



Ealing Council Statement of Accounts 2020/21



Contents

1. Narrative Reports and Written Statements

Introduction by the Chief Finance Officer	Page 5
Narrative Report	Page 6
Statement of Responsibilities for the Statement of Accounts	Page 28
Independent Auditor's Report to the Members of Ealing Council	Page 29
Independent Auditor's Report to the Members of Ealing Council on the Pension Fund Financial Statements	Page 35

2. Core Financial Statements

Comprehensive Income and Expenditure Statement	Page 39
Movement in Reserves Statement	Page 40
Balance Sheet	Page 41
Cash Flow Statement	Page 42

3. Notes to the Accounts

Index of Notes to the Core Financial Statements	Page 44
Notes to the Core Financial Statements	Page 45

4. Supplementary Accounts and Explanatory Notes

Housing Revenue Account	Page 107
Notes to the Housing Revenue Account	Page 109
Collection Fund Statement	Page 112
Notes to the Collection Fund Statement	Page 113
Pension Fund Account	Page 115
Notes to the Pension Fund Account	Page 117
Actuarial Statement	Page 138

5. Group Accounts

Group Core Financial Statements	Page 143
Group Notes to the Core Financial Statements	Page 147

6. Accounting Policies

Accounting Policies	Page 155
---------------------	----------

7. Glossary

Glossary of Terms	Page 173
-------------------	----------

8. Annual Governance Statement

Annual Governance Statement	Page 183
-----------------------------	----------

1. Narrative Report and Written Statements

INTRODUCTION BY THE CHIEF FINANCIAL OFFICER

The Statement of Accounts sets out the Council's financial results for 2020/21 and the position at 31 March 2021.

It is intended that these accounts provide a useful and important source of financial information for the Ealing community, stakeholders, council members and other interested parties.

The Narrative Report provides some background and context to the council's financial position in 2020/21; I hope that readers of the council's accounts find this helpful.

I would like to thank my staff and colleagues throughout the Council for their hard work and support in producing the accounts for 2020/21.

Emily Hill
Chief Finance Officer
Date: 24 April 2024

NARRATIVE REPORT

The Narrative Report provides information on the authority, its main objectives and strategies and the principal risks that it faces, as well as providing a commentary on how the authority has used its resources to achieve its desired outcomes in line with its objectives and strategies throughout 2020/21.

The operating environment over the course of 2020/21 due to the COVID-19 pandemic has been truly exceptional, during this time the Council has led the local response working across a vast range of areas to ensure its residents, customers and businesses receive the support they need. The Council has been at the forefront of the response to the pandemic, it has extended support to residents in need of assistance ranging from the provision of food to a range of financial measures and initiatives, to ensuring that the businesses of the borough receive financial support as quickly as possible. The Council not only continues to prioritise and focus on the everchanging response work but also has worked to ensure recovery is at the forefront of the Councils agenda as demonstrated through the Economic Recovery Greenprint.

The financial platform for providing this has been challenging in-year. The Council has faced significant pressures in 2020/21, resulting in variances in excess of £20m as the level and mechanism for financial support remained unclear and came through in a variety of timings and amounts throughout the financial year. At the end of the financial year the Council concluded the amounts provided by Government will cover the majority of the costs and pressures incurred and experienced in 2020/21.

ABOUT EALING

Ealing is an attractive area to live in. The borough has stunning parks, open spaces and great local high streets, providing a good quality of life, while excellent transport links provide easy access to all the best opportunities that London has to offer.

This combination explains why so many have chosen to build their lives here. Ealing is the fourth most populous London borough with 340,300 residents. We are also a hugely diverse borough with people from across the world coming to make Ealing their home. That diversity is one of the borough's great strengths and contributes to the unique identities of our seven towns – Ealing, Acton, Hanwell, Greenford, Northolt, Perivale, Southall as well as our 23 wards.

Once fully operational there will be five Elizabeth line (Crossrail) stations in the borough, strengthening the transport network and combining inner London travel times with outer London quality of life and making Ealing one of the capital's best connected boroughs. As well as cutting the journey between Ealing and Bond Street to just 11 minutes and 14 minutes to Heathrow Airport.

Ealing is a strong economic centre with more VAT registered businesses located here than anywhere else in West London. Indeed, there are approximately 17,800 small businesses in Ealing and over 158,000 local jobs.

Investment and growth have helped increase the percentage of Ealing residents who are economically active. More than half of residents aged 16-64 are educated to degree level, surpassing both the London and national average.

Ealing Council has played a strong role to enable people to enjoy the benefits of living in Ealing. During the last four years the council, working with partners and residents, has made significant improvements to people's lives, particularly the most vulnerable. The Covid-19 pandemic has resulted in a significant impact on the borough as well as the council and all its services, and has changed the way, we work and live to a scale not experienced since the Second World War. The recovery challenge from COVID-19 will dwarf any other recovery processes the Council has had to previously manage, with every business and resident affected in some way.

ABOUT THE COUNCIL

As a London Borough, Ealing is responsible for the provision of most local services (e.g. Social Care, Education, Temporary Accommodation, Waste Collection and Roads) and is a billing authority in respect of Council Tax and Business Rates. The remaining services (such as Transport, Fire and Police) are the responsibility of the Greater London Authority.

Ealing's operational structure of the 3 following directorates reflect these responsibilities:

- **Chief Executive** (including Finance, HR & Organisational Development, ICT & Property Services, Legal & Democratic Services, Customer & Transactional Services and Strategy & Engagement)
- **Children's, Adults and Public Health** (including Adult Services, Children & Families, Learning Standards & School Partnerships, Public Health and Schools Planning & Resources)
- **Place** (including Community Development, Growth & Sustainability, Place Delivery and Housing Development)

OUR WORKFORCE

The Council employed 2,823 people in 2020/21 (headcount on 31/03/2021) as shown below:

20/21		19/20	
Gender: Male: 34.7% Female: 65.3%	Declared Disability: Yes: 4.4%	Gender: Male: 34.5% Female: 65.5%	Declared Disability: Yes: 4%
Age: Under 25: 2.3% 25-39: 24.7% 40-49: 24.6% 50-64: 43.3% 65+: 5.1%	Ethnicity: BME: 47.6% White: 37.7% Unknown: 14.7%	Age: Under 25: 2.9% 25-39: 25.2% 40-49: 24.3% 50-64: 42.7% 65+: 4.9%	Ethnicity: BME: 47.4% White: 38.3% Unknown: 14.3%

POLITICAL STRUCTURE

The Borough is divided into 23 wards, each of which elects three Councillors and each Councillor is elected for a term up to four-years. Ealing has 69 councillors and is Labour controlled. There are 57 Labour councillors, 8 Conservative and 4 Liberal Democrat.

THE CORPORATE PLAN 2018-22

The Council's Corporate Plan is our key strategic document and sets out the contribution the Council will make towards improving the borough and quality of life for Ealing residents between 2018 and 2022. It is framed by the three priorities of the elected administration for Ealing to provide:

- Good, genuinely affordable homes
- Opportunities and living incomes
- A healthy, great place

These priorities are delivered through nine key aims:

1. A growing economy creates jobs and opportunities for Ealing residents to reduce poverty and increase incomes
2. Children and young people fulfil their potential
3. Children and young people grow up safe from harm
4. Residents are physically and mentally healthy, active and independent
5. Ealing has an increasing supply of quality and affordable housing
6. Crime is down and Ealing residents feel safe
7. The borough has the smallest environmental footprint possible
8. Ealing is a clean borough and a high quality place where people want to live
9. Ealing is a strong community that promotes diversity with inequality and discrimination reduced

This work is underpinned by our strong commitment to adopt modern working practices; offering the digital experience that residents expect, providing our staff with the best tools to do their job, and driving efficiency and commercialisation to further cut costs and increase our income.

We recognise our workforce is our most important asset – their talent, skills, knowledge and experience are at the heart of everything we do and all that we achieve. Our corporate core values guide every aspect of our work, with the overarching value, ‘improving lives for residents’ that reflects our ultimate purpose and what the Council is here to do. The organisational values which assist us to achieve this purpose are trustworthy, innovative, collaborative, and accountable.

FUTURE PRIORITIES & FOCUS

At Full Council Annual General Meeting on 18 May 2021, a new Ealing Council leader and cabinet was announced, to include 9 councillors covering the portfolios of:

- Climate Action
- Decent Living Incomes
- Inclusive Economy
- Genuine Affordable Homes
- Good Growth
- Thriving Communities
- A Fairer Start
- Tackling Inequality
- Healthy Lives

As we emerge from the worst period of this pandemic, to respond to the new and huge challenges ahead, the new Leadership team set three new priorities of:

- Rebuilding our economy, returning good well-paid jobs to our borough and delivering the next generation of genuinely affordable homes.
- Greening our borough by tackling the climate crisis, cleaning our air and ensuring the borough we build is sustainable.
- Relentlessly tackling poverty and inequality that blights too many lives and disproportionately holds back all too many people from achieving their dreams and aspirations.

Contributing to the achievement of the above priorities and outcomes are a number of significant programmes of activity are now in delivery, notably:

- Housing Delivery Programme that along with partners have delivered over 75% of the 2,500 genuinely affordable homes target.
- Historically low numbers of looked after children as a result of preventative work with children and families
- Reduced placements into temporary accommodation with almost 50% of homelessness approaches to the council last year resulting in a prevention outcome.
- The Better Lives programme has continued to be delivered throughout 2020/21 with a strong focus on reducing the use of care home placements where community alternatives can be found and supporting customers maximise their independence.
- Continued delivery of our digital programme making it easier to access services online. 109,000 resident and business accounts have now been created on the My Account portal and new services brought online.

These are alongside the commitment of the new Administration to deliver London Living Wage, Ethical Charter and Social Value.

GOVERNANCE

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

The council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA / SOLACE Framework Delivering Good Governance in Local Government 2016 Edition. A copy of the code can be located on Ealing Council's Internet website at:

https://www.ealing.gov.uk/download/downloads/id/2550/corporate_code_of_governance.doc

The Annual Governance Statement explains how the council has complied with the code and also meets the requirements of regulation 6(2) Accounts and Audit Regulations 2015, in relation to the approval of the Annual Governance Statement.

The Head of Audit and Investigations opinion for 2020/21, is that there is limited assurance on the overall control framework for the Council. There is, however, also reasonable assurance on the key financial systems. These opinions are based on the audit work and consider how the system of internal control within the Council are designed to meet the organisation's objectives and whether controls are applied consistently. For information, this compares with 2019/20 where the overall opinion was reasonable assurance.

It is important to note that the decision to provide an overall audit opinion of limited assurance, was based upon 45% of reports receiving limited assurance, against 55% of reports which received positive assurance, as such the decision was marginal.

It is important to frame this decision with a number of other factors:

- Changes to audit planning over recent years has encouraged senior management to be open about risks and concerns to help target towards key risks to optimise value of the audit work.
- A global pandemic requiring an almost overnight shift to remote working, along with additional pressures to deliver new services to support the community.
- Advisory work ongoing around new systems (particularly prevalent during the pandemic) which provides ongoing assurance but does not receive a formal opinion.

Covid Pandemic Response

During the Covid Pandemic it has been essential to make adjustments to ways of working. The governance framework has been maintained to ensure compliance with overarching governance requirements and the Constitution.

Committee meetings – it was necessary to cancel some early meetings due to lockdown. Central Government then amended regulations to allow virtual meetings and standardised processes were reintroduced.

In the immediate aftermath of the first lockdown, decision making was minimal and focused on necessary response and support decisions for the Community. A command structure of Gold, Silver and Bronze is used by Councils in response to a sudden major incident such as the pandemic and is designed to formulate the strategy to respond to the incident. Council Gold made decisions support by emergency decision powers. The increased number of late and urgent key decisions for e.g. payment of grants was well documented and recorded and published in the normal way.

PERFORMANCE

COUNCIL

This section provides a summary of performance at the end of 2020/21, these performance indicators sit within the Council Plan 2018-22 and performance against them demonstrates progress against the council's priorities.

It must be noted that the Covid-19 pandemic has had an impact on many of the performance indicators as either reporting has been paused during the last few months or performance levels have been significantly impacted by the pandemic. As the annual Council Plan Review has been delayed due to the pandemic there are no targets set for the 2020-21 performance indicators. Instead performance has been compared against 2019/20 and the direction of travel noted.

At the end of 2020/21, performance outturns are available for 43 of the 76 performance indicators. Information for 10 of the remaining indicators is not available because they are either reported less

frequently (e.g. six-monthly, annually, or every two years), or have a time-lag i.e. their performance becomes available a certain period after the end of the quarter. In addition, 23 indicators will not have their full performance information available during 2020/21 due to the impact of the pandemic.

In terms of direction of travel of performance since last year, 69% of the 42 available indicators have shown the same or better performance in 2020/21 as compared to last year 2019/20

Status	Number of PIs	Percent of total PIs	Percent of available PIs
Up	26	34%	62%
Same	3	4%	7%
Down	13	17%	31%
YE DoT not available	1	1%	
YE outturn not available	9	12%	
YE outturn not applicable	1	1%	
No update expected	23	30%	
Total	76		

Some key performance outturns (both positive achievements and challenges) are discussed in more detail below:

- Residents supported to achieve accredited qualifications and residents supported to gain work**
1,688 qualifications were achieved by residents in 2020/21 which is an improvement on the number achieved in the previous year (1,679). This is strong performance despite the impact of the Covid-19 pandemic.
- EHC plans issued within 20 weeks (excluding exceptions)**
69.7% of Education, Health, and Care (EHC) plans were issued within 20 weeks in 2020, a reduction on the 86.8% reported in 2019.
- Looked after children**
At the end of 2020/21, there were 307 looked after children in Ealing, a rate of 37.6 per 10,000 of the 0-17 population, as compared to 40.6 at the end of 2019/20. The number steadily reduced throughout the year and is now 25 fewer children being looked after than at the end of last year (332).
- Percentage of young offenders engaged in suitable education, training or employment (ETE)**
By the end of 2020/21 a total of 56 out of 65 (86.2%) young offenders referred to the service had engaged in suitable education, training, or employment - an improvement on the 81.6% reported at the same point last year.
- First time entrants to the youth justice system**
In 2020/21 there were 214.3 first time entrants to the youth justice system per 100,000 young people aged 10-17 – a notable reduction on the rate of 250.4 reported in the previous year. The service has continued to provide a wide range of educational, life skills, and learning programmes online and face to face throughout the lockdown period with the service developing bespoke programmes to support and engage children throughout the past year.
- Genuinely affordable homes at council, social and London Living rents completed or onsite**
The administration set a manifesto commitment of 2,500 genuinely affordable homes. A total of 1,228 genuinely affordable homes were either completed or onsite at the end of 2020/21, a 23 percent improvement on the 991 reported at the end of the previous year. Similarly, 3,010 affordable homes had either been completed or were onsite by the end of 2020/21 – 22% more than the 2,459 reported in March 2020.
- Homelessness applications prevented through early intervention, and no. of families in B&B**
This year 46.9% of homelessness applications were prevented through early intervention, an increase on the proportion helped in 2019/20 (42.2%). In total this year 1,699 of the 3,625 approaches were helped by the service.

