	-	-	-	-	40,212
Net Liquidity Risk	136,140	36,217	73,093	186,314	304,111	281,528	155,000	1,172,402

Notes Supporting the Consolidated Balance Sheet

Note 32 Financial Instruments continued:

Refinancing and Maturity Risk

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

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

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

Notes Supporting the Consolidated Balance Sheet

Note 32 Financial Instruments continued:

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

31 March 2023			31 March 2024			
Principal £'000	Interest £'000	Portion %		Principal £'000	Interest £'000	Portion %
Short Term						
104,223	30,969	5.09%	1 Year	62,117	37,040	4.97%
Long Term						
31,770	27,600	4.53%	1-2 Years	44,998	35,430	3.60%
62,922	53,230	8.74%	2-5 years	157,054	98,090	12.56%
178,680	119,447	19.62%	5-10 Years	258,410	134,220	20.67%
175,544	98,652	16.21%	10-15 Years	268,623	94,260	21.49%
128,567	77,150	12.67%	15-20 Years	40,785	73,060	3.26%
63,377	69,807	11.47%	20-25 Years	62,853	65,330	5.03%
94,429	57,650	9.47%	25-30 Years	102,091	46,450	8.17%
48,934	34,983	5.75%	30-35 Years	39,508	28,300	3.16%
74,789	23,301	3.83%	35-40 Years	83,789	18,030	6.70%
50,000	10,789	1.77%	40-45 Years	25,000	8,350	2.00%
105,000	5,159	0.85%	45+ Years	105,000	2,050	8.40%
1,118,235	608,7387	100%		1,250,227	640,610	100%
Short Term						
-	7,192	-	Accrued Interest	-	7,987	
1,118,235	615,929		Total	1,250,227	648,597	

Notes Supporting the Consolidated Balance Sheet

Note 32 Financial Instruments continued:

The total interest commitment on all outstanding borrowing (as shown in the table above) if all borrowing is held to maturity is £640.6m.

During 2023/24 the Council serviced its debts in a timely manner and there was no breach of any loan covenants or default on loan repayments. The Council repaid back £115m of loan capital and raised new loans of £247m (£205m long-term PWLB loans; £27m short term local authority loans; and £15m long term MEEF loan). The table below summarises debt and other long-term liabilities outstanding at 31 March 2024:

31 March 2023		31 March 2024
£'000	Loans and other long-term liabilities outstanding (nominal value)	£'000
966,953	Public Works Loans Board	1,171,168
46,734	Market Debt	61,734
325	Other Loans	325
1,014,012	Long Term Borrowing	1,233,227
74,000	Temporary Borrowing	17,000
30,223	Other Loans Less than 1 year	-
7,192	Accrued Interest	7,987
1,125,427	Long & Short-Term Borrowing	1,258,214
26,484	Deferred Liabilities – PFI and finance leases	23,747
1,151,911	Total	1,281,961

Market Risk

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

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

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

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

Notes Supporting the Consolidated Balance Sheet

Note 32 Financial Instruments continued:

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

The Authority has several strategies for managing interest rate risk. The treasury management strategy aims to mitigate these risks by setting an upper limit of 25% on external debt that can be subject to variable interest rates. At 31 March 2024, 100% of the debt portfolio was held in fixed rate instruments, and none in variable rate instruments. During periods of falling interest rates and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is mitigated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates for the Authority's cost of borrowing and provide compensation for a proportion of any higher costs.

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

The approved Treasury Management Strategy for 2023/24 has enabled Officers to place surplus cash flow funds with financial institutions and has resulted some investment return in a low yielding interest rate environment. According to the investment strategy, if interest rates had been 1% higher at 31 March 2024, with all other variables held constant, the financial effect would be:

31 March 2023 £'000	Interest Rate Risk	31 March 2024 £'000
Nil	Increase in interest payable on variable rate borrowings	Nil
Nil	Increase in interest receivable on variable rate investments	Nil
-	Impact on Comprehensive Income and Expenditure Account	-
(374)	Increase in interest payable on HRA cash balances*	(149)
-	Increase in fair value of fixed rate investment assets	-
325	Increase in fair value of investment assets held at FVPL	487
325	Impact on Other Comprehensive Income and Expenditure*	487
111,498	Decrease in fair value of fixed rate borrowings liabilities*	109,478

*No impact on Comprehensive Income and Expenditure.

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

Notes Supporting the Consolidated Balance Sheet

Note 32 Financial Instruments continued:

Equity Instruments

As at 31st March 2024, the Council held cash balances across six Sterling money market investment funds with a nominal balance of £56.1m. The funds have been valued at "Fair Value through Profit & Loss" (FVP&L) in accordance with the IFRS 9 (Financial Instruments) standard. The investment funds do not provide contractual cash flows to the Authority that are solely payments principal and interest on the outstanding investment balance in a manner that are consistent with basic lending arrangements. There is no possibility of default on contractual payment and consequently there is no impairment loss allowance set aside.

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

31 March 2023		Money Market Funds (MMFs) held at Fair Value Through Profit and Loss	31 March 2024	
Carrying Amount £'000	Fair Value £'000		Carrying Amount £'000	Fair Value £'000
-	-	Long-term	-	-
36,865	36,865	Short-term	56,140	56,140
36,865	36,865	Total	56,140	56,140
(1,834)	(1,834)	Dividends distributed by MMFs during 2023/24	(3,304)	(3,304)

The Council received monthly dividends equating to £3.3m during 2023/24 on balances held in the money market funds, which has been charged to the Comprehensive Income and Expenditure account under Financing Investment Income and Expenditure. The dividends relate to interest accrued daily on balances held in the funds that the Council subscribed to during the financial year. The significant change in the value of dividends received during the year (from £0.06m to £1.8m) reflects the change in fund interest rates driven by the change in Bank of England Bank Rate throughout 2023/24. Cash balances held in Money Market Funds (AAA) and Call Accounts (A+) as illustrated in the above table decreased during the financial year by 61% to finance the Council's daily cashflow requirement.

Notes Supporting the Consolidated Balance Sheet

Note 32a Group Financial Instruments

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

31 March 2023			31 March 2023	
Long-term £'000	Short-term £'000		Long-term £'000	Short-term £'000
Debtors' at Amortised Cost				
-	43,551	Trade debtors		47,615
1,439	-	Finance lease	1,427	
-	45,727	Cash and Cash Equivalents		55,849
1,439	89,278	Total	1,427	106,464

Notes Supporting the Consolidated Balance Sheet

Note 33 Short Term Debtors

31 March 2023		31 March 2024
£'000	Short Term Debtors	£'000
38,875	Sundry Debtors	44,849
7,399	Central Government Debtors	1,053
862	Business Rate Debtors	2,196
8,885	Payments In Advance	5,837
10,797	Tax Debtors	21,909
8,261	Rent Debtors	8,428
11,401	Council Tax Debtors	9,321
10,541	Housing Benefit Overpayments	11,115
1,158	Court Costs	1,670
4,677	Local Government Debtors	3,880
20,124	NHS Debtors	9,753
3,138	Leaseholder Debtors	8,613
72	Other Debtors	89
126,190	Total	128,713

The debtors below are for the entire Collection Fund:

31 March 2023		31 March 2024
£'000	Local Taxation Debtors	£'000
	Council Tax	
12,835	Under 1 year	13,140
24,077	Over 1 Year	26,072
36,912	Total Council Tax	39,212

	National Non-Domestic Rates	
7,342	Under 1 year	7,154
11,316	Over 1 Year	16,446
18,658	Total National Non-Domestic Rates	23,600

Notes Supporting the Consolidated Balance Sheet

Note 33a Group Short Term Debtors

31 March 2023 £'000		31 March 2024 £'000
Analysis of Group Short Term Debtors		
129,902	Group Debtors	130,048
(4,821)	Less Related Parties (from Subsidiaries)	(6,306)
125,081	Total	123,742

Note 34 Cash and Cash Equivalents

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

31 March 2023 £'000	Type	31 March 2024 £'000
20	Petty Cash	20
36,865	Money Market Funds	56,140
(8,293)	Cash in Transit	(18,586)
497	Bank	3,876
8,484	School Loans	12,315
(1,102)	Trust Funds	(1,144)
(150)	Credit	(116)
36,321	Cash and Cash Equivalents	52,505

Notes Supporting the Consolidated Balance Sheet

Note 35 Short Term Payables

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

31 March 2023		31 March 2024
£'000		£'000
(3,501)	Deposits	(4,135)
(72,131)	Sundry Creditors	(75,191)
(2,246)	Business Rate Creditors	(2,226)
(4,232)	Lease Creditors	(4,446)
(5,515)	Council Tax Creditors	(5,624)
(10,426)	Central Government Creditors	(3,494)
(410)	Local Government Creditors	(6,578)
(5,304)	Rent Creditors	(5,505)
-	Housing Benefit Overpayment Creditors	-
(682)	Leaseholder Creditors	(906)
(8,855)	Leave Creditors	(9,176)
(113,302)	Total	(117,281)

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

Notes Supporting the Consolidated Balance Sheet

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

2022/23		2023/24
£'000	Revenue Grants Receipts In Advance	£'000
(93)	Local Restrictions Open and Additional Restriction Grants	(8)
(2,421)	S31 Business Rates Grants	-
(4,383)	Covid-19 Additional Relief Fund	-
(474)	Recovery Premium Funding	(654)
(216)	Self-Isolation Payments Funding	(216)
(7,587)	Covid Grant Receipts In Advance	(878)
-	Housing Benefits Subsidies	(7,045)
-	Family Hubs and Start for Life	(1,926)
(927)	Energy Bills Rebate	-
(2,293)	Other non-Covid Grants (under £1m)	(2,248)
(10,807)	Total	(12,097)

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

31 March 2023		31 March 2024
£'000	Capital Grants Receipts In Advance	£'000
(18,215)	Building Council Homes for Londoners Grant	(14,120)
(6,903)	S106 Capital RIA	(6,909)
(105)	GLA Heat Networks Grant	-
(628)	One Public Estate Grant	(538)
(240)	Homes for London Grant	-
-	DLUHC - Local Authority Housing Fund	(94)
(26,091)	Total	(21,661)

Notes Supporting the Consolidated Balance Sheet

Note 38 Provisions

Provisions are liabilities which have arisen as at the balance sheet date wherein the Council has an obligation for future transfer of economic benefit as a result of a past event. Whilst there is some uncertainty on the amount and timing of the eventual transfer of economic benefit, the obligations have been recognised as expenditure in the accounts. Provisions are classified as either short term (those expected to be settled within 12 months of the balance sheet date) or as long term (those estimated to be settled after 12 months of the balance sheet date). The following table summarises the figures.

Classification and Description	Balance 1 April 2023 £'000	Raised in year £'000	Utilised in Year £'000	Written back to revenue in year £'000	Balance 31 March 2024 £'000
Short Term					
Legal	(1,465)	(1,473)	872	357	(1,709)
Insurance	(1,953)	(1,964)	1,953	-	(1,964)
Redundancy	(504)	(1,763)	-	504	(1,763)
Other Minor Provisions	-	-	-	-	-
Short Term	(3,922)	(5,200)	2,825	861	(5,436)
Long Term					
Insurance	(4,664)	(5,442)	4,664	-	(5,442)
Business Rate Valuation Appeals	(2,623)	(2,896)	1,680	-	(3,839)
Long Term	(7,287)	(8,338)	6,344	-	(9,281)
Total Provisions	(11,209)	(13,538)	9,169	861	(14,717)

The largest provisions relate to: -

- i. The combined short and long-term insurance provisions total of £9.2m represents the estimated cost of claims against the Council's internal insurance fund projected to be made for all insured events at the balance sheet date. This figure is in line with conclusions made by the insurance actuary.
- ii. The £3.8m provision for business rate valuation appeals is Enfield's share of a total provision of £12.795m set out in more detail in the Collection Fund

Notes Supporting the Consolidated Balance Sheet

Note 39 Contingent Assets and Liabilities

Provisions are liabilities which have arisen as at the balance sheet date wherein the Council has an obligation for future transfer of economic benefit as a result of a past event. Whilst there is some uncertainty on the amount and timing of the eventual transfer of economic benefit, the obligations have been recognised as expenditure in the accounts. Provisions are classified as either short term (those expected to be settled within 12 months of the balance sheet date) or as long term (those estimated to be settled after 12 months of the balance sheet date).

Note 40 Other Long-Term Liabilities

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

31 March 2023		31 March 2024
£'000		£'000
(22,107)	Amounts due to be paid under PFI Contracts	(17,660)
(145)	Amounts due to be paid under other Finance Leases	(1,364)
(22,252)	Total	(19,024)

Notes Supporting the Consolidated Balance Sheet

Note 41 Operating Leases

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

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

31 March 2023		31 March 2024
£'000		£'000
939	Not later than one year	12,116
3,718	Later than one year and not later than five years	11,489
22,958	Later than five years	43,787
27,615	Total	67,392

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

The Council also rents out land and buildings it owns to third parties in the form of operating leases. Under its investment property portfolio, the Council has over 800 operating leases of varying lease periods. These include industrial and retail properties, green belt agricultural tenancies and other recreational and commercial buildings. Rent receivable in 2023/24 was £8.9m (£9.9m in 2022/23). The table below sets out the future income profile arising from the most significant of these leases. Projected receipts assume that rent will continue at the current levels, which does not take account of the fact there will be future rent reviews, and where rent is partially based on the performance of the lessee, it is assumed that rental income will continue at the current level.

31 March 2023		31 March 2024
£'000		£'000
4,155	Amount due not later than one year	8,849
11,342	Amount due between one and five years	24,944
41,173	Later than five years	478,842
56,670	Total	512,635

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

Notes Supporting the Consolidated Balance Sheet

Note 42 Private Finance Initiative (PFI) Contracts

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

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

In each case, the Council specifies the minimum standards for the services and the assets to be provided by the contractor and has the right to make deductions from the fees payable should those standards not be achieved.

The assets will be transferred to the Council at the end of each contract for nil consideration and are therefore recognised on the Council's Balance Sheet; movements in their value in the year are detailed in the analysis of movement in property, plant and equipment in Note 23 Property, Plant and Equipment. The Council makes agreed fixed payments each year which may be increased by inflation or reduced if the contractor fails to meet availability or performance standards in any year. Payments remaining to be made under each PFI contract as at 31 March 2024 are shown below.

Period	Payment for Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	Total £'000
Within one year	5,444	4,446	1,805	11,694
2 - 5 years	20,135	13,612	3,895	37,642
6 - 10 years	6,526	4,048	344	10,918
Total	32,104	22,106	6,044	60,254

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

31 March 2023 £'000	Outstanding Liability for Reimbursement of Capital Expenditure	31 March 2024 £'000
(30,312)	Balance outstanding 1 April	(26,339)
3,973	Payments during the year	4,233
(26,339)	Balance outstanding 31 March	(22,106)

Notes Supporting the Consolidated Balance Sheet

Note 43 Pension Schemes Accounted for as Defined Contribution Schemes

Teachers

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

In 2023/24 employer contributions of £11.1m were paid to the Teacher's Pension Scheme (£17.5m paid in 2022/23), representing 23.68% of pensionable pay. The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teacher's scheme. These costs are accounted for on a defined benefit basis.

Former NHS Employees

On 1 April 2013 public health staff and services were transferred from Primary Care Trusts (PCTs) to local authorities. To discharge their public health responsibilities, local authorities were provided with a ring-fenced public health grant. Under the new arrangements for public health, staff performing public health functions who were compulsorily transferred from the PCTs to local authorities and who had access to the NHS Pension Scheme on 31 March 2013 retained access to that Scheme on transfer at 1 April 2013. The NHS pension scheme is an unfunded, multi-employer defined benefit scheme. In 2023/24 the Council's employer contributions to the NHS Pension Scheme were £ £23,294 (£23,396 in 2022/23).

Note 44 Defined Benefit Pension Schemes

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

The Council participates in two post-employment schemes:

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

Notes Supporting the Consolidated Balance Sheet

Note 44 Defined Benefit Pension Schemes continued:

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

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

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

Note 45 Pension Liability

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

Notes Supporting the Consolidated Balance Sheet

Note 45 Pension Liability continued:

31 March 2023				31 March 2024		
Scheme Assets	Pensions Obligations	Net Pensions Liability		Scheme Assets	Pensions Obligations	Net Pensions Liability
£'000	£'000	£'000		£'000	£'000	£'000
1,355,264	(1,777,828)	(422,564)	Opening Balance at 1 April	1,284,188	(1,360,858)	(76,670)
-	(71,720)	(71,720)	Current Service Cost	-	(33,988)	(33,988)
-	(929)	(929)	Past Service cost and gains/losses on curtailments	-	(1,287)	(1,287)
36,722	(47,689)	(10,967)	Interest Income and Expense	60,440	(64,009)	(3,569)
-	-	-	Settlements	-	-	-
36,722	(120,338)	(83,616)	Total post-employment benefits charged to Surplus or Deficit on Provision of Services	60,440	(99,284)	(38,844)
			Contributions			
36,432	-	36,432	• The Council	36,767	-	36,767
10,996	(10,996)	-	• Employees	11,352	(11,352)	-
47,428	(10,996)	36,432	Employers contributions payable to scheme	48,119	(11,352)	36,767
			Payments			
(42,328)	42,328	-	• Retirement Grants and Pensions	(44,531)	44,531	-
(42,328)	42,328	-	Total payments	(44,531)	44,531	-
			Remeasurements			
(112,898)	-	(112,898)	• Return on Plan Assets	52,152	-	52,152
-	188	188	• Actuarial Gains and Losses arising from changes in demographic assumptions	-	32,505	32,505
-	642,479	642,479	• Actuarial Gains and Losses from changes in Financial Assumptions	-	(477)	(477)
-	(136,691)	(136,691)	• Experience loss /(gain) on defined benefit obligation	-	(51,700)	(51,700)
(112,898)	505,976	393,078	Post-Employment Benefits Charged to other Comprehensive Income and Expenditure Statement	52,152	(19,672)	32,480
1,284,188	(1,360,858)	(76,670)	Closing Balance at 31 March	1,400,368	(1,446,635)	(46,267)

Notes Supporting the Consolidated Balance Sheet

Note 45 Pension Liability continued:

Composition of Scheme Assets:

31 March 2023				31 March 2024	
Total	Scheme Asset Type	Quoted	Unquoted	Total	
46.30%	Equity Investments	30%	11%	41%	
17.70%	Property	-	5%	5%	
5.50%	Government Bonds	-	1%	1%	
15.90%	Corporate Bonds	-	6%	6%	
3.70%	Multi Asset Credit	-	-	-	
5.80%	Cash	6%	-	6%	
5.10%	Other Assets	3%	7%	10%	
-	Bond	13%	11%	24%	
-	Private Equity	-	7%	7%	
100.00%	Total	52%	48%	100%	

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

Both the LGPS and discretionary benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, with estimates based on the latest full valuation of the scheme as at 31 March 2024. The principal assumptions used by the actuary are shown in the table below:

31 March 2023	Mortality Assumptions:	31 March 2024
	Future lifetime for Males	
21.8	Member aged 65 at accounting date	21.0
23.2	Member aged 45 at accounting date	22.3
	Future lifetime for Females	
24.2	Member aged 65 at accounting date	23.5
25.6	Member aged 45 at accounting date	24.9
	Economic Assumptions:	
4.7%	Discount Rate	4.8%
2.7%	CPI Inflation	2.8%
2.7%	Rate of increase to pensions	2.8%
4.2%	Rate of general increase in salaries	4.3%

Notes Supporting the Consolidated Balance Sheet

Note 45 Pension Liability continued:

Sensitivity Analysis

Impact on the Defined Benefit Obligation	Approximate % increase to Defined Benefit Obligation %	Approximate monetary amount £'000
Discount Rate (Decrease by 0.1%)	2%	24,952
Rate of increase in salaries (increase by 0.1%)	4%	613
Rate of increase in pensions/Revaluation rate (increase by 0.1%)	0%	24,782
Longevity (increase by 1 year)	2%	57,865

The above sensitivity analysis identifies that a 0.1% increase in the Discount Rate assumption, will result in a decrease in the reported Pension liability of £24.9m. A 0.1% increase in either the salaries, pension payment or longevity assumptions will result in an increase in the reported Pension Liability as detailed in the table above.