Further, at the end of the year, only 16 families were living in B&B accommodation, a notable reduction on the 77 reported at the end of 2019/20.

- **Crime and safety indicators**

Three of the four crime and safety indicators concerning the rate of incidents per 100,000 population reported an improved year to date performance as compared to last year. In particular:

- Incidents of knife crime with injury has fallen from 0.43 to 0.36.
- Rate of incidents of violence has fallen from 8.25 to 7.67.
- Rate of drug/ alcohol related ambulance attendances has fallen from 7.07 to 5.44.

However, the rate of incidents of 'domestic abuse - violence with injury' has risen over the same period, from 2.56 (874 incidents) to 2.65 (906 incidents).

- **Percentage of household waste sent for reuse, recycling and composting**

49.0% of household waste was sent for reuse, recycling and composting in 2020/21, lower than that reported in 2019/20 (50.2%).

Since the lockdown periods and movement restrictions began in March 2020, levels of household residual waste have significantly increased as a result of:

- Increased number of people working from home
- Closure of restaurants (more home cooking etc.)
- Children away from school for extended periods
- 2-month closure of the household waste and recycling centres

- **Levels of cleanliness: Percentage of streets free of graffiti, fly posting and Detritus**

Three of the four street cleanliness indicators showed year on year improvement between 2019/20 and 2020/21:

- The proportion of streets free of litter increased from 92.9% to 95.9% and was also the best reported performance since 2015/16 (95.3%).
- The proportion of streets free of detritus increased from 91.3% to 92.8%.
- The proportion of streets free of fly posting increased from 97.9% to 98.3%.

The only indicator not to show year on year improvement was the proportion of inspected streets that were free from graffiti, which fell from 96.0% to 92.7%.

- **The percentage of council spend within the borough and with small and medium sized businesses**

21.7% of all council spend was done within the borough in 2020/21, with year-end performance slightly lower than that reported at the same time in 2019/20 (22.4%).

Similarly, 66.6% of all council spend was done with small or medium enterprises this year, a decrease on that reported in the previous year (71.0%).

- **Number of visits to leisure centres**

There were only 302,953 visits to leisure centres up to the end of March 2021, a fraction of the 2,465,551 recorded in the previous year. This was due to the national lockdowns throughout the year which meant closure of the leisure centres for prolonged periods.

- **Sickness absence**

The level of sickness absence was 5.8 days per full time employee in the rolling 12 months up to March 2021, a reduction from 7.3 last year. This period now covers almost all of the work from home period which began in March 2020.

The average number of sick days per FTE was lower this year than the general range of between 7 and 8 days recorded over the last several years. The last reported performance that was of a similar level was reported in November 2011 when the sickness absence was also 5.8 days per FTE.

PERFORMANCE DASHBOARD

More detailed performance information, including trends and analysis, is available on the Council's website through our public performance dashboard at the link below:

www.ealing.gov.uk/performance

The dashboard covers performance measures, broken down by Corporate Plan priority, and reports the most recent performance data, as well as historical data, trends and the direction of travel of performance. It enables residents to access performance information in an easy and interactive way.

BUDGET SETTING

The 2020/21 budget was set in February 2020, one month prior to the Covid-19 pandemic and the introduction of the first lockdown measures. The budget process was priority-led; aligning the allocation of resources with the three key priorities of the Administration and supported by their nine key aims set out in the Corporate Plan 2018-22.

The Council has continued to use Future Ealing as a vehicle for delivering the 2020/21 and future years budget strategy. The Future Ealing budget strategy contains three main strands:

a) Future Ealing Outcomes

Continued drive on Future Ealing outcomes and the associated savings that this approach brings. For 2020/21 in addition to the continued delivery of the existing commitments and activities specific areas of focus included:

- Genuinely Affordable Housing
- Better Lives Phase 2
- Waste Services
- Skills and Employment
- All Age Disability
- Ealing Learning Partnership
- Neighbourhoods and Sports Centres
- Council Tax Support/Discount
- Environmental Services

b) Future Ealing Cross Cutting and Commercial

This is an enhanced focus on cross cutting and commercial opportunities including asset usage. In part, this approach looks to build upon the success of workstreams implemented and delivering in 2019/20 and in part recognising that all options and opportunities need to be pursued to ensure outcomes can be protected. For 2020/21, a particular emphasis has been given to cross cutting and commercial strands at levels higher than those seen in previous years. Within this approach, there were four main workstreams (all with more specific sub workstreams) which formed the core of the approach:

- 1) Commercial – a targeted approach of reviewing contracts and all new procurements supported by the Commercial Hub team. This has led to significant savings that have driven the sustainable and balanced budget as set out in this report. The review of fees and charges also sat as a workstream within this approach.
- 2) Assets – a review of all asset utilisation to ensure optimal use with a through flow into alternative asset use that can contribute to both the financial challenge and the delivery of genuinely affordable homes.
- 3) Efficiency – a cross council review of all back office and associated processes not covered in previous reviews with a focus on end to end processes and use of technology to unlock savings opportunities.
- 4) Digital – the continued drive to make best use of the new Microsoft digital platform and reviewing all the associated processes and feeder systems and hand offs.

c) Maximisation of Income

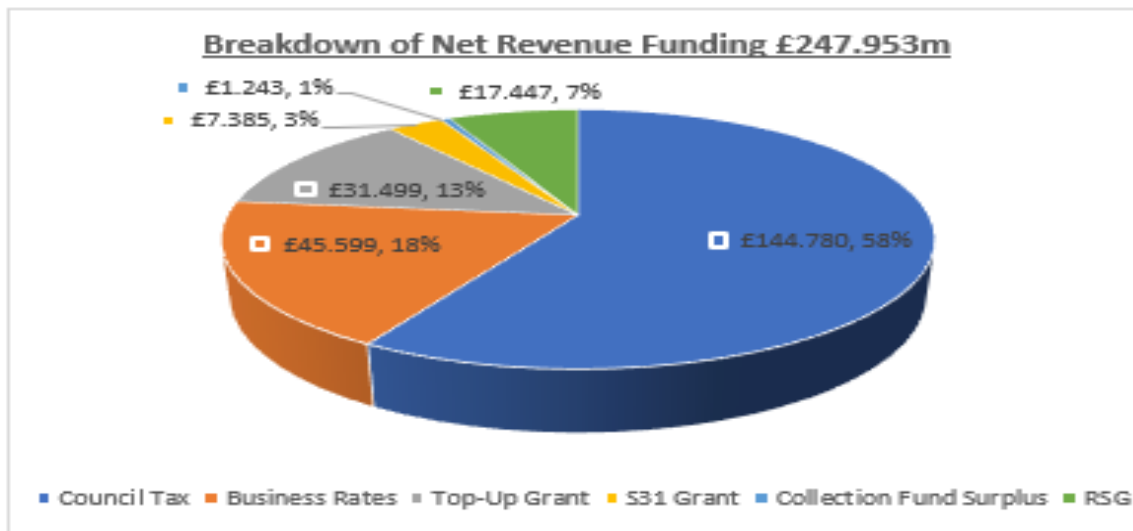
Maximising the income available through Council Tax, precepting powers and from Business Rates.

On the 11 February 2020, Full Council approved and set a net revenue budget of £247.953m, which included £9.857m of Budget Savings.

The council tax base is the number of properties in Bands A-H in the borough expressed as an equivalent number of Band D units, for 2020/21, the council tax base was set at 116,838.

Over the last decade the council has successfully delivered low council tax levels significantly below both the national and outer London average and high quality services with 2018/19 being the first rise in Ealing's element of Council Tax in eight years. In order to deliver a balanced budget in 2020/21, Full Council approved to increase Council Tax by 3.99% (2.00% for the Social Care Precept and 1.99% for the relevant basic amount), to mitigate the impacts of ongoing social care pressures and inflationary increases.

The chart below shows how the Council funded its total net revenue budget of £247.953m



FINANCIAL

REVENUE

During 2020/21 the Council has experienced significant challenges due to the outbreak of the COVID-19 pandemic.

The financial position of the Council was uncertain in the first half of 2020/21 due to the essential support and additional service delivery required from Ealing Council to protect those worse affected by the pandemic and the absence of firm funding commitments from Government.

In response to this unprecedented challenge it was necessary for the Council to consider and implement a set of measures that look to deliver a balanced budget. These measures, along with frequent budget monitoring & reporting and subsequent funding from Government, that has in the main been received and applied to cover those costs and obligations incurred in response to the pandemic, has enabled the Council to contain most of the impacts of in-year budget pressures and deliver a balanced budget position.

The General Fund revenue outturn position for 2020/21 is £245.560m (2019/20 £248.154m), this represents a gross underspend of £2.393m (0.97%) (2019/20 overspend of £0.446m) against a General Fund revenue budget of £247.953m (2019/20 £247.708m), before a contribution to reserve of £2.393m to top-up reserve balances and achieve a balanced budget position.

2020/21 Revenue Outturn Summary

	Revised Budget* £m	Actual £m	Variance £m
Directorate:			
Children's and Schools	55.987	63.897	7.910
Adults & Public Health	85.805	79.969	(5.836)
Place	11.064	15.550	4.486
Chief Executive	44.498	44.610	0.112
Covid Costs (Council Wide)	0.000	51.765	51.765
Sub-Total	197.354	255.791	58.437
Centrally Held Budgets:			
Centrally Held Budgets (Incl Treasury Management)	47.420	38.491	(8.929)
Grants	(26.705)	(26.755)	(0.050)
Levies	29.884	29.798	(0.086)
Covid-19 Grants	0.000	(51.765)	(51.765)
Sub-Total	50.599	(10.231)	(60.830)
Contribution to/(from) Reserves	0.000	2.393	2.393
NET REVENUE BUDGET	247.953	247.953	0.000

*Revised budget refers to the fact that the budget was realigned across services.

The Children's and Schools service outturn of a £7.910m overspend, is mainly driven by a combination of demand and cost pressures in relation to placement pressures for SEN Transport, Children with Disability service and investment in Safeguarding.

Adults and Public Health service outturn of a (£5.836m) underspend, is mainly driven by the NHS financial flows required under the National COVID Discharge Scheme of:

- a non-recurring NHS recharge to subsidise additional costs incurred from increased rates of hospital discharge support during the pandemic and
- a revised in year impact of the on-going process of transfer of NHS commissioned discharge nursing placements to Adult Social Care. These significant cost liabilities are expected transfer to the Council in the 2021/22 financial year as restrictions are eased.

The Place service outturn of a £4.486m overspend, is mainly driven by settlement costs with the previous refuse collection contract, new contract set up costs, delay in retendering of service contract and some income pressures.

COVID-19

The gross COVID-19 budget pressure on the General Fund in 2020/21 was £51.765m (this excludes the grants payments in respect of Businesses where the Council is making payments). The table below provides an overview of the net pressure relating to COVID-19.

General Fund	Outturn £m
Cost Pressure excluding savings	36.179
Savings Pressure	3.454
Income Pressure	12.133
GROSS BUDGET PRESSURE	51.765
Grant Allocation	(51.765)
NET PRESSURE	0.000

Set out in the table below is a further breakdown of the year-end budget pressure relating to COVID-19 summarised by service area.

Service Area	Gross Pressure £m	Expenditure Savings £m	Income Loss £m	NET BUDGET PRESSURE £m
Children's and Schools	1.319	2.000	0.085	3.404
Adults & Public Health	11.544	0.293	0.000	11.836
Place	12.429	1.162	9.945	23.535
Chief Executive	1.508	0.000	2.103	3.612
Other (Includes Shielding)	9.378	0.000	0.000	9.378
GROSS GENERAL FUND PRESSURE	36.179	3.454	12.133	51.765
Grant Allocation	(40.751)	(3.454)	(7.560)	(51.765)
NET GENERAL FUND PRESSURE	(4.572)	0.000	4.572	0.000

The government has provided a range of financial support packages throughout the Covid-19 pandemic. These include additional funding to support the cost of services or offset other income losses and also grant packages to be paid out to support local businesses.

Following the receipt of a grant the Council had to determine whether in administering the grant it was acting as an agent or principal:

- a) Where the Council was acting as agent the following conditions applied:
 - It was acting as an intermediary between the recipient and the Government Department;
 - It did not have "control" of the grant conditions and there was no flexibility in determining the level of grant payable.
- b) Where the Council acted as principal, it was able to use its own discretion when allocating the amount of grant payable.

The table below provides a summary of where the Council has acted as agent in administering & distributing businesses grants received from Government throughout 2020/21:

	Grant Allocation £m	Agent £m	Principal £m	Grant Applied 31 Mar 21 £m	Grant Unapplied 31 Mar 21 £m
Small Business Grant Fund & Retail Hospitality & Leisure Grant Fund	(73.540)	(73.540)	0.000	(72.563)	(0.977)
Local Restrictions Support Grants (Closed) - 2nd & 3rd Lockdown	(19.550)	(19.550)	0.000	(12.913)	(6.637)
Business Lockdown Payment (Closed) - 3rd Lockdown	(19.071)	(19.071)	0.000	(8.124)	(10.947)
Local Additional Restrictions Grant (Closed) - 2nd National Lockdown & Tier 4	(10.310)	(10.310)	0.000	(5.418)	(4.892)
Other Business Support Grants (less than £1m)	(0.105)	(0.105)	0.000	(0.105)	0.000
TOTAL BUSINESSES GRANTS	(122.576)	(122.576)	0.000	(99.123)	(23.453)

The Council to date has been allocated in total c.£97m of General Fund funding from central government in relation to COVID-19 pressures. Some of the funding received is to be carried forward into the new year due to a combination of the permitted use and if some of this has been received in advance.

The table below provides a summary of the COVID-19 specific grants, unringfenced general grants to support the COVID-19 response, Council Tax & Business Rates losses due to COVID-19 and compensation for Business Rates Reliefs.