Expected employer contributions for funded benefits next year are £31.8m and unfunded LGPS benefits for 2023/24 are £1.9m, respectively. The duration of the liabilities for the funded LGPS benefits are 16 years.

Notes Supporting the Cashflow Statement

Notes Supporting the Cashflow Statement

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

31 March 2023 Council £'000		31 March 2024 Council £'000
33,265	Depreciation of Non-Current Assets	32,689
113,507	Impairment of Non-Current Assets	30,390
6,922	Amortisation of intangible Fixed Assets	3,450
47,184	Pension Fund adjustments	2,077
13,473	Impairment losses on loans & advances debited to the CI&E in year	5,474
(3,301)	Increase/decrease in impairment for provision for bad debts	(4,379)
212	Transfer to the Deferred capital Receipts	-
(4,477)	Contributions to Provisions	3,508
15,304	Carrying amount of PP&E, investment property and intangible assets sold	55,521
(10,786)	(Increase)/Decrease in Inventories	2,747
14,475	(Increase)/Decrease in Debtors	(2,523)
(49,137)	Increase/(Decrease) in Creditors	3,979
412	Other non-cash movement	40
177,053	Total adjustments to net deficit on the provision of services	132,973

31 March 2023 Council £'000		31 March 2024 Council £'000
(23,730)	Interest Paid	(28,306)
6,294	Interest Received	8,297
(17,436)	Total adjustments to net deficit on the provision of services	(20,009)

Notes Supporting the Cashflow Statement

Note 47 Cashflow from Investing Activities

31 March 2023 Council £'000		31 March 2024 Council £'000
(180,335)	Purchase of property, plant and equipment, investment property and intangible assets	(178,298)
(3,901)	Other payments for investing activities	(9,928)
30,991	Proceeds from sale of property plant equipment & investment property and other capital receipts	28,467
53,189	Capital Grants Received	44,487
-	Other receipts from investing activities	-
(100,056)	Total Cashflow from Investing Activities	(115,272)

Note 48 Cashflow from Financing Activities

31 March 2023 Council £'000		31 March 2024 Council £'000
59,964	Cash receipts of short and long term borrowing	174,099
(4,233)	Cash payments for the reduction of outstanding liabilities relating to finance leases and on balance sheet PFI contracts	(3,228)
44,715	Repayments of short and long term borrowing	(41,313)
-	Other payments for financing activities	-
100,446	Total Cashflow from Financing Activities	129,558

Notes Supporting the Cashflow Statement

Note 49 Investing and Financing Activities

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

31 March 2023 Council £'000		31 March 2024 Council £'000
(30,991)	Proceeds from sale of property plant equipment & investment property and other capital receipts	(28,467)
(58,387)	Any other items for which the cash effects are investing or financing cash flows: Capital Grants & Contributions	(54,075)
(89,378)	Total Financing Activities	(82,542)

Note 50 Reconciliation of Liabilities Arising From Financing Activities

	1 April 2023 £'000	Financing £'000	Investing £'000	Non-Cash Changes £'000	31 March 2024 £'000
Long-Term Borrowings	(1,014,012)	(174,098)	-	-	(1,188,110)
Short-Term Borrowings	(111,416)	41,312	(115,272)	115,272	(70,104)
Other Long-Term Liabilities	(22,252)	3,228	-	-	(19,024)
Total Liabilities from Financing Activities	(1,147,680)	(129,558)	(115,272)	115,272	(1,277,238)

Other Notes

Note 51 Events After the Reporting Period

The Executive Director of Resources authorised the Statement of Accounts on 31 May 2024. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The sale of one of Enfield's material PPE assets is currently underway and will be completed in next few weeks.

Supplementary Accounts and Notes to Accounts

Housing Revenue Account (HRA)

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

Housing Revenue Account Income and Expenditure Statement

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

Housing Revenue Account continued:

31 March 2023 £'000		Notes	31 March 2024 £'000
	Income		
(56,512)	Dwelling rents (gross)		(60,255)
(3,604)	Non-dwelling rents (gross)		(3,791)
(16,505)	Charges for services and facilities		(19,633)
(202)	Contributions towards expenditure		(1,575)
(76,823)	Total Income		(85,254)
	Expenditure		
11,488	Repairs and maintenance	5	13,897
29,862	Supervision and management		36,579
2,565	Rents, rates, taxes and other charges		2,766
5,030	Depreciation		4,988
53,310	Revaluation	7	70,481
126	Impairment	7	-
252	Movement in the allowance for bad debts	3	334
102,633	Total Expenditure		129,045
25,810	Net Expenditure or Income of HRA Services as included in the Whole Authority Comprehensive Income and Expenditure Statement		43,791
148	HRA services' share of Corporate & Democratic Core		92
25,958	Net Cost of HRA Services		43,883
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
(16,104)	(Gain) or loss on sale of HRA non-current assets		(1,820)
-	Repayment of right-to-buy receipts		-
11,267	Interest payable and similar charges		12,972
(753)	Interest and Investment income		(742)
1,012	Income and expenditure and changes in fair value of Investment Properties	8	241
(15,262)	Capital grants and contributions receivable		(8,927)
-	Amounts payable into the Capital Receipts Pool		-
(50)	Other Operating Expenditure		66
6,068	(Surplus)/ Deficit for The Year on HRA Services		45,673

Housing Revenue Account continued:

31 March 2023		Notes	31 March 2024
£'000	Statement of Movement on the Housing Revenue Account		£'000
(3,178)	Balance on the HRA at the end of the previous reporting period		(13,634)
6,068	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement		45,673
(15,663)	Adjustments between Accounting and Funding Basis under Statute		(53,923)
(9,595)	Net (Increase) or Decrease before transfers or from reserves		(8,250)
(861)	Transfers to/(from) earmarked reserves		(763)
(10,456)	(Increase) or decrease in-year on the HRA Balance		(9,013)
(13,634)	Balance on the HRA at the end of the reporting period		(22,647)
	Adjustments between Accounting and Funding Basis under Statute		
5,029	Transfer to Major Repairs Reserve		10,523
(58,466)	Offsetting transfer in from capital adjustment account		(75,469)
15,262	Difference between any other items of income and expenditure determined in accordance with the Code and determined in accordance with statutory HRA requirements		8,926
(1,012)	Investment property - Gain / loss on disposal & movement in fair and market value		(241)
16,317	MIRS-Gain on sale of HRA non-current assets		1,820
-	- Repayment of right-to-buy receipts		-
(3,105)	HRA share of contribution to / from pension reserve		253
10,831	Capital expenditure funded by the HRA		-
-	- Derecognition of other noncurrent assets - Aerials & AUC		-
-	- Transfer from Capital Receipts Reserve equal to the amounts payable into the Capital Receipts Pool		-
(212)	Transfers to / from Deferred Capital Receipts Reserve		-
(307)	Accumulated Absences		265
(15,663)	Total Adjustments between Accounting and Funding Basis under Statute		(53,923)

Notes Supporting Housing Revenue Account (HRA)

HRA 1 Housing Stock

The Council was responsible for managing a Housing Revenue Account stock of 10,356 properties at 31 March 2024 compared with a total of 10,419 properties at 31st March 2023. An analysis of the types of homes is shown below. Of those 10,356 properties, 10,054 were categorised as Council Dwellings and 302 as Land & Buildings (10,419 at 31st March 2023 split as 10,096 in Council Dwellings and 323 as Land & Buildings). The Council is also a freeholder of 5,061 leased homes that were previously sold to tenants under the right-to-buy legislation.

31 March 2023		31 March 2024
Number of		Number of
Properties		Properties
3,102	Houses	3,055
109	Bungalows	104
1,574	Maisonettes	1,503
5,634	Flats	5,694
10,419	Total Housing stock	10,356

HRA 2 Stock Valuation

The open market value of the Council's dwellings was £3.05bn at 31 March 2024. This was split between £2.979bn being held as Council Dwellings and £71.4m as Land & Building assets (£3.112bn at 31 March 2023, £3.028bn as Council Dwellings and £83.6m as Land & Buildings). The difference between this value and the existing use value of £796.662m at 31 March 2024 (£815.432m at 31 March 2023) represents the economic cost to Government of providing council housing at less than market rents. The social housing valuation is arrived at by applying an adjustment factor provided by the DLUHC to the market value of the stock.

HRA 3 Rent Arrears and Impairment of Debts

Council rent arrears as at 31st March 2024 are £4.2m compared to £4.3m at the 31 March 2023. The provision for impairment of debt was £0.78m (2022/23 £0.8m). In 2023/24 there was a release of the impairment of debt of £0.02m (£0.01m contribution in 2022/23).