	Grant Allocation £m	Agent £m	Principal £m	Grant Applied 31 Mar 21 £m	Grant Unapplied 31 Mar 21 £m
Additional Restrictions Grant - 2nd Discretionary	(9.872)	0.000	(9.872)	(1.192)	(8.680)
Contain Outbreak Management Fund	(8.252)	0.000	(8.252)	(1.951)	(6.301)
Infection Control Grant	(4.877)	(3.676)	(1.201)	(4.844)	(0.033)
Discretionary Business Rates Grant	(3.339)	0.000	(3.339)	(3.339)	0.000
Hardship Fund	(3.061)	0.000	(3.061)	(2.052)	(1.009)
Test & Trace	(2.262)	0.000	(2.262)	(0.512)	(1.750)
National Sleepers Accommodation Plan	(1.594)	0.000	(1.594)	(1.594)	0.000
Clinically, extremely vulnerable support grant	(1.544)	0.000	(1.544)	(0.755)	(0.789)
Covid Winter Fund Grant	(1.441)	0.000	(1.441)	(1.421)	(0.020)
Self-Isolation Payments	(1.252)	0.000	(1.252)	(0.609)	(0.643)
Community Testing Programme	(1.185)	0.000	(1.185)	(1.185)	0.000
Other Covid Support Grants (less than £1m)	(4.884)	(0.459)	(4.425)	(4.035)	(0.849)
SUB-TOTAL SERVICE SPECIFIC GRANTS	(43.563)	(4.135)	(39.428)	(23.489)	(20.074)
General Covid-19 Grant	(29.853)	0.000	(29.853)	(21.575)	(8.278)
Sales, Fees and Charges Claim	(7.560)	0.000	(7.560)	(7.120)	(0.440)
Business Rates Relief Compensation Grants	(15.985)	0.000	(15.985)	(15.985)	0.000
Local Taxation Income Guarantee (Council Tax)	(0.085)	0.000	(0.085)	0.000	(0.085)
Local Taxation Income Guarantee (NNDR)	(3.641)	0.000	(3.641)	0.000	(3.641)
New Burdens - Retail & Small Business Grant	(0.170)	0.000	(0.170)	(0.170)	0.000
New Burdens - Discretionary Scheme	(0.077)	0.000	(0.077)	(0.077)	0.000
SUB-TOTAL NON-SPECIFIC GRANTS	(57.371)	0.000	(57.371)	(44.927)	(12.444)
TOTAL REVENUE GRANTS	(100.934)	(4.135)	(96.799)	(68.416)	(32.518)

The tables above highlight the extent of Government financial support provided to the Council for a large range of initiatives. The accounting treatment of the grants is varied:

- Grant applied & the Council is acting as principal are included within the CIES (Note 26)
- Grants applied & the Council is acting as an agent, but payment has not yet been made to recipient, are included within the balance sheet (Note 15)
- Grants unapplied are included within the Balance Sheet as either short-term creditors, receipts in advance or reserves (Notes 8, 15, 26)

DEDICATED SCHOOLS GRANT (DSG)

The operation of the DSG continues to allow the Council to carry forward any DSG deficits and underspends to a ring-fenced reserve. This is separate from the General Fund, which is not allowed to subsidise the account.

At the end of 2020/21 the Council held a net surplus balance of £0.371m on its DSG account which includes High Needs DSG deficit of £1.999m. The overall outturn was an improvement from the forecast position largely due to there being a reduced pressure on the High Needs Block with lower demand than anticipated, although nonetheless there is still a structural pressure as the improved position between years largely flowed from an agreed £1.294m transfer from Early Years to High Needs as approved by the Schools Forum.

2020/21 DSG Account Summary

DSG Account Outturn	Schools Block £m	Early Years Block £m	High Needs Block £m	Total £m
Opening Balance as at 1 April 2020	(1.162)	(1.294)	3.065	0.609
2020/21 in-year movement	(0.283)	0.369	(1.066)	(0.980)
Outturn Deficit (+) / Surplus (-)	(1.445)	(0.925)	1.999	(0.371)
Balance at 31 March 2021				

The Authority continues to work with Schools Forum to implement a DSG High Needs Recovery Plan in line with DFE/ESFA directives. The position on the other Blocks will continue to be reviewed with Schools Forum, although it is noted that there is a £0.250m commitment against the Schools Block in the 2021/22 financial year with regard to specific support measures for a School which have already been agreed by the Authority.

RESERVES

General Fund

The General Fund balance at 31 March 2021 was £15.919m, this balance is consistent with the risk-assessed target specified in the MTFs, approved in February 2020 prior to the Covid-19 pandemic outbreak. In March 2021, The Chief Finance Officer (Section 151) considered and reaffirmed that a balance of £15.919m (6% of the total net budget for 2021/22 of £252.648m), is adequate as the minimum sum given the risks the council is facing and considering Ealing's spending history.

Earmarked Reserves

Excluding Collection Fund equalisation, COVID-19 grant and other non-General Fund reserves, overall there has been a net increase in-year of £7.300m which includes £0.979m reduction in the DSG Deficit being carried forward.

The council is faced with an uncertain financial climate over the medium to long-term which presents a high risk to the authority and there remains potential for further, as yet unrecognised, risks. For this reason, a prudent approach to the level of reserves held by the council remains a sensible and necessary approach that underpins the financial resilience of the organisation.

In March 2021, The Chief Finance Officer (Section 151) advised Members that as the level of reserves has reduced significantly, year on year and no longer provides the level of flexibility in managing budgets that was previously available. For this reason, the base budget from 2021/22 includes an annual contribution of £3.500m to build financial reserves to provide protection against substantial losses in core income and in-year pressures that enhances the Council financial resilience to allow it a degree of capacity to deal with unforeseen events. It is still essential that the Council's spending is contained within budget in all areas of the Council and Members must take robust steps to ensure that this discipline is maintained.

	31 March 2020 £m	Net Movement £m	31 March 2021 £m
Corporate - Insurance Reserve	(5.721)	0.000	(5.721)
Parking Places Reserve Account	(3.547)	0.375	(3.172)
PFI Reserves	(23.071)	(1.576)	(24.647)
Dedicated Schools Grant Balance	0.609	(0.979)	(0.370)
Sub-Total Controllable Ringfenced Reserves	(31.730)	(2.180)	(33.910)
Corporate - Ealing Civic Improvement Fund	(1.345)	0.047	(1.298)
Corporate - Invest to Save Reserve	(2.375)	(0.443)	(2.818)
Corporate - Social Care Transformation Reserve	(0.167)	0.000	(0.167)
Corporate - Economic Volatility Reserve	(4.568)	(2.393)	(6.961)
Service Various (includes revenue grants)	(6.778)	(1.801)	(8.579)
Corporate Various	(8.500)	(0.529)	(9.029)
Sub-Total Controllable Non-Ringfenced Reserves	(23.733)	(5.119)	(28.852)
General Fund Balance	(15.919)	(0.000)	(15.919)
TOTAL GENERAL FUND RESERVES & BALANCES	(71.382)	(7.299)	(78.681)
Housing Revenue Account Reserve	(12.089)	(3.160)	(15.249)
Housing Revenue Account Balance	(4.925)	0.000	(4.925)
Sub-Total HRA Reserve and Balances	(17.014)	(3.160)	(20.174)
COVID-19 Grant Balance	(9.504)	(1.426)	(10.930)
Collection Fund Equalisation Fund	(2.280)	(20.811)	(23.091)
Sub-Total Ringfenced Technical Reserves	(11.784)	(22,237)	(34.021)
Schools Balances (Ringfenced)	(16.579)	(4.826)	(21.405)
TOTAL OTHER RESERVES & BALANCES	(45.377)	(30.223)	(75.600)
TOTAL RESERVES & BALANCES*	(116.759)	(37.522)	(154.281)

Note: Ringfenced Reserves refer to reserves which cannot be repurposed, whereas Non-Ringfenced Reserves are Earmarked for specific items, but could be repurposed if the Council required.

* The Total Reserves & Balances are made up of the year end General Fund and HRA Balances, and General Fund and HRA Earmarked Reserves.

PENSION LIABILITIES

The Council has reported a net pension liability of £577.675m as at 31st March 2021 (£567.614m as at 31st March 2020). Pension liabilities are based on the requirements of IAS 19, Employee Benefits, and calculations are carried out using a prescribed method. The liability is not an immediate deficit that has to be met now. The sum is the current assessment taking a long-term view of the future liabilities for existing pensioners and current employees who are accruing pension entitlement and of future expected investment performance.

The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 14 years. This is considered as part of the budget setting process and has no impact on the Council's ability to be a going concern.

CAPITAL

The revised capital programme budget of £252.012m reflects the slippage approved by Cabinet in February 2021, additions previously approved by Cabinet and officers and New additions as approved by Cabinet for General Fund in the February 2021 Budget Report and HRA in January 2021.

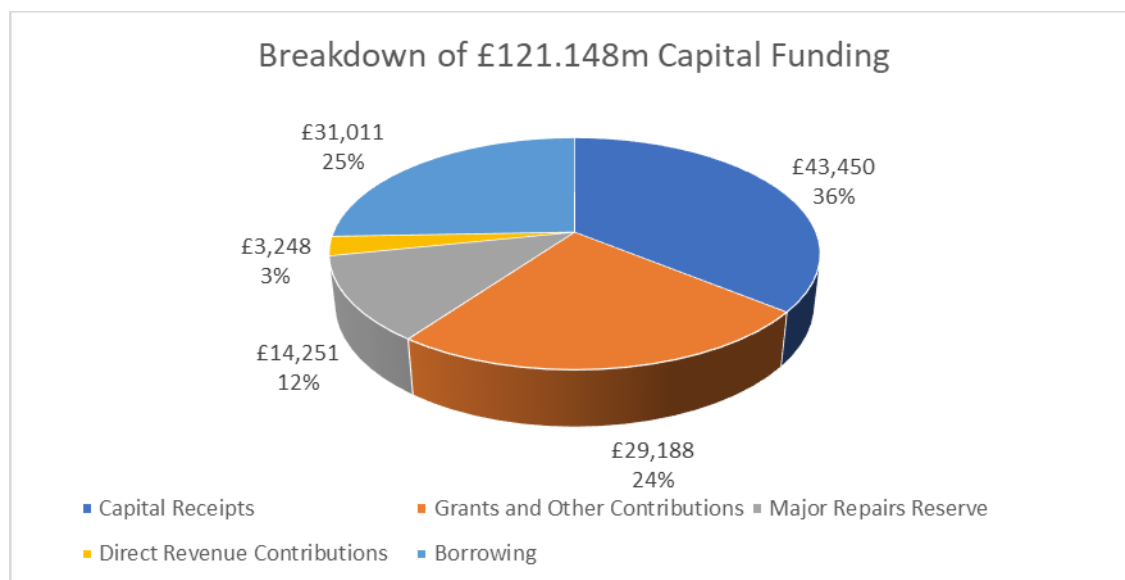
The capital programme for 2020/21 reported a net underspend of £0.388m against the approved programme budget, after allowing for the re-profiling of resources into 2021/22 of £130.476m.

2020/21 Capital Outturn Summary

	Revised Budget* £m	Actual £m	Slippage/ (Accelerated Spend) £m	Variance £m
Directorate:				
Children's and Schools	9.648	8.441	1.139	(0.068)
Adults & Public Health	0.579	0.579	0.000	0.000
Place	67.528	43.862	23.352	(0.314)
Chief Executive	97.913	5.646	92.267	0.000
Total General Fund	175.668	58.528	116.758	(0.382)
Housing Revenue Account	76.344	62.629	13.718	0.003
TOTAL CAPITAL PROGRAMME	252.012	121.157	130.476	(0.379)

*Revised budget includes adjustments for slippage

The chart below shows how the Council funded the 2020/21 capital programme spend of £121.148m



HOUSING REVENUE ACCOUNT

The HRA reported a balanced budget outturn position for 2020/21, which includes a net COVID-19 budget pressure of £1.691m and a contribution to reserves of £3.160m.

The main driver of the pressure is loss of estimated rental income from residential dwellings. This has been offset by underspend in non-COVID-19 position and contribution to reserves to balance the HRA position.

The HRA balance at 31 March 2021 is £4.925m, with £15.249m HRA Earmarked Reserves.

COLLECTION FUND

The overall outturn position on the Collection Fund for 2020/21 is a £84.631m deficit (Ealing share £28.799m), against an estimated deficit of £82.764m in January 2021, the adverse variance of £1.867m is a result of minor changes to exemptions and reliefs and an increase in arrears on business rates, reflecting the losses incurred since January 2021 due to the impact of Covid-19.

The outturn deficit position for Business Rates of £77.604m (Ealing share £23.247m), is largely due to additional Retail, Hospitality, Leisure and Nursery reliefs announced by Government totalling £53.166m (Ealing share £15.950m). The Council will receive in total £19.626m of additional funding to offset against the Council share of the £23.247m deficit, in the form of a Section 31 Business Rates compensation grant of £15.985m for Retail, Hospitality, Leisure and Nursery reliefs and £3.641m of funding from the Local Income Tax Guarantee scheme for income losses.

	Council Tax £m	NNDR £m	31 Mar 20 TOTAL £m	Council Tax £m	NNDR £m	31 Mar 21 TOTAL £m
MOVEMENTS ON THE COLLECTION FUND						
Opening Fund Balance 1 April	(5.736)	(1.702)	(7.438)	(0.168)	(0.796)	(0.964)
Closing Fund Balance 31 March	(0.168)	(0.796)	(0.964)	7.027	77.604	84.631
MOVEMENT ON FUND BALANCE	5.568	0.906	6.474	7.195	78.400	85.595
ANALYSIS OF CLOSING FUND BALANCE						
Ealing Council	(0.131)	(0.105)	(0.236)	5.552	23.247	28.799
Central Government (MHCLG)	0.000	(0.687)	(0.687)	0.000	25.570	25.570
Greater London Authority (GLA)	(0.037)	(0.004)	(0.041)	1.475	28.787	30.262
CLOSING FUND BALANCE	(0.168)	(0.796)	(0.964)	7.027	77.604	84.631

Council Tax

Council tax in-year collection for 2020/21 was 95.45%, down on the target collection rate of 97.20% by 1.75% which equates to £3.231m, the significant reduction in payments was due to the impacts of Covid-19. The overall debt position increased as a result of the lower collection rate and the lack of recovery

action undertaken due to Covid-19 in 2020/21, with the total debt outstanding increasing by £6.313m to £25.386m.

Business Rates

Business Rates in-year collection for 2020/21 was 90.57%, down on the target collection rate of 97.50% by 6.93%, which equates to £6.968m, the significant reduction in payments was due to the impacts of Covid-19. The overall debt position increased as a result of the lower collection rate and the lack of recovery action undertaken due to Covid-19 in 2020/21, with the total debt outstanding increasing by £12.017m to £29.807m.

TREASURY MANAGEMENT

The Council's borrowing and investment strategy is outlined annually in its Treasury Management Strategy which is agreed by Full Council and presented to the Audit Committee for review on a quarterly basis.

The Council's Treasury Management Strategy for 2020/21 was approved on 25 February 2020 by Full Council. The strategy comprehensively outlined how the treasury function would operate throughout the financial year 2020/21 including the limits and criteria to be used to determine organisations in which the Council would invest its surplus cash and the council's policy on long-term borrowing and limits on debt. The Council complied with the strategy throughout the financial year to 31 March 2021.

Cash Flow

Over the 12 months to 31 March 2021, the Council's cash flows were maintained through borrowing and investment activities on the wholesale money market and the net investment position at 31 March 2021 was £228.598m.

The Council's temporary borrowing and investment and cashflow management activity (that is 364 days or less) over the period is set out below:

	Investments £m	Borrowing £m	Net Position £m
Outstanding 1 April 2020	191.800	(5.000)	186.800
Raised during period	5,413.308	0.000	5,413.308
Repayments during period	(5,376.510)	5.000	(5,371.510)
Outstanding 31 March 2021	228.598	0.000	228.598

Investments

The Council maintained an average balance of £250.938m of internally managed funds and held an outstanding balance of £228.598m as at 31 March 2021. The internally managed funds earned an average rate of 0.392%. The comparable performance indicator is the average 7-day LIBID rate, which returned (0.071)%.

The ongoing uncertainties in the economic environment during the year meant that the Council continued to place investments in shorter term deposits and with high quality counterparties. However, there were some longer-term deposits placed with other local authorities.

The Treasury Investment Portfolio at 31 March 2021 is set out below:

Counterparty Name	Investments 31 Mar 20 £m	Investments 31 Mar 21 £m
Local authorities	161.000	0.000
Lloyds	29.950	30.000
Debt Management Office	0.000	196.500
Other	0.850	2.098
Total Investments	191.800	228.598

Borrowing

The Council raised £20m of PWLB borrowing during 2020/21 to take advantage of the good value levels of long-term borrowing rates. However, the Council still maintains an under-borrowing position of £33.790m and officers continue to monitor the position.

The total borrowing at 31 March 2021 was £658.499m (including Mortlake Crematorium Board and WLWA). The following table shows the split between the General Fund and HRA borrowing, and that overall debt increased by £8.647m from £649.852m the previous year.

Source	Debt 31 Mar 20 £m	Loans Raised £m	Loans Repaid £m	Debt 31 Mar 21 £m
PWLB	392.219	0.000	(8.265)	383.954
Market Loans	62.016	0.000	0.000	62.016
Mortlake Crematorium	2.743	0.375	0.000	3.118
WLWA	17.500	0.000	0.000	17.500
Total General Fund	474.478	0.375	(8.265)	466.588
PWLB	149.390	20.000	(3.463)	165.927
Market Loans	25.984	0.000	0.000	25.984
Total HRA	175.374	20.000	(3.463)	191.911
TOTAL BORROWING	649.852	20.375	(11.728)	658.499
OTHER LONG-TERM LIABILITIES	110.504	0.688	(5.144)	106.048

The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR). The Council's actual borrowing at the end of the financial year was less than the year end CFR of £798.337m, which resulted in internal borrowing of £33.790m.

The table below shows the breakdown of the Council's total CFR.

CFR	2019/20 £m	2020/21 £m
CFR - General Fund	616.612	619.701
CFR - HRA	162.801	164.644
CFR - Housing Loan/Equity to BL/BLRP	12.839	13.992
TOTAL CFR	792.252	798.337

PENSION FUND

The Pension Fund account shows an in-year surplus for 2020/21 of £280.985m (2019/20 deficit of £68.107m). In cash terms the Fund remains cash positive, returning a cash surplus for 2020/21 of £23.862m (2019/20 £29.593m) (excluding asset revaluations and disposal gains and losses). As a result of the in-year surplus Pension Fund net assets increased from £1,192.157m at 31 March 2020 to £1,473.142m at 31 March 2021, representing an increase of 23.6%.

Pension Fund net liabilities must be reviewed every three years by an actuary and a recovery plan agreed to eliminate any deficit. An actuarial valuation of the London Borough of Ealing Pension Fund was carried out as at 31 March 2019 to determine the contribution rates with effect from 1 April 2020 to 31 March 2023.

On the basis of the assumptions adopted, the Fund's assets of £1,260 million represented 91% of the Fund's past service liabilities of £1,384 million (the "Solvency Funding Target") at the valuation date. The deficit at the valuation was therefore £124 million.

The valuation also showed that a Primary contribution rate of 16.3% of pensionable pay per annum was required from employers. The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the Funding Strategy Statement (FSS) is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall.

The FSS sets out the process for determining the recovery plan in respect of each employer. At this actuarial valuation the average recovery period adopted is 14 years, and the total initial recovery payment (the “Secondary rate” for 2020-2023) is an addition of approximately £9.7m per annum on average in £ terms (which allows for the contribution plans which have been set for individual employers under the provisions of the FSS), although this varies year on year.

RISKS

The Accounts and Audit Regulations 2015 and Public Sector Internal Audit Standards 2017 require the council to maintain a robust, adequate and effective system of risk management in its delivery of core services. Operation of an effective and embedded risk management framework is an important element of such a system so that the council effectively discharges its corporate governance responsibilities.

The Senior Leadership Team (SLT) is responsible for reviewing the Strategic Risk Register (SRR), ensuring that the management of risk continues to be within the council’s risk appetite. Audit Committee is responsible for considering the effectiveness of the council’s strategic risk management arrangements.

The council’s strategic risks are determined by SLT, and comprise of key risks which either:

- Are relevant and important to all or most of the Council’s services and functions.
- Are external to the council but which have potential significant impacts on the Borough, or parts of the Borough, as a whole; or
- Have potentially severe reputational consequences should they materialise.

The strategic risk register contains 18 risks in total. The most material issues along with how the Council is managing these are summarised below:

Issue (Summarised material risks from the register)
<p>Financial Uncertainty</p> <p>The council has continued to manage financial pressures and uncertainty over recent years and set a balance budget for 21/22. There are, however, expected to be changes to the funding regime and business rates, resulting in uncertainty for 2022/23 which could have a material negative impact on future funding for the Council. Work also continues to manage demographic and government policy changes that have led to service demand pressures and resultant budget pressures in recent years.</p>
<p>Covid Response and Recovery</p> <p>The Council has continued to manage response to the global pandemic. Work continues to consider the risk of subsequent waves or variants as well as to support the community in their recovery.</p>
<p>Health and Safety (H&S)</p> <p>A programme of work to support the ongoing monitoring arrangements to ensure that all health and safety inspections and action programmes are implemented across the staff/service occupied, leased, tenanted Council properties.</p>

Further details on the above issues are included in the Annual Governance Statement on pages 183-202.

A number of risks on the Strategic Risk Register have the potential for significant financial impact and this is articulated within each individual risk description and managed through the control measures which are in place and monitored by the control owners. All financial risks of a material or significant nature are either monitored through the regular Finance monitors to SLT and Cabinet or considered as part of the Budget Strategy.

Further information on the funding, financial pressures and Covid-19 risks are included in the MTFs section below.

OUTLOOK

MEDIUM-TERM FINANCIAL STRATEGY (MTFS)

The aim of the MTFS is to ensure a stable and sustainable financial position that will allow the council to achieve its vision and strategic objectives. It reflects the impact of central government funding decisions, analysis of advice and information from various relevant organisations and the impacts of the national and local economic context. It provides a robust financial framework to support achievement of the council's overall objectives and delivery of services.

Over the last MTFS period (2020/21 to 2023/24) the Council's budget approach has been very much on delivering efficiencies in order to deliver a balanced budget in the face of government cuts. At the end of this period the Council has been successful in delivering a savings programme, without adversely impacting on the most vulnerable. The MTFS has also been successful in building investment opportunities that have allowed the Council to adequately fund growth pressures resulting from both demographical pressures and also changing in needs of its vulnerable residents. This very much has been the case for managing Ealing's social care pressures, with the Council using its precept powers to raise additional council tax income.

For the second continuous year, The Local Government Finance settlement finalised on the 4 February 2021 only confirmed a one-year funding settlement until 2021/22. This alongside the ongoing consultations in grant funding, Comprehensive Spending Review, Business Rates Retention & Baseline Reset, and the Fair Funding Review mean there is considerable uncertainty regarding Local Government funding over the medium term. The MTFS therefore includes various assumptions on future funding which is based on Government announcements made to date.

In addition to the funding uncertainty, there is also the potential for significant spending pressures from demand-led services, specifically in the Children with Disability, Children in Care, Adults service, new burdens which impact on the budget and new pressures seen as a result of COVID-19. Although growth has been built into the MTFS to help alleviate some of these pressures, they continue to present a significant budget risk, particularly in respect of the demographic and contractual pressure

By design the MTFS is agile and moves to reflect such matters as the changing circumstances faced by the Council, updated priorities and ambitions, the latest financial situation and external factors such as national settlements. A more accurate forecast will be developed as and when further certainty or information is released by Government, however plans have been prepared for the following financial years on the basis of prudent scenarios in the absence of such clarity.

Noting the limitations in the ability to determine a budget gap with a reasonable degree of accuracy due to no certainty on future funding, an issue further compounded due to the uncertainty on services due to the pandemic, the table below summarises the MTFS forecast (including budget gap) for the period 2021/22 to 2024/25 as at February 2021.

MTFS 2021/22 to 2024/25	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m
Total Funding	(256.148)	(251.349)	(252.767)	(258.322)
Net Budget Requirement	252.648	271.642	284.910	306.826
Contributions to/(from) reserves	3.500	3.500	3.500	3.500
Net Budget Requirement after Reserves	256.148	275.142	288.410	310.326
Forecasted Budget Gap - Incremental	0.000	23.793	11.850	16.360
Forecasted Budget Gap - Cumulative	0.000	23.793	35.643	52.003

The indicative budget gap for 2022/23 of £23.793m, 2022/23 of £11.850m and 2023/24 of £16.360m will be delivered through the Future Ealing programme, whilst continuing focus in reducing the level of growth requirements in 2021/22.

The MTFS and budget strategy is continued to be compiled in a period of unprecedented financial uncertainty. As such an estimate beyond one-year is very much speculative until details of CSR are known,

therefore the 2022/23 budget gap has been reviewed and updated through undertaking financial scenario planning,

As part of the continuous budget monitoring and forecasting processes, a number of key assumptions and estimates, along with known changes, have been modelled in the updated MTFS for 2022/23.

The 2022/23 budget gap has been assessed against three scenario cases with the 'realistic' case being taken forward as the updated budget gap for 2022/23, shown in the table below:

2022/23 Budget Gap Sensitivity Modelling	2022/23 £m
Net Services Expenditure	0.036
Service Growth	2.032
Inflation	2.633
Levies	2.279
Corporate Budgets (Incl. Treasury)	(0.062)
Grants Held Centrally	5.899
Contingency	0.000
Net Centrally Held Budgets	12.781
Covid Grants and Other Funding	10.976
Contributions to/(from) reserves	0.000
Budget Gap	23.793

BUDGET SENSITIVITIES

The table (taken directly from the budget report) below sets out the sensitivities that could have an impact on the budget.

Sensitivity	Impact
Delivery of agreed savings	The budget for 2021/22 and over the medium term requires the Council to deliver on all the savings set out in the budget report. These savings will be closely monitored on a regular basis throughout the financial year to ensure that they are on track to be achieved. Where savings are unlikely to be achieved then substitute proposals will need to be taken to ensure the overall budget can be achieved.
Inflation differing from assumptions	Included within the provisional settlement was the announcement by government to freeze pay for all public sector workers with the exception of those on minimum pay. As the National Joint Committee (NJC) is still negotiating with representative of public sector unions. At the time of setting the budget for 2021/22 the pay award was unknown. The MTFS has assumed pay increase to be at same level as 2020/21 estimated to be c£3m leaving a small central pot to allocate for any price inflation.
Contractual risks	For example, contractor viability, non-delivery of commissioned services
Demographic and demand-led pressures	<p>a) Children's and Adults Service</p> <p>The Children's and Adults' budgets are under great pressure due to the demand led nature of these services. One of the main risks in the budget relates to demographic change:</p> <ul style="list-style-type: none"> • Adults – Residents are living longer, and many have increasingly complex care needs. Although the council has good monitoring and forecasting tools, it remains extremely difficult to forecast both numbers and need resulting in a risk that current forecasts could be understated, that may give rise to budget pressures. • Children's – There are ongoing pressures in respect of expensive care placements due to the increased complexities of children in care. There also remain pressures in respect of SEN transport relating to the increased EHCP outcomes that results in more children requiring support. <p>b) Homelessness</p> <p>There is a risk that levels of homelessness increase in the borough with the subsequent requirement for the council to support individuals in Temporary Accommodation.</p>

Income	Levels of councils' income are impacted by individual's responses to the economic climate, as people may cut back on areas of discretionary spending. This could impact on levels of rental (HRA and temporary accommodation), planning, property and car park income. In addition, leisure services income could reduce.
Levies paid to external bodies	Levy payments are outside the Council's control and need to be met from its budget requirement. Key cost drivers leading to any budget pressure will be due to; <ul style="list-style-type: none"> • volume-led levy payments such as the West London Waste 'Pay as You Through' (PAYT) • inflation and cost increases above inflation assumed within the MTFS
Government Grant income differing from assumptions	With the Local Government Finance Settlement only announcing one-year funding announcements it is difficult to ascertain if grants are to continue at what level and its impact. The government has announced a consultation in Spring 2020 to set out future funding proposals for 'New Homes Bonus' and has released the New Homes Bonus to only continue for a year
Business Rates Revaluation	In April 2017 the latest business rates revaluation came into effect. Whilst council premises were impacted by the rises in business rates in the borough, with a 12.5% rise in rateable values on average, there also remains a risk of an overall reduction in the council's income from business rates due to the volatility of appeals and impact of COVID-19.
Fair Funding Review and Business Rates Baseline Reset	Central government is fundamentally reviewing funding baselines and allocation formulae for all local authorities originally planned to be implemented in April 2021 but deferred to due to COVID-19. This means there is significant uncertainty regarding Ealing's funding baselines for future years.
COVID 19	<ol style="list-style-type: none"> The impacts of the new COVID-19 variant are not fully known and as such there is a level of risk when setting the budget that Council may be exposed to unfunded financial pressure in-year. The new income loss compensation scheme announced for council tax and business rates does not fully cover the losses the Council is estimating for the year 2020/21. This leaves the Council with an unfunded liability of c£4m in years 2022/23 and 2023/24 which will need to be addressed in order to set a balanced budget. Potential long-term impact on the local economy, particular in relation to business rates income and fees and charges can pose a considerable budget pressure which without any government support can expose the Council to a liability that may require to put in place a transformational savings plan alongside seeking financial support from the government.

RISK MANAGEMENT

It is important that spending is contained within budget so that the Council can maintain its financial standing in the face of further pressure on resources in 2022/23 and beyond as set out in the annual review of the Medium-Term Financial Strategy (MTFS) approved by Cabinet in February 2021.