Notes Supporting Housing Revenue Account (HRA)

HRA 4 Major Repairs Reserve

31 March 2023 £'000		31 March 2024 £'000
(766)	Balance at 1 April	(79)
(5,029)	Transfer in at depreciation for operational assets	(4,988)
-	Voluntary Transfer	-
5,716	Amount applied to expenditure on council dwellings during year	4,862
(79)	Balance at 31 March	(205)

HRA 5 Repairs & Maintenance

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

31 March 2023 £'000		31 March 2024 £'000
(1,584)	Balance brought forward	(934)
14,385	Expenditure for the year	15,224
(13,735)	Contribution to the Repairs Fund	(14,290)
(934)	Balance carried forward	-

Notes Supporting Housing Revenue Account (HRA)

HRA 6 HRA Assets

	1 April 2023	Acquisitions & Transfers	Disposals	Depreciation	Net Revaluation	31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000
Operational Assets						
Council Dwellings	757,848	72,639	(8,214)	(4,505)	(75,208)	742,560
Other Land and Buildings	75,224	2,544	(5,885)	(475)	(1,066)	70,342
Intangible Assets	8			(8)		0
Total Property, Plant & Equipment	833,080	75,183	(14,099)	(4,988)	(76,274)	812,902
Total Investment Properties - Shops	30,147				(261)	29,886
TOTAL	863,227	75,183	(14,099)	(4,988)	(76,535)	842,788

Capital expenditure in the year amounted to £103.7m consisting of:

31 March 2023		31 March 2024
£'000	Expenditure on:	£'000
39,208	Works to Stock – General Works	47,932
1,402	Leaseholder Buy Backs	3,690
	Buying Out Commercial and Residential Interests (Regeneration Projects)	52,151
59,252		
99,862	Total	103,773
	Funded by:	
(29,368)	Capital Grants and Contributions	(9,039)
(25,610)	Capital Receipts	(16,529)
(10,831)	Earmarked Reserves	-
(28,337)	Prudential Borrowing	(67,805)
(5,716)	Major Repairs Reserve	(10,400)
(99,862)	Total	(103,773)

Notes Supporting Housing Revenue Account (HRA)

HRA 7 Depreciation and Impairment

31 March 2023 £'000		31 March 2024 £'000
	Depreciation	
(4,553)	Council Dwellings	(4,505)
(468)	Other Land and Buildings	(475)
(8)	Amortisation of Intangible Assets	(8)
	Impairment and Downward Valuation	
(53,389)	Council Dwellings	(69,764)
(47)	Other Land and Buildings	(717)
-	Surplus Properties	-
(58,465)	Total Capital Charges	(75,469)

HRA 8 Investment Properties

31 March 2023 £'000		31 March 2024 £'000
(351)	Rental Income from Investment Properties	(230)
-	Direct Operating Expenses arising from Investment Property	-
(1,012)	Net (gain)/loss from fair value adjustments	(241)
(1,363)	Net (Gain) / Loss	(471)

Notes Supporting Housing Revenue Account (HRA)

HRA 9 Contribution from Pensions Reserve

The HRA income and expenditure has been charged, as have other services, with the additional pension cost as required under the relevant accounting standard (IAS19). The impact of this has then been reversed out through the Movement on the Housing Revenue Account Statement. For overall details of the pension liability across the whole Council please refer to Note 45 Pension Liability of the main statement.

Collection Fund

This account represents the transactions of the Collection Fund a statutory fund 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.

In 2022/23 the Council became part of an eight authority, London based pool for business rates. This continued into 2023/24. This pool is forecast to benefit Enfield, as the participating Councils retain and then share the growth across the pool authorities. The estimated forecast benefit to Enfield was £2.5m for 2023/24.

In 2023/24, the share of retained NNDR collection due to Central Government was 33% (the same as 2022/23) with the remaining 67% (split 30% to the London Borough of Enfield and 37% to the GLA). Council Tax income has grown from £184.149m in 2022/23 to £194.698m in 2023/24. Business Rate income that the Council was required to collect increased to £119.541m in 2023/24, compared to £100.175m in 2022/23.

The Collection Fund Business Rate income for 2023/24 also includes the combined estimated deficit of £10.520m, our share of which was £3.156m.

Subsequently the Council's 2023/24 NNDR surplus of £2.199m was reversed via the Movement in Reserves Statement into an Unusable Reserve (Collection Fund Adjustment Account), alongside its £0.100m surplus Council Tax equivalent, £2.299m surplus in total. During this next year in line with statutory guidance (introduced to address the extraordinary deficits brought about by Covid), the remaining deficit balance was recovered through the Collection Fund.

The provision for business rate appeals has increased by £4.051m to £12.795m, this reflects that nearly all of the 2010 valuation list appeals have now been settled, the 2017 list is now closed to any new appeals and the opening of the 2023 appeals list. There has been a review of the council tax debt outstanding at 31st March 2024 and the provision for bad and doubtful debt has been increased by £6.778m to £26.300m. Following a similar review of business rate debt, the 2023/24 business rates bad debt provision has been increased by £2.295m to £14.567m.

Collection Fund Statement

Collection Fund		31 March 2023			31 March 2024		
Income and Expenditure Account	Note	Council Tax £000	Business Rates £000	Total £000	Council Tax £000	Business Rates £000	Total £000
Income							
Council taxpayers	1	(184,149)	-	(184,149)	(194,698)	-	(194,698)
Business ratepayers	2	-	(112,620)	(112,620)	-	(129,987)	(129,987)
Transitional Protection Payment		-	1,469	1,469	-	(12,979)	(12,979)
Business Rate Supplement	3	-	(2,447)	(2,447)	-	(3,494)	(3,494)
		(184,149)	(113,598)	(297,747)	(194,698)	(146,460)	(341,158)
Expenditure							
Council Tax Precepts and demands:							
London Borough of Enfield demand		139,361	-	139,361	146,963	-	146,963
London Borough of Enfield surplus		-	-	-	2,181	-	2,181
Greater London Authority precept		38,123	-	38,123	42,022	-	42,022
Greater London Authority surplus		22	-	22	660	-	660
Business Rates Retention:							
Central Government		-	31,296	31,296	-	39,896	39,896
Greater London Authority		-	35,089	35,089	-	44,732	44,732
London Borough of Enfield		-	28,451	28,451	-	36,269	36,269
Cost of collection allowance		-	315	315	-	329	329
GLA Business Rate Supplement							
Payment to GLA		-	2,447	2,447	-	3,494	3,494
Bad and Doubtful Debts:							
Council Tax		14,830	-	14,830	6,778	-	6,778
Business Rates		-	3,651	3,651	-	2,295	2,295
Provision for Business Rate Appeals		-	(3,053)	(3,053)	-	4,051	4,051
		192,336	98,196	290,532	198,604	131,066	327,670
Deficit / (Surplus) for the Year		8,187	(15,402)	(7,215)	3,906	(15,394)	(11,488)
Collection Fund Balances:							
Balance brought forward at 1 April		(12,242)	23,485	11,243	(4,055)	8,083	4,028
(Surplus) / Deficit for year		8,187	(15,402)	(7,215)	3,906	(15,394)	(11,488)
Balance Carried Forward at 31 March		(4,055)	8,083	4,028	(149)	(7,311)	(7,460)
Allocated to:							
London Borough of Enfield		(3,125)	2,419	(706)	(100)	(2,199)	(2,299)
Greater London Authority		(930)	2,987	2,057	(49)	(2,709)	(2,758)
Government		-	2,677	2,677	-	(2,403)	(2,403)
Balance Carried Forward at 31 March		(4,055)	8,083	4,028	(149)	(7,311)	(7,460)

Notes Supporting Collection Fund

Coll 1 Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands estimated at 1st April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income that the Council and its preceptors take from the Collection Fund for the forthcoming year and dividing this by the council tax base. This tax base represents the total number of properties in each band, adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts and estimated non-collectibles. The tax base calculation for 2023/24 is as follows:

Band	Chargeable properties adjusted for discounts	Band D equivalent adjusted for estimated non-collection
A	2,900	1,851
B	6,684	4,978
C	23,109	19,668
D	27,771	26,591
E	17,757	20,781
F	8,533	11,801
G	5,591	8,922
H	964	1,846
	93,309	96,438

This basic amount of Council Tax for a Band D property, £1,841.71. including the GLA precept is multiplied by the proportion specified for the particular band to give an individual amount due.

Analysis of Council Tax Impairment of debt

Council Tax Bad Debt Provision	31 March 2023 £000	31 March 2024 £000
Council Tax Provision for Impairment of debt brought forward	(8,212)	(21,592)
Amount written off	1,451	2,070
(Contribution to) / release from Provision for Impairment of debt	(14,831)	(6,778)
Council Tax Bad Debt Provision	(21,592)	(26,300)

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

Notes Supporting Collection Fund

Coll 2 Business Rates

Business rates are organised on a national basis and re-valued periodically by the Valuation Office Agency (VOA). The latest revaluation taking effect from 1st April 2023. In 2023/24 the Government specified an amount of 49.9p for small businesses who qualify for rate relief and 51.2p for all other businesses. Local businesses pay rates calculated by multiplying their rateable value by these amounts. The Council is responsible for collecting rates due from the ratepayers in its area. In previous years the total amount due, less specific allowances, were paid into the National Pool which was then redistributed back to councils based on the Government's formula grant allocations.

For 2023/24, a 67% Business Rates retention scheme was in place. Enfield retains 30% of the total collectable rates due. The remaining 37% is distributed to the Greater London Authority. The amount of these shares were estimated at the start of 2023/24 and paid to each body and charged to the Collection Fund. Variations between the estimated and actual income will create a surplus or deficit which is repaid or recovered from each body in the following year.

In addition, authorities must meet the cost of appeals against the rateable values set by the VOA. This provision is charged and provided for in proportion to the preceptors' shares (total £12.795m^{*} in 2023/24). The provision for appeals is in addition to the provision for bad debts set out below.

	31 March 2023	31 March 2024
Local Business Rates Bad Debt Provision	£000	£000
Provision for impairment of debt brought forward	(11,926)	(14,259)
Amount written off / (on)	1,318	1,987
Contribution to Provision for Impairment of debt	(3,651)	(2,295)
Local Business Rates Bad Debt Provision	(14,259)	(14,567)

*Enfield's share is £3.839m, which is shown under the provisions in Note 38.