The local government finance settlement published in February 2021 only provided certainty for 2021/22, beyond this there remains a great deal of uncertainty. The MTFS therefore includes various assumptions on future funding which is based on Government announcements made to date.

The MTFS model will continue to be updated as greater clarity is provided by the Government on their medium-term funding plans.

Given the uncertainties of the economic environment, impact of COVID-19 and the anticipated scale of the expenditure reductions required, there are inevitably significant risks involved in delivering balanced budgets over the medium term.

Key strategic risks are;

- included in the Corporate Risk Register;
- regularly reported to Audit Committee; and
- reviewed through updated Budget and MTFS Strategy reports to Cabinet.

Since 2013/14, the balancing of the budget in-year depends upon the Council achieving its council tax and business rates projections which are closely monitored by the Financial Strategy Group.

The most immediate risk to the budget process are:

- unfunded income loss pressures as a result of the pandemic particular in relation to Council Tax and Business rates income. The Council will continue to closely monitor the impact of these income

streams and support lobby to government as region to ensure the Council can be full compensated for these losses;

- non-delivery of the approved savings; and
- social care placement pressures, which continue to be partly mitigated by spend controls, transformational cost reduction programmes and close monitoring by SLT and by the Leader and the portfolio holders for Finance and Leisure, Health & Adult Services and Schools & Children's Services.

The Council is faced with an uncertain financial climate over the medium to long term which presents a high risk to the authority and there remains potential for further, as yet unrecognised, risks. For this reason, a prudent approach to the level of reserves held by the council remains sensible and necessary. The Chief Finance Officer, as the council's Section 151 Officer, is required to state whether the reserves are adequate as part of the annual budget setting process.

The Council's MTFS is continually under review and builds in projections for the MTFS period and beyond as further details and analysis become available. These updates are regularly reviewed by SLT and the portfolio holder and updates on the financial environment the Council is operating in are provided in Budget Strategy reports to Cabinet. Any sustainability impacts will be considered before final decisions are taken on whether or not to implement each proposal.

FINANCIAL STATEMENTS

The Accounts and Audit Regulations 2015 set out the statutory deadlines for an authority to publish both the unaudited Statement of Accounts by 31 May and audited Statement of Accounts by 31 July. Following Government consultation, The Ministry of Housing, Communities and Local Government (MHCLG) laid before Parliament the Accounts and Audit (Amendment) Regulations 2021 to delay the statutory deadlines to the 31 July for the publication of the unaudited Statement of Accounts and 30 September for the audited Statement of Accounts for both financial years 2020/21 and 2021/22.

The Statement of Accounts provide an overview of the Council's financial position for 2020/21. The 2020/21 set of accounts conform to the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code), which is based on International Financial Reporting Standards (IFRSs).

Following an assessment of materiality, the Council has for the first occasion prepared Group Accounts in 2020/21 to include its interests in the subsidiary companies Broadway Living, Broadway Living RP and Greener Ealing.

The layout and purpose of each statement is as follows:

EXPLANATORY STATEMENTS

- **Statement of Responsibilities** - explains the responsibilities of the Council and its Chief Financial Officer in relation to the Council's financial affairs and the Statement of Accounts.

CORE STATEMENTS

- **Comprehensive Income and Expenditure** Statement – The comprehensive income and expenditure statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (or rents). Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the expenditure and funding analysis and the movement in reserves statement.
- **Movement in Reserves Statement** – The movement in reserves statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or

rents) for the year. The net increase/decrease line shows the statutory general fund balance and Housing Revenue Account (HRA) balance movements in the year following those adjustments.

- **Balance Sheet** - The balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may 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 authority is not able to 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** – The cash flow statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

NOTES TO THE CORE FINANCIAL STATEMENTS

All the notes to the core statements above are collected in one place. Later in this document there is an explanation of the policies used in the preparation of the figures in these accounts, especially changes made during the year.

OTHER STATEMENTS

The Collection Fund and notes – this statement reflects the Council's statutory obligation to maintain a separate Collection Fund for its transactions as a billing authority in relation to Council Tax and Non-Domestic Rates.

Housing Revenue Account and notes – this statement shows the in-year economic cost of providing housing services in accordance with generally accepted accounting practices.

Pension Fund Accounts – these show the contributions to, and benefits paid from the Pension Fund and identifies the investments which make up the assets of the fund.

ACCOUNTING POLICIES

The specific principles, bases, conventions, rules and practices applied by an authority in preparing and presenting financial statements.

GLOSSARY

At the end of the booklet there is a glossary which explains some of the technical terms used in these accounts.

FURTHER INFORMATION

Although the accounts are relatively complex to read, a result of the requirement to comply with the reporting obligations, I hope that you find them useful and informative in helping you to understand how the Council manages its finances in delivering services for residents. If you have any questions or comments on the council's accounts or their presentation, please e-mail finalaccounts@ealing.gov.uk or write to the Chief Finance Officer, Ealing Council, Perceval House, 14-16 Uxbridge Road, Ealing W5 2HL.

STATEMENT OF RESPONSIBILITIES

The Council's Statement of Accounts has been produced under the CIPFA/LASAAC Code of Practice on Local Authority Accounting based on International Financial Reporting Standards (IFRS).

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 the responsibility for the administration of those affairs. In this Council I exercise that role as the Chief Finance Officer.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

THE CHIEF FINANCIAL OFFICER'S RESPONSIBILITIES

The Chief Finance Officer (Section 151 finance officer) is responsible for the preparation of the Council's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the Code'), is required to give a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2021.

In preparing this Statement of Accounts I have:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code;
- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

CERTIFICATE OF CHIEF FINANCIAL OFFICER

I certify that the Statement of Accounts presents a true and fair view of the financial position of the London Borough of Ealing as at 31 March 2021 and its income and expenditure for the year then ended, and that the Pension Fund accounts set out a true and fair view of the net assets of the London Borough of Ealing Pension Fund as at 31 March 2021 and its income and expenditure for the year then ended.

Emily Hill
Chief Finance Officer (Section 151 Officer)
24 April 2024

CERTIFICATE OF CHAIR OF THE AUDIT COMMITTEE

I certify that these accounts were agreed as per the delegated authority agreed by Audit Committee at its meeting held on 18 November 2021.

Councillor Johnson
Chair of the Audit Committee
24 April 2024

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion the financial statements of the London Borough of Ealing ('the Authority') and its subsidiaries ('the group'):

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2021 and of the group's and the Authority's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

We have audited the financial statements which comprise:

- the Comprehensive Income and Expenditure Statement;
- the Movement in Reserves Statement;
- the Balance Sheet;
- the Cash Flow Statement;
- the related notes 1 to 35;
- the Housing Revenue Account Income and Expenditure Statement and related notes 1 to 8;
- the Movement on the Housing Revenue Account Statement;
- the Collection Fund Statement and related notes 1 to 5; and
- the Group Accounts and related notes 1 to 4.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2020/21.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), the Code of Audit Practice, the Local Audit and Accountability Act 2014 and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Finance Officer with respect to going concern are described in the relevant sections of this report.

The going concern basis of accounting for the group and the Authority is adopted in consideration of the requirements set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements.

OTHER INFORMATION

The other information comprises the information included in the statement of accounts, other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

CHIEF FINANCIALS OFFICER'S RESPONSIBILITIES

As explained more fully in the Chief Finance Officer's responsibilities statement, the Chief Finance Officer is responsible for the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the group's and the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting on the assumption that the functions of the group and the Authority will continue in operational existence for the foreseeable future.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING NON-COMPLIANCE WITH LAWS AND REGULATIONS, INCLUDING FRAUD

We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which our procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

We considered the nature of the group and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and the monitoring officer about their own identification and assessment of the risks of non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory framework that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Accounts and Audit Regulations 2015, the Local Government Act 2003, the Local Government Finance Act 2012 and Local Government and Housing Act 1989.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. This included relevant employment legislation.

We discussed among the audit engagement team including relevant internal specialists such as valuations, pensions and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- determination of whether an expenditure is capital in nature; we tested the capitalised expenditure on a sample basis to assess whether they meet the relevant accounting requirements to be recognised as capital in nature; and
- determination of whether covid-19 grant funding recognised in 2020/21 is accurate and complete; we tested a sample of Covid-19 related grants to assess whether they have been appropriately accounted for as agent or principal and in accordance with any conditions associated with the grant.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Use of resources

Under the Code of Audit Practice and the Local Audit and Accountability Act 2014, we are required to report to you if we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

On 29 September 2022 we reported to the Authority a significant weakness in the Authority's governance arrangements to monitor and ensure appropriate standards are met with respect to health and safety. We reported that significant weaknesses were identified in the Authority's governance arrangements with respect to health and safety compliance and fire safety which have been referred to in internal audit reports, an external report commissioned by the Authority, and by the Regulator of Social Housing. These weaknesses included:

- A failure to perform fire risk assessments for corporate properties;
- A failure to perform post-work inspections for contractor works on corporate properties;
- A failure to perform follow up work on the status and implementation of remedial health and safety actions;
- A failure to update the Authority's health and safety policy to reflect current Authority structures and practices;
- A failure to adequately perform repairs or replacements to housing fire doors;
- A failure to implement high priority recommendations made by the internal auditor in 2018/19 with respect to housing fire safety;
- A failure to monitor and ensure compliance with health and safety requirements and remedial works with respect to health and safety (legionella, asbestos, gas and electricity) in housing;
- A failure to maintain complete records with respect to housing property and asset information;
- A failure to comply with the Home Standard for registered providers of social housing as a result of these matters; and
- Other weaknesses in health and safety arrangements with respect to: leadership, management and compliance team capacity; the use of information technology and data management; contract management and procurement; compliance performance monitoring and management; and the culture of the organisation.

We recommended that the Authority continues to develop and implement a programme of activity to respond, on a timely basis, to the recommendations from Internal audit, the externally commissioned report, and the Regulator of Social Housing and that this is reported and monitored by the Council and appropriate assurances are obtained over the implementation of the action plan by the Audit Committee.

RESPECTIVE RESPONSIBILITIES RELATING TO THE AUTHORITY'S ARRANGEMENTS FOR SECURING ECONOMY, EFFICIENCY AND EFFECTIVENESS IN THE USE OF RESOURCES

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

We are required under the Code of Audit Practice and Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our work in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2021, as to whether the Authority had proper arrangements for securing economy, efficiency and effectiveness in the use of resources against the specified criteria of financial sustainability, governance, and improving economy, efficiency and effectiveness.

The Comptroller & Auditor General has determined that under the Code of Audit Practice, we discharge this responsibility by reporting by exception if we have reported to the Authority a significant weakness in arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021 by the time of the issue of our audit report. Other findings from our work, including our commentary on the Authority's arrangements, will be reported in our separate Auditor's Annual Report.

Reports in the public interest or to the regulator

The Code of Audit Practice also requires us to report to you if:

- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit;
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014;
- an application has been made to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- an advisory notice has been issued under Section 29 of the Local Audit and Accountability Act 2014; or
- an application for judicial review has been made under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters.

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of London Borough of Ealing in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

USE OF OUR REPORT

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Gooding (Key Audit Partner)
For and on behalf of Deloitte LLP
1 New Street Square, London, EC4A 3HQ
26 April 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON BOROUGH OF EALING ON THE PENSION FUND FINANCIAL STATEMENTS OF THE LONDON BOROUGH OF EALING PENSION FUND

OPINION

In our opinion, the Pension Fund financial statements of London Borough of Ealing Pension Fund (the 'Pension Fund'):

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2021 and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

We have audited the financial statements which comprise:

- the Fund Account;
- the Net Assets Statement; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of London Borough of Ealing and the Pension Fund it administers in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the pension fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Financial Officer with respect to going concern are described in the relevant sections of this report.

The going concern basis of accounting for the pension fund is adopted in consideration of the requirements set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements.

OTHER INFORMATION

The other information comprises the information included in the London Borough of Ealing Council's statement of accounts, other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

CHIEF FINANCIAL OFFICER'S RESPONSIBILITIES

As explained more fully in the Statement of Responsibilities, the Chief Financial Officer is responsible for the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Pension Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting on the assumption that the functions of the Pension Fund will continue in operational existence for the foreseeable future.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING NON-COMPLIANCE WITH LAWS AND REGULATIONS, INCLUDING FRAUD

We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which our procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

We considered the nature of the pension fund, and reviewed the pension fund's documentation of its policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory framework that the pension fund operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Public Services Pensions Act 2013 and Local Government Pension Scheme Regulations 2013; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the pension fund's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as pensions, IT, and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC.

USE OF OUR REPORT

This report is made solely to the members of London Borough of Ealing as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the London Borough of Ealing, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the London Borough of Ealing, as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Gooding (Appointed auditor)
For and on behalf of Deloitte LLP
London, EC4A 3HQ
26 April 2024

2. Core Financial Statements

Core Financial Statements

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	Note	31 March 2020 Restated (See Note 35)			31 March 2021		
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
		£000s	£000s	£000s	£000s	£000s	£000s
Continuing Services							
Chief Executive Directorate		68,009	(16,029)	51,980	60,375	(13,177)	47,198
Children & Schools		422,632	(355,923)	66,709	428,498	(363,804)	64,694
Adults & Public Health		144,733	(62,221)	82,512	140,905	(65,194)	75,711
Place		286,187	(174,962)	111,225	262,347	(179,589)	82,758
Housing Benefits		228,080	(222,120)	5,960	214,481	(208,340)	6,141
Council Wide Other		2,616	(517)	2,099	19,515	(15,179)	4,336
Cost of Services		1,152,257	(831,772)	320,485	1,126,121	(845,283)	280,838
Other Operating Expenditure & Income							
Precepts and Levies				13,324			14,161
Payments to the Government Housing Capital Receipts Pool				1,522			1,520
(Gains)/Losses on Disposal of Non-Current Assets				(17,955)			(30,227)
				(3,109)			(14,546)
Financing and Investment Income & Expenditure							
Interest Payable and Similar Charges				36,270			36,975
Net Interest on the Net Defined Benefit Liability (Asset)				14,039			13,046
Interest Receivable and Similar Income				(4,894)			(2,691)
Impairment Losses				3,947			16,909
				49,362			64,239
Taxation and Non-Specific Grants							
Council Tax Income				(138,588)			(140,327)
Non-Domestic Rates Income and Expenditure				(73,659)			(23,360)
Business Rates Top-Up				(21,236)			(31,499)
Non-Ringfenced Government Grants	26			(37,757)			(99,397)
Capital Grants and Contributions	26			(31,235)			(27,183)
				(302,475)			(321,766)
(Surplus) / Deficit on Provision of Services				64,263			8,765
(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets	9			(56,751)			(103,349)
Remeasurement of the Net Defined Benefit Liability / (Asset)	31			(64,825)			2,048
Other Comprehensive (Income) / Expenditure				(121,576)			(101,301)
Total Comprehensive (Income) / Expenditure				(57,313)			(92,536)

MOVEMENT IN RESERVES STATEMENT

MOVEMENT IN RESERVES STATEMENT	Revenue Reserves							Capital Reserves							Total Usable Reserves £000s	Total Authority Reserves £000s					
	General Fund			Housing Revenue Account		Major Repairs Reserve		Capital Receipts Reserve		Capital Grants Reserve		Collection Fund		Financial Instruments			Accumulated Absences Account		Pensions Reserve £000s	Total Unusable Reserves £000s	
	General Fund £000s	Earmarked Reserves £000s	Housing Revenue Account £000s	Earmarked Reserves £000s	Major Repairs Reserve £000s	Capital Receipts Reserve £000s	Capital Grants Reserve £000s	Revaluation Reserve £000s	Capital Adjustment Account £000s	Deferred Capital Receipts £000s	Collection Fund Adjustment £000s	Financial Instruments Adjustment £000s	Accumulated Absences Account £000s	Pensions Reserve £000s							
Balance at 31 March 2019 Restated (See Note 35)	15,910	78,420	4,925	9,104	-	44,905	20,237	173,501	484,890	801,569	731	4,964	(1,507)	(5,734)	(601,711)	683,202	856,703				
Movement in Reserves during 2019/20																					
Total Comprehensive Income & Expenditure	(38,313)	-	(25,950)	-	-	-	-	(64,263)	56,751	-	-	-	-	-	64,825	121,576	57,313				
Adjustments Between Accounting Basis & Funding Basis Under Regulations (Note 7)	43,727	-	28,935	-	-	(8,036)	5,436	70,062	-	(34,201)	-	(4,728)	28	(433)	(30,728)	(70,062)	-				
Net Increase/(Decrease) before Transfers to Reserves	5,414	-	2,985	-	-	(8,036)	5,436	5,799	56,751	(34,201)	-	(4,728)	28	(433)	34,097	51,514	57,313				
Transfers to/(from) Reserves	(5,406)	5,406	(2,985)	2,985	-	-	-	-	(8,853)	8,853	-	-	-	-	-	-	-				
Increase/(Decrease) in Year 2019/20	9	5,406	-	2,985	-	(8,036)	5,436	5,800	47,898	(25,348)	-	(4,728)	28	(433)	34,097	51,514	57,314				
Balance at 31 March 2020 Restated (See Note 35)	15,919	83,826	4,925	12,089	-	36,869	25,673	179,301	532,788	776,221	731	236	(1,479)	(6,167)	(567,614)	734,716	914,017				
Movement in Reserves during 2020/21																					
Total Comprehensive Income & Expenditure	(12,634)	-	3,869	-	-	-	-	(8,765)	103,349	-	-	-	-	-	(2,048)	101,301	92,536				
Adjustments Between Accounting Basis & Funding Basis Under Regulations (Note 7)	46,996	-	(709)	-	-	981	294	47,562	-	1,972	4,790	(29,035)	30	(1,903)	(23,416)	(47,562)	-				
Net Increase/(Decrease) before Transfers to Reserves	34,362	-	3,160	-	-	981	294	38,797	103,349	1,972	4,790	(29,035)	30	(1,903)	(25,464)	53,739	92,536				
Transfers to/(from) Reserves	(34,362)	34,362	(3,160)	3,160	-	15	306	321	(20,445)	20,445	(321)	-	-	-	-	(321)	-				
Increase/(Decrease) in Year 2020/21	-	34,362	-	3,160	-	996	600	39,118	82,904	22,417	4,469	(29,035)	30	(1,903)	(25,464)	53,418	92,536				
Balance at 31 March 2021	15,919	118,188	4,925	15,249	-	37,865	26,273	218,419	615,692	798,638	5,200	(28,799)	(1,449)	(8,070)	(593,078)	788,134	1,006,553				

BALANCE SHEET

		1 April 2019 Restated (See Note 35) £000s	31 March 2020 Restated (See Note 35) £000s2	31 March 2021 £000s
BALANCE SHEET	Note			
Property, Plant & Equipment	9	2,037,655	2,075,180	2,189,346
Intangible Assets	9	2,078	1,512	2,203
Heritage Assets	11	2,741	2,741	2,741
Long-Term Investments	12a	2,992	2,995	2,956
Long-Term Debtors	12a	26,112	28,781	34,254
Long-term Assets		2,071,578	2,111,209	2,231,500
Short-Term Investments	12a	177,623	161,639	132,326
Current Assets Held for Sale		4,305	4,305	-
Short-Term Debtors	13	88,279	90,575	95,734
Cash and Cash Equivalents	14	54,227	77,731	128,531
Current Assets		324,434	334,250	356,591
Short-Term Borrowings	12a	(22,192)	(42,836)	(44,206)
Short-Term Creditors	15	(128,199)	(138,948)	(157,380)
Short-Term Provisions	16	(18,119)	(12,776)	(13,437)
Grants Receipts in Advance - Revenue	26	(17,934)	(12,248)	(26,854)
Current Liabilities		(186,444)	(206,808)	(241,877)
Long-Term Borrowings	12a	(611,164)	(619,407)	(621,644)
Long-Term Creditors	12a	(128,242)	(129,849)	(127,873)
Grants Receipts in Advance - Capital	26	(6,538)	(3,353)	(9,334)
Long-Term Provisions	16	(5,210)	(4,411)	(3,135)
Pensions Liability	31	(601,711)	(567,614)	(577,675)
Long-term Liabilities		(1,352,865)	(1,324,634)	(1,339,661)
Net Assets		856,703	914,017	1,006,553
Represented by:				
Usable Reserves				
General Fund		15,910	15,919	15,919
Earmarked Reserves	8	78,420	83,826	118,188
Housing Revenue Account		4,925	4,925	4,925
Capital Receipts Reserve		44,905	36,869	37,865
Capital Grants Unapplied		20,237	25,673	26,273
Housing Revenue Account Earmarked Reserves	8	9,104	12,089	15,249
Housing Revenue Account Major Repairs Reserve		-	-	-
		173,501	179,301	218,419
Unusable Reserves				
Revaluation Reserve	18a	484,890	532,788	615,692
Capital Adjustment Account	18b	801,569	776,221	798,638
Deferred Capital Receipts	18c	731	731	5,200
Collection Fund Adjustment Account	18d	4,964	236	(28,799)
Financial Instruments Adjustment Account	18e	(1,507)	(1,479)	(1,449)
Accumulated Absences Account	18f	(5,734)	(6,167)	(8,070)
Pension Reserve	18g	(601,711)	(567,614)	(593,078)
		683,202	734,716	788,134
Total Reserves		856,703	914,017	1,006,553

This Statement of Accounts, which replaces the unaudited Statement of Accounts issued on 2 August 2021, was authorised for issue on 24 April 2024.

Emily Hill
Chief Finance Officer
24 April 2024

Councillor Johnson
Audit Committee Chair
24 April 2024

CASH FLOW STATEMENT

		2019/20 £000s Restated (See Note 35)	2020/21 £000s
CASH FLOW STATEMENT	Note		
Net Surplus / (Deficit) on the Provision of Services		(64,263)	(8,765)
Adjustments to Net Surplus / (Deficit) on the Provision of Services for Non-Cash Movements	19a	144,299	153,873
Adjustments for Items Included in Net Surplus / (Deficit) on the Provision of Services that are Investing or Financing Activities	19a	(64,990)	(80,326)
Net Cash Inflows from Operating Activities		15,046	64,782
Investing Activities	19b	(23,027)	(3,972)
Financing Activities	19c	31,485	(10,010)
Net Increase or (Decrease) in Cash and Cash Equivalents		23,504	50,800
Cash and Cash Equivalents at the Beginning of the Reporting Period		54,227	77,731
Cash and Cash Equivalents at the End of the Reporting Period	14	77,731	128,531

3. Notes to the Accounts

Notes to Core Financial Statements

NOTE		PAGE
1	Accounting Standards issued, not adopted	45
2	Critical judgments in applying accounting policies	45
3	Events after the reporting period	46
4	Assumptions made about the future and other major sources of estimation uncertainty	47
5	Expenditure and Funding Analysis	48
6	Expenditure and Income Analysed by Nature	51
7	Adjustments between accounting basis and funding basis under Regulation	53
8	Movements in Earmarked Reserves	56
9	Property, Plant & Equipment	58
10	Capital Commitments	63
11	Heritage Assets	63
12	Financial Instruments	64
13	Debtors	68
14	Cash and Cash Equivalents	69
15	Creditors	69
16	Provisions	69
17	Usable Reserves	71
18	Unusable Reserves	71
19	Cash Flow Statement	75
20	Reconciliation of Liabilities arising from Financing Activities	76
21	Members' Allowances	77
22	Officers' Remuneration	77
23	Termination Benefits	79
24	External Audit Costs	79
25	Dedicated Schools Grant	80
26	Grant Income	80
27	Related Parties	83
28	Capital Expenditure and Capital Financing	86
29	Leases	86
30	Private Finance Initiatives (PFI)	88
31	Defined Benefit Pension Schemes	92
32	Pension Schemes Accounted for as Defined Contribution Schemes	96
33	Contingent Liabilities	97
34	Nature and Extent of Risks arising from Financial Instruments	97
35	Prior Period Adjustment	101

Note 1 Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new accounting standard that has been issued but not yet adopted.

Accounting Standards that have been issued but not yet adopted, include:

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.
- IFRS 16 Leases has been deferred until the 2024/25 Code.

Note 2 Critical judgements in applying accounting policies

In applying the accounting policies set out in Section 5, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

FUNDING

There is a high degree of uncertainty about future levels of funding for local government. However, the authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

ACCOUNTING FOR SCHOOLS

The Council is required to take a view on which school assets are recognised on the Council's Balance Sheet. The Council has not recognised Academies, but includes all maintained schools; community schools, voluntary aided schools and foundation schools. The liabilities relating to the PFI schemes including two Academy Schools remain on balance sheet as the Council is the liable party.

GROUP ACCOUNTS

The Council has reviewed its interest in other companies and has prepared group accounts to include entities which fall within the group boundary and are considered to be material. Following this assessment, three wholly owned subsidiaries have been considered material and have been consolidated in the group accounts. They are Broadway Living Ltd, Broadway Living RP Ltd and Greener Ealing Ltd. Further information can be found in the Group Accounts section of this document.

PENSION PREPAYMENTS

The Council has agreed with the London Borough of Ealing Pension Fund to make prepayments towards the cost of post-employment benefits for the three year period 2020/21 – 2022/23. In line with the Council's accounting policies, in 2020/21 the amounts relating to 2021/22 and 2022/23 have been offset against the pension liability on the balance sheet. For further details see Note 31 Defined Benefit Pension Schemes.

GRANT ACCOUNTING

The Council is required to make a judgement on the treatment of grants and contributions, in particular, whether there are conditions and/or restrictions and if these have been met, and whether the Council is acting as principal or agent. If conditions are met, or the grant has no conditions, the income will be credited to the Comprehensive Income and Expenditure Statement and any unused grant will be held in earmarked reserve. For conditional grants where conditions are not met, the grant will be held as a creditor on the balance sheet. Grants where the Council is acting as an agent the net balance is held on balance sheet as a creditor.

Note 3 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:

- a) 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.
- b) Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are 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.

The statement of accounts was authorised for issue by the Chief Finance Officer on 30 July 2021. 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 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. This includes any amendments following the audit of the accounts.

Note 4 Assumptions made about the future and other major sources of estimation uncertainty

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

The items in the Council's Balance Sheet at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	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 return on pension fund assets. A firm of actuaries is engaged to provide the Council with expert advice about the assumptions to be applied and these are documented within the disclosure note on retirement benefits.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £29.685m. However, the assumptions interact in complex ways.
Property, Plant and Equipment	The Council employs RICS qualified valuers (Lambert Smith Hampton) to identify the most appropriate valuation techniques to determine fair value for all Council dwellings, land and buildings. All valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuation experts work closely with finance officers on a regular basis regarding all valuation matters.	Significant changes in any of the unobservable inputs used in the techniques used would result in a significantly lower or higher fair value measurement for these assets. For every 1% increase in valuation, the carrying value of property, plant and equipment would increase by £21.14m

GOING CONCERN

The Accounting Code (Standard IAS 1) requires management to make an assessment of the Council's ability to continue as a going concern and to disclose any material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. The Council discloses that the Accounts have been prepared on a going concern basis and that the Council will continue in existence for the foreseeable future.

This assumption is made because the local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers at the discretion of Central Government). If an authority were in financial difficulty, the prospects are that alternative arrangements might be made by Central Government; either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year.

The Code states that transfers of services under combinations of public sector bodies (for example a local government reorganisation) do not require the presumption of going concern. However, if there are material concerns about the financial health of the authority, this would be raised as part of the statutory responsibilities of the Section 151 Officer and by the external auditors as part of the accounts audit process.