Coll 3 Business Rates Supplement

Government legislation gives the Greater London Authority (GLA) the power to levy an additional 2p Business Rate Supplement on London businesses as a contribution to the cost of the Crossrail scheme. As with national business rates, the Council collects the 2p business rates and pays the income over to the GLA. The total amount due for 2023/24 after reliefs and provisions was £3.494m.

Pension Fund Accounts

London Borough of Enfield

Pension Fund Draft Statement of Accounts 2023/24

Pension Fund Accounts

31 March 2023* £000s	London Borough of Enfield Pension Fund Account	Notes	31 March 2024 £000s
	Dealings with members, employers and others directly involved in the Fund		
(56,214)	Contributions	7	(57,614)
(12,591)	Transfers in from other pension funds	8	(8,068)
(68,805)			(65,682)
49,478	Benefits payable	9	54,654
3,766	Payments to and on account of leavers	10	12,813
53,244			67,467
(15,561)	Net additions/(withdrawals) from dealings with members		1,785
11,034	Management expenses	11	9,383
(4,527)	Net additional/(withdrawals) including fund management		11,168
	Returns on investments		
(22,223)	Investment income	12	(34,280)
-	Taxes on income	13A	412
93,302	Profit & losses on disposal of investments and changes in the market value of investments	14A	(98,299)
71,079	Net returns on investments		(132,167)
66,552	Net change in assets available for benefits during the year		(120,999)
(1,522,779)	Opening net assets of the scheme		(1,456,227)
(1,456,227)	Closing net assets of the scheme		(1,577,226)

*Restated – following updated information that was not available at the time of publication of 2022/23 draft accounts, investment management expenses, and asset values for private equity and infrastructure have been restated.

Pension Fund Accounts continued:

31 March 2023		Net Assets Statement for Year Ended 31 March 2024		Notes	31 March 2024
£000s					£000s
1,325,901	Investment assets			14	1,482,821
(103)	Investment liabilities				(19)
1,325,798	Total net investments				1,482,802
128,959	Cash deposits			14	93,706
1,992	Other investment balances -assets			14	2,467
(872)	Other investment balances - liabilities				(2,358)
1,445,877	Other investment balances			14	1,576,617
117	Long Term Debtor			20a	234
612	Current assets			20	807
(379)	Current liabilities			21	(432)
1,456,227	Net assets of the fund available to fund benefits at the end of the reporting period				1,577,226

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

I can confirm that these Statement of Accounts have been prepared on the basis of providing a true and fair view of the Council's financial position with the best known information at this time. However, these accounts' opening balances have not been subject to finalised external audit for over three years and, given the number of years now outstanding, the level of risk of amendment is compounded. On this basis, it is not possible to substantially confirm that these accounts present a true and fair view at this time and until the external audits have been completed for 2019/20, 2020/21, 2021/22 and 2022/23.

Signed:

Fay Hammond
Executive Director Resources & S151
31 May 2024

Notes Supporting Pension Fund

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Notes Supporting Pension Fund Accounts

Note 1 Description of the Fund

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

The following description of the fund is a summary only. For more detail, reference should be made to the [Enfield Pension Fund Annual Report 2022/23\(Draft\)](#) and the underlying statutory powers underpinning the scheme

A. General

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

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

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

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

B. Membership

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

Organisations participating in the fund include the following:

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

Notes Supporting Pension Fund Accounts

Note 1 Description of the Fund continued:

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

Enfield Pension Fund	31 March 2023	31 March 2024
Number of employers with active members	7,719	7,343
Number of pensioners	6,489	6,813
Deferred pensioners	8,179	8,230
Frozen/undecided	3,034	3,530
Total number of members in pension scheme	25,421	25,916

C. Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the Local Government Pension Scheme Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2024. Employee contributions are matched by employers' contributions which are set based on triennial actuarial funding valuations. The results of recent formal valuation as at 31 March 2023 has employer contribution rates range from 8.5% to 21.7% of pensionable pay.

D. Benefits

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

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits, as explained on the LGPS website – see www.lgpsmember.org

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

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

Notes Supporting Pension Fund Accounts

Note 2 Basis of Preparation

The statement of accounts summarises the fund's transactions for the 2023/24 financial year and its position at year-end as at 31 March 2024. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

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

The accounts have been prepared on a going concern basis.

Note 3 Summary of Significant Accounting Policies

Fund Account – Revenue Recognition

A. Contribution income

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

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

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

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

B. Transfers to and from other schemes

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

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

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

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

Notes Supporting Pension Fund Accounts

Note 3 Summary of Significant Accounting Policies continued:

C. Investment income

- a) **Interest income** Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs (where material) or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.
- b) **Dividend income** Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.
- c) **Distributions from pooled funds** Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.
- d) **Movement in the value of investments** Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund Account – Expense Items

D. Benefits Payable

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

E. Taxation

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

F. Management expenses

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

Notes Supporting Pension Fund Accounts

Note 3 Summary of Significant Accounting Policies continued:

- a) **Administrative expenses** All administrative expenses are accounted for on an accruals basis. All staff costs of the pension's administration team are charged direct to the fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the fund.
- b) **Oversight and governance costs.** All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged direct to the fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the fund.
- c) **Investment management expenses** All investment management expenses are accounted for on an accruals basis.

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

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

Net assets statement

G. Financial assets

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

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

H. Foreign currency transactions

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

Notes Supporting Pension Fund Accounts

Note 3 Summary of Significant Accounting Policies continued:

I. **Cash and cash equivalents**

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

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

J. **Financial liabilities**

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

K. **Actuarial present value of promised retirement benefits**

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

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

L. **Additional voluntary contributions**

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

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

M. **Contingent assets and contingent liabilities**

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

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

Notes Supporting Pension Fund Accounts

Note 4 Critical judgements in applying Accounting Policies

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

There were no such critical judgements made during 2023/24

Notes Supporting Pension Fund Accounts

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

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

The items in the net assets statement at 31 March 2024 (for which there is a significant risk of material adjustment in the forthcoming financial year are set out in the table below:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 19)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance:</p> <p>a. 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of approximately £27m.</p> <p>b. 0.1% increase in assumed earnings inflation would increase the value of liabilities by approximately £1m.</p> <p>c. 0.1% increase in the assumed Rate of CPI Inflation would increase the value of liabilities by approximately £26m.</p> <p>d. if life expectancy increases by 1 years, it would increase the liability by approximately £67m.</p> <p>It should be noted that any changes in the above would not have an effect on either the Fund Account or the Net Asset Statement.</p>
Inflation Opportunities Fund (Note 15)	In November 2023 the Government released consultation on legislative reform of the residential leasehold sector, this included additional proposals to cap ground rents. The inflation opportunities fund has an allocation to ground rent debt, meaning the consultation, has impeded the ability to provide certainty for the valuation of these holdings.	The total value in the financial statements is £64.3m. There is a risk that the investment may be under or overstated in the accounts. Given a tolerance of +/-10% around the net asset values on which the valuation is based, this would equate to a tolerance of +/- £6.4m.
Private equity – venture capital investments (Note 15)	The figure for “Investments at fair value” is based on the latest information received from asset managers prior to the Fund’s accounting records closing for the quarter. The valuation methodologies are considered to be consistent with the International Private Equity and Venture Capital Valuation Guidelines.	The total value of relevant investments in the financial statements is £129.6m. There is a risk that this may be over or understated. A 10% change in the value of these investments would equate to a change in asset value of +/-£13.0m.
Pooled property investments (Note 15)	Valuation techniques are used to determine the carrying amount of pooled property funds and directly held freehold and leasehold property. Where possible these valuation techniques are based on observable data but where this is not possible management uses the best available data.	Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the fair value of property-based investments. A change of 10% would result in an increase or decrease of £4.8m, on carrying values of £47.7m.

Notes Supporting Pension Fund Accounts

Note 6 Events After the Reporting Date

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

Notes Supporting Pension Fund Accounts

Note 7 Contributions

By Category:

31 March 2023		31 March 2024
£000s		£000s
(14,057)	Employees' contributions	(14,728)
	Employers' contributions:	
(38,524)	Normal	(41,062)
(2,891)	Deficit recovery contributions	(159)
(742)	Augmentation contributions	(1,665)
(42,157)	Total employers' contributions	(42,886)
(56,214)		(57,614)

By Authority:

31 March 2023		31 March 2024
£000s		£000s
(44,404)	Administering authority	(44,769)
(11,450)	Scheduled bodies	(12,483)
(360)	Admitted bodies	(362)
(56,214)		(57,614)

Note 8 Transfers in from other Pension Funds

31 March 2023		31 March 2024
£000s		£000s
(12,591)	Individual transfers	(8,068)
(12,591)		(8,068)

Notes Supporting Pension Fund Accounts

Note 9 Benefits Paid/Payable

By category

31 March 2023		31 March 2024
£000s		£000s
40,608	Pensions	45,776
7,905	Commutation and lump sum retirement benefits	7,990
965	Lump sum death benefits	888
49,478		54,654

By authority

31 March 2023		31 March 2024
£000s		£000s
46,129	Administration authority	51,403
2,858	Scheduled bodies	2,722
491	Admitted bodies	529
49,478		54,654

Note 10 Payments to and on Account of Leavers

31 March 2023		31 March 2024
£000s		£000s
141	Refunds to members leaving service	176
3,625	Individual transfers	12,637
3,766		12,813

Notes Supporting Pension Fund Accounts

Note 11 Management Expenses

31 March 2023 £000s		31 March 2024 £000s
1,178	Administrative costs	1,307
537	Oversight and governance costs	685
9,319	Investment management expenses	7,391
11,034		9,383

Note 11a Investment Management Expenses

	Total £000s	Custody fees	Management fees £000s	Transaction fees £000s	Performance related fees £000s
2023/24					
Bonds	227	-	171	56	-
Pooled Investments	3,498	-	2,838	660	
Pooled property Investments	1,980	-	2,082	143	(245)
Private equity/Infrastructure	1,618	-	1,321	2	295
Custody fees	-	68	-	-	-
	7,391	68	6,412	861	50

	Total £000s		Management fees £000s	Transaction fees £000s	Performance related fees £000s
2022/23					
Bonds	148	-	122	26	-
Pooled Investments	6,299	-	4,252	718	1,327
Pooled property Investments	2,189	-	1,948	478	(237)
Private equity/Infrastructure	614	-	1,632	11	(1,029)
Custody fees	-	71	-	-	-
	9,319	71	7,954	1,235	61

Notes Supporting Pension Fund Accounts

Note 12 Investment Income

31 March 2023		31 March 2024
£000s		£000s
(3,314)	Income from bonds	(4,281)
(2,189)	Income from equities	(2,287)
(12,725)	Pooled investment funds	(18,711)
(2,521)	Pooled property investments	(2,466)
(1,474)	Interest on cash deposits	(6,535)
(22,223)	Total income before taxes	(34,280)

Note 13 Other Account Fund Disclosures

Note 13a External Audit Fees

31 March 2023		31 March 2024
£000s		£000s
25	Paid in respect of external audit (excluding VAT)	78
25		78

Notes Supporting Pension Fund Accounts

Note 14 Investments

31 March 2023* £000		31 March 2024 £000
	Investment assets	
74,997	Bonds	99,926
41,779	Equities**	35,827
	Pooled Investments	
289,785	Fixed income funds	361,671
573,302	Equity funds	676,950
34,981	Hedge funds	-
65,069	Inflation opportunity fund	64,341
1,079,913		1,238,715
	Other Investments	
115,975	Pooled property investments	114,216
109,086	Private equity funds	104,889
20,563	Infrastructure funds	24,743
	Derivative contracts:	
261	Futures	251
103	Forward currency contracts	7
245,988		244,106
128,959	Cash deposits	93,706
1,992	Investment Income due	2,467
130,951		96,173
1,456,852	Total Investment assets	1,578,994
	Investment liabilities	
	Derivative contracts:	
(95)	Futures	(8)
(8)	Forward currency contracts	(11)
(872)	Amounts payable for purchases	(2,358)
(975)	Total Investment liabilities	(2,377)
1,455,877	Net Investment assets	1,576,617

*Restated - following a review of the 2022/23 draft accounts some investments have been re-categorised in this and subsequent disclosures, so they are more accurately aligned with the Fund's strategic asset allocation.

**Equities consists of one holding in International Public Partnerships Limited for the purposes of the Funds strategic asset allocation this would be categorised as an Infrastructure consists of one holding in International Public Partnerships Limited for the purposes of the Funds strategic asset allocation this would be categorised as an Infrastructure investment.

Notes Supporting Pension Fund Accounts

Note 14a: Reconciliation of Movements in Investments and Derivatives

Period 2023/24	Market Value as at 1 April 2023 £000s	Purchases during the year and derivative payments £000s	Sales during the year and derivative receipts £000s	Change in Market Value during the year £000s	Market Value as at 31 March 2024 £000s
Bonds	74,997	34,746	(12,010)	2,193	99,926
Equities	41,779	-	(2)	(5,950)	35,827
Pooled Investments	963,137	70,969	(35,690)	104,546	1,102,962
Pooled property Investments	115,975	4,444	(1,481)	(4,722)	114,216
Private equity/Infrastructure	129,649	11,076	(9,194)	(1,899)	129,632
Management fees taken off value	-	-	(6,088)	6,088	-
	1,325,537	121,235	(64,465)	100,256	1,482,563
Derivative contracts:					
Futures	166	812	(491)	(244)	243
Forward currency contracts	95	153	(380)	128	(4)
	1,325,798	122,200	(65,336)	100,140	1,482,802
Other Investment balances:					
Cash deposits	128,959			(1,840)	93,706
Investment income due	1,992			-	2,467
Spot FX contracts	-			(1)	-
Amounts payable for purchases of Investments	(872)			-	(2,358)
	1,455,877			98,299	1,576,617

Notes Supporting Pension Fund Accounts

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

Period 2022/23	Market Value as at 31 March 2022 £000s	Purchases during the year and derivative payments £000s	Sales during the year and derivative receipts £000s	Change in Market Value during the year £000s	Market Value as at 31 March 2023 £000s
Bonds	93,110	19,685	(17,267)	(20,531)	74,997
Equities	49,985	96	(97)	(8,205)	41,779
Pooled Investments	986,804	135,585	(161,240)	1,988	963,137
Pooled property Investments	130,813	8,089	(31)	(22,896)	115,975
Private equity/Infrastructure	187,334	14,101	(19,238)	(52,548)	129,649
Adjustment for management fees	-	-	(7,660)	7,660	-
	1,448,046	177,556	(205,533)	(94,532)	1,325,537
Derivative contracts:					
Futures	(48)	1,702	(456)	(1,032)	166
Forward currency contracts	(83)	790	(349)	(263)	95
	1,447,915	180,048	(206,338)	(95,827)	1,325,798
Other Investment balances:					
Cash deposits	73,478			2,539	128,959
Amount receivable for sales of investments	650			2	-
Investment income due	1,973			-	1,992
Spot FX contracts	1			(16)	-
Amounts payable for purchases of Investments	(785)			-	(872)
	1,523,232	-	-	(93,302)	1,455,877

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

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

Notes Supporting Pension Fund Accounts

Note 14b Analysis of Investments

The Fund employs external investment managers to manage all of its investments apart from an amount of cash, which is managed internally in line with the Fund's treasury management strategy. This structure ensures that the total Fund performance is not overly influenced by the performance of any one manager. The Market value of investments in the hands of each manager is shown in the table below:

31 March 2023			31 March 2024		
£000	%		£000	%	
Investments managed by London CIV regional pool:					
110,802	7.6	LCIV Global Equity Focus Fund - Longview Partners	130,761	8.3	
102,865	7.1	LCIV Global Alpha Growth Paris Aligned Fund - Baillie Gifford & Co	119,300	7.6	
77,365	5.3	LCIV Global Bond Fund - PIMCO	82,306	5.2	
53,558	3.7	LCIV MAC Fund - London CIV	59,727	3.8	
31,856	2.2	LCIV Emerging Market Equity Fund - J.P. Morgan Asset Management	31,431	2.0	
-	-	LCIV Renewable Infrastructure Fund - London CIV	4,078	0.2	
376,446	25.9		427,603	27.1	
Investments managed outside London CIV pool:					
360,247	24.7	BlackRock Inc	452,707	28.7	
109,087	7.5	Adams Street Partners L.P.	104,889	6.7	
77,507	5.3	Western Asset Management Company Ltd	103,889	6.6	
127,626	8.8	Cash (internally managed)	89,901	5.7	
79,878	5.5	MFS International (UK) Limited	88,043	5.6	
47,618	3.2	Aon Investments Limited	69,495	4.4	
65,069	4.5	M&G Investments	64,341	4.0	
36,248	2.5	Legal & General Investment Management Limited	36,646	2.3	
36,752	2.5	CBRE Investment Management	36,245	2.3	
41,779	2.9	International Public Partnerships Limited – Amber Infrastructure	35,827	2.3	
30,357	2.1	Insight Investment	32,973	2.1	
20,563	1.4	Antin Infrastructure Partners	20,665	1.3	
9,295	0.6	Brockton Everlast Inc.	11,406	0.7	
2,424	0.2	York Capital Management	1,987	0.1	
34,981	2.4	Davidson Kempner Capital Management L.P.	-	-	
1,079,430	74.1		1,149,014	72.9	
1,455,877	100		1,576,617	100	

Notes Supporting Pension Fund Accounts

Note 14b Analysis of Investments continued:

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

Security	Market value	% of total	Market value	% of total
	31-Mar-2023	Fund	31-Mar-2024	Fund
	£000s		£000s	
ACS World Low Carbon Equity Tracker Fund - Blackrock	245,477	16.9	305,429	19.4
LCIV Global Equity Focus Fund - Longview Partners	110,802	7.6	130,761	8.3
LCIV Global Alpha Growth Paris Aligned Fund - Baillie Gifford & Co	102,865	7.1	119,300	7.6
Global Equity Fund - MFS	79,878	5.5	88,043	5.6
LCIV Global Bond Fund - PIMCO	77,365	5.3	82,306	5.2
Total Value of Investments	616,387		725,839	

Notes Supporting Pension Fund Accounts

Note 15 Fair Value – Basis of Valuation

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

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

Level 1

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

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

Level 2

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

Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments (private equity), which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The valuation basis for each category of investment asset is set out below:

Notes Supporting Pension Fund Accounts

Note 15 Fair Value – Basis of Valuation continued:

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

Notes Supporting Pension Fund Accounts

Note 15 Fair Value – Basis of Valuation continued:

Sensitivity of assets valued at level 3

Having analysed historical data and current market trends, the fund has determined that the valuation methods described above are likely to be accurate to within the following ranges and has set out below the consequent potential impact on the closing value of investments held at 31 March 2024.