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 between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

	2020/21							Net Expenditure in the Comprehensive Income and Expenditure Statement £000s
	Outturn as Reported to the Executive £000s	Adjustments to Management Reporting (EFA Note 1) £000s	Net Expenditure Chargeable to the General Fund and HRA Balance £000s	Adjustments for Capital Purposes (EFA Note 2) £000s	Net Change for Pensions Adjustments (EFA Note 3) £000s	Other Statutory Differences (EFA Note 4) £000s	Adjustments between the Funding and Accounting Basis (see note 7) £000s	
Table 5a								
Continuing Services								
Chief Executive Directorate	38,468	(512)	37,956	4,831	3,936	475	9,242	47,198
Children & Schools	63,896	(16,476)	47,420	14,660	1,737	877	17,274	64,694
Adults & Public Health	79,969	(7,468)	72,501	1,674	1,397	139	3,210	75,711
Place	15,550	11,793	27,343	51,703	3,300	412	55,415	82,758
Housing Benefits	6,141	-	6,141	-	-	-	-	6,141
Council Wide Other	4,456	(120)	4,336	-	-	-	-	4,336
Net Cost of Services	208,480	(12,783)	195,697	72,868	10,370	1,903	85,141	280,838
Other Income and Expenditure	37,078	(270,297)	(233,219)	(80,905)	13,046	29,005	(38,854)	(272,073)
(Surplus) or Deficit on Provision of Services	245,558	(283,080)	(37,522)	(8,037)	23,416	30,908	46,287	8,765
Opening General Fund and HRA Balance 1 April 2020			116,759					
Less: (Surplus) or Deficit on General Fund and HRA Balance In-Year			(37,522)					
Reserve Transfers			-					
Closing General Fund and HRA Balance at 31 March 2021			154,281					

	2019/20 Restated (See Note 35)							Net Expenditure in the Comprehensive Income and Expenditure Statement £000s
	Outturn as Reported to the Executive £000s	Adjustments to Management Reporting (EFA Note 1) £000s	Net Expenditure Chargeable to the General Fund and HRA Balance £000s	Adjustments for Capital Purposes (EFA Note 2) £000s	Net Change for Pensions Adjustments (EFA Note 3) £000s	Other Statutory Differences (EFA Note 4) £000s	Adjustments between the Funding and Accounting Basis (see note 7) £000s	
Table 5b								
Continuing Services								
Chief Executive Directorate	36,162	1,916	38,078	4,989	8,922	(9)	13,902	51,980
Children & Schools	64,477	(12,663)	51,814	12,607	1,885	403	14,895	66,709
Adults & Public Health	83,825	(4,320)	79,505	1,210	1,788	9	3,007	82,512
Place	13,318	6,514	19,832	87,269	4,094	30	91,393	111,225
Housing Benefits	5,960	-	5,960	-	-	-	-	5,960
Council Wide Other	5,399	(3,300)	2,099	-	-	-	-	2,099
Net Cost of Services	209,141	(11,853)	197,288	106,075	16,689	433	123,197	320,485
Other Income and Expenditure	39,013	(244,701)	(205,688)	(69,273)	14,039	4,700	(50,534)	(256,222)
(Surplus) or Deficit on Provision of Services	248,154	(256,554)	(8,400)	36,802	30,728	5,133	72,663	64,263
Opening General Fund and HRA Balance 1 April 2019			108,359					
Less: (Surplus) or Deficit on General Fund and HRA Balance In-Year			(8,400)					
Reserve Transfers			-					
Closing General Fund Balance and HRA at 31 March 2020			116,759					

EFA NOTE 1: ADJUSTMENTS TO MANAGEMENT REPORTING

This column adjusts the outturn figures reported to management for items chargeable to the General Fund for:

Reserves – the removal of transfers to/from reserves included in the management outturn report as these are not shown on the face of the Comprehensive Income and Expenditure Statement.

Financing & Investment Income & Expenditure – the reallocation of Financing & Investment Income & Expenditure to/from the Net Cost of Services to Other Operating Income and Expenditure.

EFA NOTE 2: ADJUSTMENT FOR CAPITAL PURPOSES

Adjustments for capital purposes – this column adds in the depreciation and impairment and revaluation gains and losses in the service 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 – the statutory charges for capital financing i.e. Minimum Revenue Provision 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 receivable in the year to those receivable 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.

EFA NOTE 3: NET CHANGES FOR THE PENSIONS ADJUSTMENTS

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 Council 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 Comprehensive Income and Expenditure Statement.

EFA NOTE 4: OTHER STATUTORY ADJUSTMENTS

Other statutory adjustments between amounts debited / credited to the Comprehensive Income and Expenditure Statement and amounts payable / receivable to be recognised under statute:

For **Financing and Investment Income and Expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

For **Taxation and Non-Specific Grant Income and Expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

Note 6 Expenditure and Income Analysed by Nature

	2020/21										Net Expenditure Chargeable to the General Fund and HRA Balance £000s	Adjustments between the Funding and Accounting Basis (see note 7) £000s	Net Expenditure in the Comprehensive Income and Expenditure Statement £000s
	Chief Executive Directorate	Children & Schools	Adults & Public Health	Place	Housing Benefits	Council Wide	Other	Other Income and Expenditure	Outturn as Reported to the Executive £000s	Adjustments to Management Reporting (EFA Note 1) £000s			
Table 6a													
Fees, Charges and Other Service Income	(10,635)	(20,243)	(35,008)	(100,759)	-	(1,313)	(1,282)	(169,240)	(68,128)	(237,368)	-	(237,368)	
Interest and Investment Income	-	-	-	-	-	-	(2,480)	(2,480)	(211)	(2,691)	-	(2,691)	
Government Grants and Contributions	(2,542)	(118,494)	(27,649)	(11,576)	(208,340)	-	(26,763)	(395,364)	(341,150)	(736,514)	(29,481)	(765,995)	
Income from Council Tax	-	-	-	-	-	-	-	-	(146,010)	(146,010)	5,684	(140,326)	
Income from Business Rates	-	-	-	-	-	-	-	-	(46,712)	(46,712)	23,352	(23,360)	
Total Income	(13,177)	(138,737)	(62,657)	(112,335)	(208,340)	(1,313)	(30,525)	(567,084)	(602,211)	(1,169,295)	(445)	(1,169,740)	
Employee Benefits Expenses	40,079	48,083	20,504	29,014	-	2,468	-	140,148	231,977	372,125	25,317	397,442	
Other Service Expenses	11,053	153,179	119,082	98,397	214,481	3,302	16,890	616,384	33,167	649,551	-	649,551	
Depreciation, Amortisation and Impairment	-	-	-	-	-	-	-	-	-	-	87,083	87,083	
Capital Expenditure Financed from Revenue Balances	-	53	1	15	-	422	-	491	2,757	3,248	(3,248)	-	
Revenue Expenditure Funded from Capital Under Statute & De-minimis	-	-	-	-	-	-	-	-	-	-	5,091	5,091	
Interest & MRP Payments	-	-	-	-	-	-	36,551	36,551	41,886	78,437	(24,553)	53,884	
Precepts and Levies	-	-	-	-	-	-	14,161	14,161	-	14,161	-	14,161	
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	-	-	-	-	1,520	1,520	
(Gain) or Loss on Disposal of Non-Current Assets	-	-	-	-	-	-	-	-	-	-	(30,227)	(30,227)	
Posting of HRA Resources from Revenue to the MRR	-	-	-	-	-	-	-	-	14,251	14,251	(14,251)	-	
Total Expenditure	51,132	201,315	139,587	127,426	214,481	6,192	67,602	807,735	324,038	1,131,773	46,732	1,178,505	
Contributions to/(from) Reserves	513	1,318	3,039	459	-	(423)	1	4,907	(4,907)	-	-	-	
(Surplus) or Deficit on the Provision of Services	38,468	63,896	79,969	15,550	6,141	4,456	37,078	245,558	(283,080)	(37,522)	46,287	8,765	

	2019/20 Restated (See Note 35)											
	Chief Executive Directorate	Children & Schools	Adults & Public Health	Place	Housing Benefits	Council Wide Other	Other Income and Expenditure	Outturn as Reported to the Executive £000s	Adjustments to Management Reporting (EFA Note 1) £000s	Net Expenditure Chargeable to the General Fund and HRA Balance £000s	Adjustments between the Funding and Accounting Basis (see note 7) £000s	Net Expenditure in the Comprehensive Income and Expenditure Statement £000s
Table 6b												
Fees, Charges and Other Service Income	(13,150)	(21,894)	(35,956)	(91,835)	-	(517)	-	(163,352)	(87,067)	(250,419)	-	(250,419)
Interest and Investment Income	-	-	-	-	-	-	(4,713)	(4,713)	(181)	(4,894)	-	(4,894)
Government Grants and Contributions	(3,047)	(112,718)	(26,266)	(9,549)	(222,120)	-	(28,927)	(402,627)	(234,342)	(636,969)	(34,617)	(671,586)
Income from Council Tax	-	-	-	-	-	-	-	-	(143,028)	(143,028)	4,441	(138,587)
Income from Business Rates	-	-	-	-	-	-	-	-	(73,947)	(73,947)	288	(73,659)
Total Income	(16,197)	(134,612)	(62,222)	(101,384)	(222,120)	(517)	(33,640)	(570,692)	(538,565)	(1,109,257)	(29,888)	(1,139,145)
Employee Benefits Expenses	40,517	41,915	19,590	29,118	188	2,718	-	134,046	227,353	361,399	31,160	392,559
Other Service Expenses	12,428	157,319	128,459	89,888	227,892	1,716	17,158	634,861	13,191	648,052	-	648,052
Depreciation, Amortisation and Impairment	-	-	-	-	-	-	-	-	-	-	115,731	115,731
Capital Expenditure Financed from Revenue Balances	63	-	-	481	-	1,602	997	3,143	2,359	5,502	(5,502)	-
Revenue Expenditure Funded from Capital Under Statute & De-minimis	-	-	-	-	-	-	-	-	-	-	9,289	9,289
Interest & MRP Payments	-	-	-	-	-	-	31,070	31,070	28,306	59,376	(18,490)	40,886
Precepts and Levies	-	-	-	-	-	-	13,709	13,709	(385)	13,324	-	13,324
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	-	-	-	-	1,522	1,522
(Gain) or Loss on Disposal of Non-Current Assets	-	-	-	-	-	-	-	-	-	-	(17,955)	(17,955)
Posting of HRA Resources from Revenue to the MRR	-	-	-	-	-	-	-	-	13,204	13,204	(13,204)	-
Total Expenditure	53,009	199,234	148,049	119,487	228,080	6,036	62,934	816,829	284,028	1,100,857	102,551	1,203,408
Contributions to/(from) Reserves	(650)	(145)	(2,002)	(4,785)	-	(120)	9,719	2,017	(2,017)	-	-	-
(Surplus) or Deficit on the Provision of Services	36,162	64,477	83,825	13,318	5,960	5,399	39,013	248,154	(256,554)	(8,400)	72,663	64,263

Note 7 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

GENERAL FUND BALANCE

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

HOUSING REVENUE ACCOUNT BALANCE

The HRA balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

MAJOR REPAIRS RESERVE

The authority is required to maintain the major repairs reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year-end.

CAPITAL RECEIPTS RESERVE

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance of the reserve shows the resources that have yet to be applied for these purposes at the year-end.

CAPITAL GRANTS UNAPPLIED

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and / or the financial year in which this can take place.

	Usable Reserves						Unusable Reserves							Movement in Unusable Reserves £000s	Total Movement in Reserves £000s
	General Fund Balance £000s	Housing Revenue Account £000s	Major Repairs Reserve £000s	Capital Receipts Reserve £000s	Capital Grants Unapplied £000s	Movement in Usable Reserves £000s	Revaluation Reserve £000s	Capital Adjustment Account £000s	Deferred Capital Receipts £000s	Collection Fund Adjustment Account £000s	Financial Instruments Adjustment Account £000s	Accumulated Absences Account £000s	Pensions Reserve £000s		
Table 7a - 2020/21															
Adjustments to the Revenue Resources															
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:															
Pensions Costs (transferred to (or from) the Pension Reserve)	21,242	2,174	-	-	-	23,416	-	-	-	-	-	-	(23,416)	(23,416)	-
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	(30)	-	-	-	-	(30)	-	-	-	-	30	-	-	30	-
Council Tax & NDR (transfers to (or from) the Collection Fund Adjustment Account)	29,035	-	-	-	-	29,035	-	-	-	(29,035)	-	-	-	(29,035)	-
Holiday Pay (transferred to the Accumulated Absences Reserve)	1,809	94	-	-	-	1,903	-	-	-	-	-	(1,903)	-	(1,903)	-
Reversal of Entries Included in the Surplus or Deficit on the Provision of Services in Relation to Capital Expenditure (these items are charged to the Capital Adjustment Account or Capital Grants Unapplied)	27,110	56,200	-	-	7,449	90,759	-	(90,759)	-	-	-	-	-	(90,759)	-
Total Adjustments to Revenue Resources	79,166	58,468	-	-	7,449	145,083	-	(90,759)	-	(29,035)	30	(1,903)	(23,416)	(145,083)	-
Adjustments between Revenue and Capital Resources															
Transfer of Non-Current Asset Sale Proceeds from Revenue to the Capital Receipts Reserve	(8,742)	(42,169)	-	46,015	-	(4,896)	-	-	4,896	-	-	-	-	4,896	-
Administrative Costs of Non-Current Asset Disposals (funded by a contribution from the Capital Receipts Reserve)	67	-	-	(67)	-	-	-	-	-	-	-	-	-	-	-
Payments to the Government Housing Receipts Pool (funded by a transfer from the Capital Receipts Reserve)	1,520	-	-	(1,520)	-	-	-	-	-	-	-	-	-	-	-
Posting of HRA Resources from Revenue to the Major Repairs Reserve	-	(14,251)	14,251	-	-	-	-	-	-	-	-	-	-	-	-
Statutory Provision for the Repayment of Debt transfer from the Capital Adjustment Account	(24,524)	-	-	-	-	(24,524)	-	24,524	-	-	-	-	-	24,524	-
Capital Expenditure Financed from Revenue Balances (transfer to the Capital Adjustment Account)	(491)	(2,757)	-	-	-	(3,248)	-	3,248	-	-	-	-	-	3,248	-
Total Adjustments between Revenue and Capital Resources	(32,170)	(59,177)	14,251	44,428	-	(32,668)	-	27,772	4,896	-	-	-	-	32,668	-
Adjustments to Capital Resources															
Use of the Capital Receipts Reserve to Finance New Capital Expenditure	-	-	-	(43,853)	-	(43,853)	-	43,853	-	-	-	-	-	43,853	-
Use of the Major Repairs Reserve to Finance New Capital Expenditure	-	-	(14,251)	-	-	(14,251)	-	14,251	-	-	-	-	-	14,251	-
Application of Unapplied Capital Grants to Finance New Capital Expenditure	-	-	-	-	(7,155)	(7,155)	-	7,155	-	-	-	-	-	7,155	-
Application of Unapplied Community Infrastructure Levy (CIL) Receipts to Finance New Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Payments in Relation to Deferred Capital Receipts	-	-	-	106	-	106	-	-	(106)	-	-	-	-	(106)	-
Cash Payments in Relation to Long-Term Debtor Loans	-	-	-	300	-	300	-	(300)	-	-	-	-	-	(300)	-
Total Adjustments to Capital Resources	-	-	(14,251)	(43,447)	(7,155)	(64,853)	-	64,959	(106)	-	-	-	-	64,853	-
Total Adjustments	46,996	(709)	-	981	294	47,562	-	1,972	4,790	(29,035)	30	(1,903)	(23,416)	(47,562)	-