Description of asset	Assessed valuation range (+/-) %	Value at 31 March 2024 £000s	Value on increase £000s	Value on decrease £000s
Pooled property investments	13%	47,651	53,608	41,695
Private equity funds	20%	104,889	125,867	83,911
Infrastructure funds	15%	24,743	28,455	21,032
Inflation opportunity fund	17%	64,341	75,279	53,403
Total		241,624	283,209	200,041

Notes Supporting Pension Fund Accounts

Note 15a Fair Value Hierarchy

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

31 March 2024	Quoted market price	Using observable inputs	With significant observable inputs	Total £000
	Level 1 £000	Level 2 £000	Level 3 £000	
Financial assets at fair value through profit and loss				
Bonds	-	99,926	-	99,926
Equities	35,827	-	-	35,827
Pooled investments	697,546	341,076	64,341	1,102,962
Pooled Property Investments	-	66,565	47,651	114,216
Private Equity/Infrastructure	-	-	129,632	129,632
Derivative Assets	495	7	-	502
Cash deposits	93,427	35	-	93,462
Investment income due	469	1,998	-	2,467
Financial liabilities at fair value through profit and loss				
Payable for investment purchases	-	(2,358)	-	(2,358)
Derivative liabilities	(8)	(11)	-	(19)
Net financial assets	827,756	507,238	241,624	1,576,617

Notes Supporting Pension Fund Accounts

Note 15a Fair Value Hierarchy continued:

31 March 2023	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant observable inputs Level 3 £000	Total £000
Financial assets at fair value through profit and loss				
Bonds	-	74,997	-	74,997
Equities	41,779	-	-	41,779
Pooled investments	583,559	379,578	-	963,137
Pooled Property Investments	-	69,927	46,048	115,975
Private Equity	-	-	129,649	129,649
Derivative Assets	260	353	-	613
Cash deposits	128,675	35	-	128,710
Investment income due	562	1,430	-	1,992
Financial liabilities at fair value through profit and loss				
Payable for investment purchases	-	(872)	-	(872)
Derivative liabilities	(95)	(8)	-	(104)
Net financial assets	754,740	525,440	175,697	1,455,877

Notes Supporting Pension Fund Accounts

Note 15b: Transfers Between Levels 1 and 2

There has been no movement during 2022/23.

Note 15c Reconciliation of Fair Value Measurements Within Level 3*

	Market Value as at 1 April 2023 £000	Transfers in/out of level 3 £000	Purchases £000	Sales £000	Unrealised gains/ (losses) £000	Realised gains/ (losses) £000	Market Value as at 31 March 2024 £000
Pooled property investments	46,048	-	4,444	(1,481)	(1,701)	342	47,651
Pooled private equity	109,086	-	6,998	(9,195)	(7,565)	5,563	104,889
Pooled infrastructure funds	20,563	-	4,078	-	103	-	24,743
Inflation opportunity fund*	-	65,877	1,104	-	(2,640)	-	64,341
	175,697	65,877	16,624	(10,676)	(11,803)	5,905	241,624

*Transferred from level 2 to level 3 in November 2023 following a government consultation on legislative reform of the residential leasehold sector, including additional proposals to cap ground rents. This resulted in valuation uncertainty and suspension of trading, reducing the amount of observable market data available.

Notes Supporting Pension Fund Accounts

Note 16 Financial Instruments

Note 16a Classification of Financial Instruments

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

Designated as fair value through profit and loss £000	31 March 2023		Designated as fair value through profit and loss £000	31 March 2024	
	Loans and receivables £000	Financial liabilities £000		Loans and receivables £000	Financial liabilities £000
Financial assets					
74,997	-	-	Bonds	99,926	-
41,779	-	-	Equities	35,827	-
963,137	-	-	Pooled investments	1,102,962	-
115,975	-	-	Pooled property Investments	114,216	-
129,649	-	-	Private Equity	129,632	-
364	-	-	Derivative Assets	258	-
48,666	80,293	-	Cash deposits	84,043	9,663
-	1,992	-	Other investment balances	-	2,467
1,374,567	82,285	-		1,566,864	12,130
Financial liabilities					
(103)	-	-	Other Investment balances	(19)	-
-	-	(872)	Creditors		(2,358)
(103)	-	(872)		(19)	(2,358)
1,374,464	82,285	(872)	Total	1,566,845	12,130
		1,455,877	Grand Total	1,576,617	

Notes Supporting Pension Fund Accounts

Note 16b Net Gains and Losses on Financial Instruments

31 March 2023		31 March 2024
£000		£000
Financial assets		
(94,532)	Fair value through profit and loss	100,254
2,541	Loans and receivables	-
Financial liabilities		
(1,295)	Fair value through profit and loss	(116)
(16)	Loans and receivables	(1,839)
(93,302)		98,299

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

Notes Supporting Pension Fund Accounts

Note 17 Nature and Extent of Risks Arising from Financial Instruments

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

Management of risk

The Pension Fund is invested in a range of different types of assets – equities, bonds, property, private equity and cash. This is done in line with the Local Government Pension Scheme Management and Investment of Funds Regulations 2016, which require pension funds to invest any monies not immediately required to pay benefits. These regulations require the formulation of an Investment Strategy Statement which sets out the Fund's approach to investment including the management of risk.

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

a) Market risk

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

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

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

The fund manages these risks in two ways:

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

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

Notes Supporting Pension Fund Accounts

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

Other price risk

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

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

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

Other price risk – sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the fund's investment advisors, the Fund has determined that the following movements in market price risk are reasonably possible for the 2023/24 reporting period (based on assumption made in March 2023 on data provided by the Fund's investment consultant). The sensitivities are consistent with the assumptions contained in the investment advisor's most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same. To demonstrate the impact of this volatility, the table below shows the impact of potential price changes based on the observed historical volatility of asset class returns.

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

Notes Supporting Pension Fund Accounts

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

Asset type	Market Value as at 31 March 2024 £000	Percentage change %	Value on increase £000	Value on decrease £000
Cash and cash equivalents	93,706	-	93,706	93,706
Investment portfolio assets:				
Bonds	99,926	9.0	108,919	90,933
Equities	35,827	16.0	41,559	30,095
Fixed Income funds	361,671	9.0	394,221	329,121
Equity funds	676,950	18.0	798,801	555,099
Hedge funds	-	8.0	-	-
Inflation opportunity fund	64,341	9.0	70,132	58,550
Pooled property Investments	114,216	12.5	128,493	99,939
Private equity funds	104,889	20.0	125,867	83,911
Infrastructure funds	24,743	15.0	28,454	21,032
Net derivatives	239	0.0	239	239
Investment income due	2,467	0.0	2,467	2,467
Amounts payable for purchases	(2,358)	0.0	(2,358)	(2,358)
Total assets available to pay benefits	1,576,617		1,790,500	1,362,734

Asset type	Market Value as at 31 March 2023 £000	Percentage change %	Value on increase £000	Value on decrease £000
Cash and cash equivalents	128,959	-	128,959	128,959
Investment portfolio assets:				
Bonds	74,997	9.0	81,747	68,247
Equities	41,779	16.0	48,464	35,094
Fixed Income funds	289,785	9.0	315,866	263,704
Equity unit trusts	573,302	18.0	676,496	470,108
Hedge funds	34,981	8.0	37,779	32,183
Inflation opportunity fund	65,069	9.0	70,925	59,213
Pooled property Investments	115,975	12.5	130,472	101,478
Private equity/Infrastructure funds	109,086	20.0	130,903	87,269
Infrastructure funds	20,563	15.0	23,647	17,479
Net derivatives	261	0.0	261	261
Investment income due	1,992	0.0	1,992	1,992
Amounts payable for purchases	(872)	0.0	(872)	(872)
Total assets available to pay benefits	1,455,877		1,646,639	1,265,115

Notes Supporting Pension Fund Accounts

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

Interest rate risk

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

The fund's direct exposure to interest rate movements as at 31 March 2024 and 31 March 2023 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Interest rate risk sensitivity analysis

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

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

Asset type	Average Duration Years	Market Value as at 31 March 2024 £000	Change in year in the net assets available to pay benefits £000	
Cash and cash equivalents				
Cash	-	93,706	-	-
Bonds				
UK public sector quoted	14.2	8,148	(1,155)	1,155
UK quoted	10.8	51,478	(5,547)	5,547
Overseas public sector quoted	17.4	659	(114)	114
Overseas quoted	9.4	39,640	(3,739)	3,739
Total change in assets available	-	-	(10,555)	10,555

Notes Supporting Pension Fund Accounts

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

Asset type	Average Duration Years	Market Value as at 31 March 2023 £000	Change in year in the net assets available to pay benefits £000	
Cash and cash equivalents				
Cash		128,959	-	-
Bonds				
UK public sector quoted	16.8	2,769	(465)	465
UK quoted	10.5	40,026	(4,184)	4,184
Overseas public sector quoted	17.8	669	(119)	119
Overseas quoted	9.6	31,534	(3,025)	3,025
Total change in assets available			(7,793)	7,793

Income exposed to interest rate risks	Amount receivable as at 31 March 2024 £000	Potential movement on 1% change in interest rates £000	Value on increase £000	Value on decrease £000
Interest on cash deposits	6,535	937	7,472	5,598
Bonds	4,281	-	4,281	4,281
Total	10,816	937	11,753	9,879

Income exposed to interest rate risks	Amount receivable as at 31 March 2023 £000	Potential movement on 1% change in interest rates £000	Value on increase £000	Value on decrease £000
Interest on cash deposits	1,474	1,290	2,764	184
Bonds	3,314	-	3,314	3,314
Total	4,788	1,290	6,078	3,498

Notes Supporting Pension Fund Accounts

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

Currency risk

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

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

Currency risk – sensitivity analysis

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

Currency exposure - asset type	Market Value as at 31 March 2024 £000	Change in year in the net assets available to pay benefits	
		+10% £000	-10% £000
Bonds	3,304	3,634	2,974
Pooled Investments	1,987	2,186	1,788
Private equity/Infrastructure	125,554	138,109	112,999
Derivatives	(4,161)	(4,577)	(3,745)
Cash Balances	85,655	94,221	77,090
Investment income due	247	272	222
Total change in assets available	212,586	233,845	191,328

Notes Supporting Pension Fund Accounts

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

Currency exposure - asset type	Market Value as at 31 March 2023 £000	Change in year in the net assets available to pay benefits	
		+10% £000	-10% £000
Bonds	3,284	3,612	2,956
Pooled Investments	37,405	41,146	33,665
Private equity/Infrastructure	129,649	142,614	116,684
Derivatives	(3,850)	(4,235)	(3,465)
Cash Balances	48,854	53,739	43,969
Investment income due	274	301	247
Total change in assets available	215,616	237,177	194,056

b) Credit risk

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

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

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

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

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

Notes Supporting Pension Fund Accounts

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

The Council believes it has managed its exposure to credit risk and has had no experience of default or uncollectable deposits over the past five financial years. Detailed below are the specifics of the Fund's cash, held under internal treasury management arrangements, and the respective institutions where these holdings are kept:

	Rating	Balances as at 31 March 2023 £000	Balances as at 31 March 2024 £000
Money market funds			
Goldman Sachs money market fund	AAAm	48,631	22,747
Northern Trust market fund	AAAm	-	61,261
Bank current accounts			
HSBC	AA-	11	1
Northern Trust Custodian	AA-	78,491	5,488
		127,133	89,497

c) Liquidity risk

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

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

All financial liabilities at 31 March 2024 are due within one year.

a) Refinancing risk

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

Notes Supporting Pension Fund Accounts

Note 18 Funding Arrangements

Description of Funding Policy

In line with the Local Government Pension Scheme Regulations, the Fund's actuary undertakes a funding valuation every three years for the purpose of ensuring the Enfield Pension Fund can meet its liabilities to past and present contributors, and to review employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022 and was carried out by the Fund's actuary at the time - Aon.

The funding policy is set out in the Funding Strategy Statement (FSS), dated September 2022. In summary The key elements of the funding policy are:

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

The aim is to achieve 100% solvency over a period of 25 years and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Normally this is three years. Solvency is achieved when the funds held, plus future expected investment returns and future contributions, are sufficient to meet expected future pension benefits payable. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least an 80% likelihood that the Fund will achieve the funding target over 25 years.

Funding Position at last formal valuation

The 2022 actuarial valuation revealed that the Fund's assets, which at 31 March 2022 were valued at £1,523 million, were sufficient to meet 104% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2022 valuation was £53 million.

Financial assumptions

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

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

Financial assumptions	31 March 2022
Discount rate	4.4% p.a.
Salary increase assumption	3.8% p.a.
Benefit increase assumption (CPI)	2.3% p.a.

Notes Supporting Pension Fund Accounts

Note 18 Funding Arrangements continued:

Demographic assumptions

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

Life expectancy from age 65 as valuation date	Males	Females
Current pensioners aged 65 at the valuation date	21.7	24.1
Future pensioners aged 45 at the valuation date	23.0	25.5

Full details of the methods and assumptions used are described in the 2022 valuation report and FSS. Copies of the 2022 valuation report and FSS are available on the Fund's website. The next actuarial valuation will be carried out as at 31 March 2025, The FSS will also be reviewed at that time.

Note 19 Actuarial Present Value of Promised Retirement Benefits

CIPFA's Code of Practice on Local Authority Accounting 2023/24 requires Administering Authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 refers to as the actuarial present value of promised retirement benefits.

The table below shows the present value of promised retirement benefits as at 31 March 2024. The figures have been prepared by Hymans Robertson, the Fund's actuary, only for the purposes of providing the information required by IAS26. In particular, they are not relevant for calculations undertaken for funding purposes or for other statutory purposes under UK pension's legislation. In calculating the required numbers, the actuary adopted methods and assumptions that are consistent with IAS19.

	31 March 2024 (£m)
Active Members	603
Deferred members	292
Pensioners	769
Total	1,664

Notes Supporting Pension Fund Accounts

Note 19 Actuarial Present Value of Promised Retirement Benefits continued:

The promised retirement benefits at 31 March 2024 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2022. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, Hymans Robertson are satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

Assumptions

Financial assumptions	31 March 2024
Discount rate	4.8% p.a.
Salary increase assumption	4.3% p.a.
Benefit increase assumption (CPI)	2.8% p.a.

Demographic assumptions

The longevity assumptions have changed since the previous IAS26 disclosure for the Fund.

Life expectancy is based on the S3PA heavy tables (with a multiplier of 85% for males and 95% for females), with improvements in line with the CMI 2022 model, with a 25% weighting of 2022 data, a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 for the Employer are summarised below:

Life expectancy	Males	Females
Current pensioners	21.0	23.5
Future pensioners aged 45 at the valuation date	22.3	24.9

Notes Supporting Pension Fund Accounts

Note 20 Current Assets

31 March 2023 £000s		31 March 2024 £000s
	Debtors	
146	Contributions due - employees	162
456	Contributions due - employers	492
-	London Borough of Enfield	152
602		806
	Cash balances	
10	Current account	1
612		807

Note 20a Long Term Debtors

31 March 2023 £000s		31 March 2024 £000s
	Debtors	
117	Pensioner Tax liability	234
117		234

Note 21 Current Liabilities

31 March 2023 £000s		31 March 2024 £000s
(280)	Sundry creditors	(349)
(99)	Benefits payable	(83)
(379)		(432)

Notes Supporting Pension Fund Accounts

Note 22 Additional Voluntary Contributions

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

The current provider is Prudential. Funds held are summarised below. Funds held are summarised in the table below (at the time of publishing Prudential have not finalised their 2023/24 accounts so the data below is based on draft accounts):

	Opening Balance at 1 April 2023 £000s	Contributions & Transfers £000s	Sums Paid Out £000s	Investment Return £000s	Closing Balance at 31 March 2024 £000s
Plan Value	4,433	1,361	(999)	266	5,061
	4,433	1,361	(999)	266	5,061

Note 23 Agency Services

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

Note 24 Related Party Transactions

London Borough of Enfield

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

During the reporting period, the Council incurred costs of £1.621m (2022/23: £1.379m) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also the single largest employer of members of the Pension Fund, the total contribution paid by the Council are disclosed in note 7 above. At year end the Council owed the Pension Fund £152k (in 2022/23 the Pension Fund owed the Council £13k).

Notes Supporting Pension Fund Accounts

Note 24 Related Party Transactions continued:

Governance

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

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

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

Note 24a Key Management Personnel

The fund has identified the Director of Capital and Commercial, the Head of Pension Investments, and the Head of Exchequer Services as key management personnel with the authority and responsibility to control or exercise significant influence over the financial and reporting decisions of the fund. The combined compensation for these officers attributable to Enfield Pension Fund is shown below:

31 March 2023*		31 March 2024
£000s		£000s
46	Short-term benefits	123
9	Post-employment benefits	24
55		147

*restated 2022/23, in line final pension fund report

Note 25 Contingent Liabilities And Contractual Commitments

The total outstanding capital commitments (investments) at 31 March 2024 are £198.7m (31 March 2023 were £37.9m).

These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing over a period of between four and six years from the date of each original commitment.

Glossary of Terms

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

Glossary of Terms

Debtors	Amounts owed to the Council but not received at the Balance Sheet date.
Depreciation	The consumption of an asset's economic value due to normal wear and tear and deterioration in the day to day provision of services.
Earmarked Reserves	Reserves set aside from revenue funding to meet future expenditure for specific purposes.
Expenditure	Activity which has been charged to the Accounts. This includes payments physically made, creditors and capital charges such as depreciation and impairment.
Funded Scheme	A pension scheme that is supported by a fund of money, which is maintained at a level sufficient to meet all future liabilities under the scheme.
General Fund	A statutory account that summarises the cost of providing Council services. It excludes the provision of council housing.
Gross Expenditure	The total cost of providing a service or activity before taking into account income, e.g. from government grants or fees and charges.
Housing Revenue Account (HRA)	A statutory account maintained separately from the General Fund for the recording of income and expenditure relating to the provision of council housing.
Impairment	Additional charges above normal depreciation representing the reduction in asset values arising from a fall in market values or deterioration/obsolescence.
Interest	The amount received or paid for the use of a sum of money when it is invested or borrowed.
Income	The Inflow of resources to the Council which has been recognised and recorded in the accounts. This includes actual receipts, plus debtors.
Materiality	<p>Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements (International Accounting Standards Board Framework).</p> <p>Materiality therefore relates to the significance of transactions, balances and errors contained in the financial statements. Materiality defines the threshold or cut off point after which financial information becomes relevant to the users. Information contained in the financial statements must therefore be complete in all material respects (both qualitative and quantities) in order for them to present a true and fair view of the affairs of the entity.</p>
Minimum Revenue Provision	The statutory minimum amount that the Council must charge to revenue to provide for the reduction in the Capital Financing Requirement.
Non-Domestic Rates (NDR)	Also known as Business Rates, this is a flat rate in the pound set by Central Government and levied on businesses in the borough. The money is essentially collected by Enfield and then shared between Enfield, the Greater London Authority and Central Government. These arrangements were introduced under the Localism Act in April 2013, so that the Council gets to retain a proportion of Business Rate Income growth locally without sharing.
Net Expenditure	Expenditure less income

Glossary of Terms

Non-Current Assets	Tangible and intangible assets that yield benefits to the Council and the services it provides for a period of more than one year.
Precept	A charge on the Collection Fund by the Greater London Authority.
Prior Year Adjustment	An adjustment applicable to prior years arising from changes in accounting policies or from the correction of material errors.
Provision	An amount set aside for liabilities and losses, which are likely to be incurred, but where the exact amount and the date on which they will arise is uncertain.
Public Works Loans Board	Central Government agency, which is used to fund local government borrowing.
Revenue Expenditure	Spending on day-to-day items including salaries and wages, premises costs, and supplies and services.
Revenue Expenditure Funded from Capital Under Statute	Expenditure of a capital nature not in connection with a Council-owned asset e.g. private sector renewal grants, Disabled Facilities Grants and funding for Voluntary Aided Schools.
Revenue Support Grant	A general grant paid by Central Government to the Council towards the cost of all its services.
Reserves	The difference between cumulative income and cumulative expenditure. Reserves are resources available to the Council.
Support Services	These are services provided centrally in support of the corporate management of the Council and the delivery of front-line services. They include financial, legal, HR, IT, property and general administrative support services.
Unfunded Scheme	A superannuation scheme that is not supported by a fund of money.