	Usable Reserves						Unusable Reserves							Movement in Unusable Reserves £000s	Total Movement in Reserves £000s
	General Fund Balance £000s	Housing Revenue Account £000s	Major Repairs Reserve £000s	Capital Receipts Reserve £000s	Capital Grants Unapplied £000s	Movement in Usable Reserves £000s	Revaluation Reserve £000s	Capital Adjustment Account £000s	Deferred Capital Receipts £000s	Collection Fund Adjustment Account £000s	Financial Instruments Adjustment Account £000s	Accumulated Absences Account £000s	Pensions Reserve £000s		
Table 7b - 2019/20 Restated (See Note 35)															
Adjustments to the Revenue Resources															
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:															
Pensions Costs (transferred to (or from) the Pension Reserve)	28,207	2,521	-	-	-	30,728	-	-	-	-	-	-	(30,728)	(30,728)	-
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	(28)	-	-	-	-	(28)	-	-	-	28	-	-	-	28	-
Council Tax & NDR (transfers to (or from) the Collection Fund Adjustment Account)	4,728	-	-	-	-	4,728	-	-	-	(4,728)	-	-	-	(4,728)	-
Holiday Pay (transferred to the Accumulated Absences Reserve)	455	(22)	-	-	-	433	-	-	-	-	-	(433)	-	(433)	-
Reversal of Entries Included in the Surplus or Deficit on the Provision of Services in Relation to Capital Expenditure (these items are charged to the Capital Adjustment Account or Capital Grants Unapplied)	30,440	72,379	-	-	12,813	115,632	-	(115,632)	-	-	-	-	-	(115,632)	-
Total Adjustments to Revenue Resources	63,802	74,878	-	-	12,813	151,493	-	(115,632)	-	(4,728)	28	(433)	(30,728)	(151,493)	-
Adjustments between Revenue and Capital Resources															
Transfer of Non-Current Asset Sale Proceeds from Revenue to the Capital Receipts Reserve	-	(30,380)	-	30,380	-	-	-	-	-	-	-	-	-	-	-
Administrative Costs of Non-Current Asset Disposals (funded by a contribution from the Capital Receipts Reserve)	7	-	-	(7)	-	-	-	-	-	-	-	-	-	-	-
Payments to the Government Housing Receipts Pool (funded by a transfer from the Capital Receipts Reserve)	1,522	-	-	(1,522)	-	-	-	-	-	-	-	-	-	-	-
Posting of HRA Resources from Revenue to the Major Repairs Reserve	-	(13,204)	13,204	-	-	-	-	-	-	-	-	-	-	-	-
Statutory Provision for the Repayment of Debt transfer from the Capital Adjustment Account	(18,461)	-	-	-	-	(18,461)	-	18,461	-	-	-	-	-	18,461	-
Capital Expenditure Financed from Revenue Balances (transfer to the Capital Adjustment Account)	(3,143)	(2,359)	-	-	-	(5,502)	-	5,502	-	-	-	-	-	5,502	-
Total Adjustments between Revenue and Capital Resources	(20,075)	(45,943)	13,204	28,851	-	(23,963)	-	23,963	-	-	-	-	-	23,963	-
Adjustments to Capital Resources															
Use of the Capital Receipts Reserve to Finance New Capital Expenditure	-	-	-	(37,423)	-	(37,423)	-	37,423	-	-	-	-	-	37,423	-
Use of the Major Repairs Reserve to Finance New Capital Expenditure	-	-	(13,204)	-	-	(13,204)	-	13,204	-	-	-	-	-	13,204	-
Application of Unapplied Capital Grants to Finance New Capital Expenditure	-	-	-	-	(7,377)	(7,377)	-	7,377	-	-	-	-	-	7,377	-
Cash Payments in Relation to Long-Term Debtor Loans	-	-	-	536	-	536	-	(536)	-	-	-	-	-	(536)	-
Total Adjustments to Capital Resources	-	-	(13,204)	(36,887)	(7,377)	(57,468)	-	57,468	-	-	-	-	-	57,468	-
Total Adjustments	43,727	28,935	-	(8,036)	5,436	70,062	-	(34,201)	-	(4,728)	28	(433)	(30,728)	(70,062)	-

Note 8 Movements in Earmarked Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Transfers to/from Earmarked Reserves	Balance at 31 March 2019 £000s	2019/20		Balance at 31 March 2020 £000s	2020/21		Balance at 31 March 2021 £000s
		Transfers In £000s	Transfers Out £000s		Transfers In £000s	Transfers Out £000s	
Earmarked Reserves							
Specific Reserves							
Corporate - Ealing Civic Improvement Fund	2,704	942	(2,301)	1,345	1	(48)	1,298
Corporate - Insurance Reserve	5,721	-	-	5,721	-	-	5,721
Corporate - Covid-19 Grant	-	9,504	-	9,504	10,930	(9,504)	10,930
Corporate - Invest to Save Reserve	2,709	470	(804)	2,375	459	(16)	2,818
Corporate - Collection Fund Equalisation Fund	3,227	45	(992)	2,280	20,812	(1)	23,091
Corporate - Other Reserves	9,148	7,980	(8,628)	8,500	554	(72)	8,982
Corporate - Economic Volatility Reserve	3,069	1,499	-	4,568	2,393	-	6,961
Social Care Transformation Reserve	351	167	(351)	167	-	-	167
Service - Dedicated Schools Grant	2,251	5,520	(8,380)	(609)	2,772	(1,794)	370
Service – Others Reserves	5,682	8,066	(6,970)	6,778	1,939	(91)	8,627
Parking Places Reserve Account	5,328	293	(2,074)	3,547	-	(375)	3,172
PFI Reserves	23,279	1,952	(2,160)	23,071	2,295	(719)	24,647
	63,469	36,438	(32,660)	67,247	42,154	(12,618)	96,783
School Balances (ring-fenced)	14,951	5,603	(3,975)	16,579	4,826	-	21,405
Total General Fund	78,420	42,041	(36,635)	83,826	46,980	(12,618)	118,188
HRA Reserves							
Major Repairs Reserve	-	13,204	(13,204)	-	14,251	(14,251)	-
Estate Regeneration Delivery Service	9,104	2,985	-	12,089	3,160	-	15,249
Total HRA	9,104	16,189	(13,204)	12,089	17,411	(14,251)	15,249

GENERAL FUND EARMARKED RESERVES

The **Ealing Civic Improvement Fund** is held to fund improvements in the borough.

The **Insurance Reserve** is held to cover future insurance claims.

The **Covid-19 Grant reserve** holds the general fund grants that have been received in 2020/21 and are carried forward due to permitted use to fund future Covid pressures.

The **Invest to Save Reserves** is held to fund schemes outside the usual budget process to drive innovation in service delivery and deliver cash savings. This reserve will be replenished from cash savings generated by these schemes in order to be self sustaining.

The **Collection Fund Equalisation Fund** is a technical reserve which is used to allow for distribution of collection fund balances relating to timing differences. The net increase in 2020/21 is due to:

- Statutory Regulations not permitting for the Council to charge any Collection Fund surplus and deficits to the General Fund in the year they arise.

- b) Change in government legislation requires the 2020/21 deficit to be spread over a 3 year period, so the deficit will impact General Fund in 2021/22, 2022/23 and 2023/24.
- c) In 2020/21, the Collection Fund is showing a large deficit, which is predominantly due to the 100% Retail Reliefs brought in by Central Government earlier in the year. Due to the change in the accounting requirements, the deficit will not hit General fund until 2021/22-2023/24.

The Council has received S31 grant monies to cover the additional cost of the Retail Relief paid out in 2020/21 but due to the timing differences with regards to accounting for these the Council has opted to carry these forward through an earmarked reserve to be used over the next 3-years to fund the deficit payments.

Corporate Others Reserves is a group of reserves held corporately, some are held to cover against future costs the Council will incur, such as Election Reserves, whilst others are held in order to provide funds to drive corporate strategy and efficiencies.

The **Economic Volatility Reserve** is held to manage volatility in collection fund income.

The **Social Care Transformation Reserve** is held to facilitate transformation within social care.

The **Dedicated Schools Grant** reserve is held to carry forward any unspent DSG to be used in future years. The operation of the DSG continues to allow the Council to carry forward any DSG underspends to a ring-fenced reserve, and any deficits on DSG would be treated as an unusable reserve and reported in Note 18.

Service Other Reserves is a group of reserves held by services to provide financial resources for service based projects such as recycling initiatives or school transport infrastructure.

The **Parking Places Reserve Account** surplus will be reinvested, as per Section 55 of the Road Traffic Regulation Act 1984 (as amended), in improvements in the delivery of on and off-street parking services.

The **PFI Reserves** are in place to meet the difference between central government revenue grant and actual costs for the Council's PFI schemes in future years and to fund future annual repayment liabilities.

School Balances (ring fenced) contains the school funds which are ring-fenced for schools' use.

HRA EARMARKED RESERVES

Major Repairs Reserve – funds are available to meet capital investment in council housing.

Estate Regeneration Delivery – funds are held for future investment in Estate Regeneration.

Note 9 Property, Plant & Equipment

* The two figures in each of the tables below, totalling £103.349m surplus in 2020/21 (£56.751m surplus in 2019/20), reflect the deficit or surplus on revaluation that appears at the bottom of the Comprehensive Income and Expenditure Statement.

Property, Plant & Equipment Movements in 2020/21	Council Dwellings £000s	Other Land & Buildings £000s	Other Land & Buildings (PFI) £000s	Vehicles, Plant & Equipment £000s	Community Assets £000s	Surplus Assets £000s	Assets Under Construction £000s	Total Property, Plant & Equipment £000s	Intangible Assets £000s
Cost or Valuation									
At 1 April 2020	832,303	779,423	176,751	113,142	39,408	5,351	66,289	2,012,667	4,643
Additions	30,759	17,984	208	2,095	1,259	798	53,399	106,502	879
Donations	-	-	-	-	-	-	-	-	-
* Revaluation increases/(decreases) recognised in the Revaluation Reserve	46,719	23,158	(418)	-	1,500	(527)	-	70,432	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(28,429)	(17,654)	-	-	1,690	(2,808)	-	(47,201)	-
Derecognition - disposals	(3,552)	(195)	-	-	-	-	-	(3,747)	-
Derecognition - other	(6,961)	(4,891)	-	(688)	-	(10)	(171)	(12,721)	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-	-	-
Other Reclassifications	9,873	22,457	-	150	-	-	(34,076)	(1,596)	126
Other movements	-	-	-	-	-	-	-	-	-
At 31 March 2021	880,712	820,282	176,541	114,699	43,857	2,804	85,441	2,124,336	5,648
Accumulated Depreciation and Impairment									
At 1 April 2020	(540)	(11,298)	(1,020)	(97,214)	-	-	-	(110,072)	(3,131)
Depreciation charge	(13,202)	(15,920)	(2,941)	(4,324)	(288)	(106)	-	(36,781)	(314)
* Depreciation written out to the Revaluation Reserve	10,558	18,293	3,961	-	-	106	-	32,918	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	2,629	4,560	-	-	288	-	-	7,477	-
Impairment losses/reversals to Surplus/Deficit on Provision of Services	(1,015)	-	-	-	-	-	-	(1,015)	-
Derecognition - disposals	-	32	-	-	-	-	-	32	-
Derecognition - other	15	110	-	-	-	-	-	125	-
At 31 March 2021	(1,555)	(4,223)	-	(101,538)	-	-	-	(107,316)	(3,445)
Net Book Value									
At 31 March 2021	879,157	816,059	176,541	13,161	43,857	2,804	85,441	2,017,020	2,203
At 31 March 2020	831,763	768,125	175,731	15,928	39,408	5,351	66,289	1,902,595	1,512

Property, Plant & Equipment Comparative Movements in 2019/20 Restated (See Note 35)	Council Dwellings £000s	Other Land & Buildings £000s	Other Land & Buildings (PF) £000s	Vehicles, Plant & Equipment £000s	Community Assets £000s	Surplus Assets £000s	Assets Under Construction £000s	Total Property, Plant & Equipment £000s	Intangible Assets £000s
Cost or Valuation									
At 1 April 2019	850,985	733,095	177,557	109,288	49,448	5,253	42,387	1,968,013	4,628
Additions	40,866	12,156	214	551	2,947	9	39,967	96,710	15
Donations	-	-	-	-	-	-	-	-	-
* Revaluation increases/(decreases) recognised in the Revaluation Reserve	(7,154)	38,245	(1,020)	-	4,278	89	-	34,438	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(49,904)	(5,862)	-	-	(17,265)	-	-	(73,031)	-
Derecognition - disposals	(2,666)	-	-	-	-	-	-	(2,666)	-
Derecognition - other	(5,456)	(1,661)	-	-	-	-	(2,718)	(9,835)	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-	-	-
Other Reclassifications	5,632	3,450	-	3,303	-	-	(13,347)	(962)	-
Other movements	-	-	-	-	-	-	-	-	-
At 31 March 2020	832,303	779,423	176,751	113,142	39,408	5,351	66,289	2,012,667	4,643
Accumulated Depreciation and Impairment									
At 1 April 2019	(365)	(6,066)	-	(92,851)	-	-	-	(99,282)	(2,550)
Depreciation charge	(12,683)	(14,795)	(2,959)	(4,363)	-	(100)	-	(34,900)	(581)
* Depreciation written out to the Revaluation Reserve	12,100	8,174	1,939	-	-	100	-	22,313	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	579	1,311	-	-	-	-	-	1,890	-
Impairment losses/reversals to Surplus/Deficit on Provision of Services	(175)	-	-	-	-	-	-	(175)	-
Derecognition - disposals	-	-	-	-	-	-	-	-	-
Derecognition - other	4	78	-	-	-	-	-	82	-
At 31 March 2020	(540)	(11,298)	(1,020)	(97,214)	-	-	-	(110,072)	(3,131)
Net Book Value									
At 31 March 2020	831,763	768,125	175,731	15,928	39,408	5,351	66,289	1,902,595	1,512
At 31 March 2019	850,620	727,029	177,557	16,437	49,448	5,253	42,387	1,868,731	2,078

INFRASTRUCTURE ASSETS

In accordance with the temporary relief offered by the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022, this note does not include disclosure of gross costs 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 statement.

The authority has chosen not to disclose the information as the previously reported practices and resultant information deficits mean that gross costs 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 the infrastructure assets.

9a property, Plant & Equipment Infrastructure Assets Movements	Non PFI £000s	PFI £000s	TOTAL Infrastructure Assets £000s
Net Book Value 1 April 2020	147,938	24,647	172,585
Additions	7,523	-	7,523
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	-	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	-
Reclassification from Asset Under Construction	1,471	-	1,471
Depreciation	(8,614)	(639)	(9,253)
Net Book Value 31 March 2021	148,318	24,008	172,326

9b property, Plant & Equipment Infrastructure Assets Movements	Non PFI £000s	PFI £000s	TOTAL Infrastructure Assets £000s
Net Book Value 1 April 2019	143,638	25,286	168,924
Additions	11,631	-	11,631
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	-	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	-
Reclassification from Asset Under Construction	962	-	962
Depreciation	(8,293)	(639)	(8,932)
Net Book Value 31 March 2020	147,938	24,647	172,585

9c Reconciliation to Property Plant and Equipment	1 April 2019	31 March 2020	31 March 2021
Infrastructure Assets	168,924	172,585	172,326
Property Plant and Equipment	1,868,731	1,902,595	2,017,020
Total	2,037,655	2,075,180	2,189,346

The authority has determined in accordance with Regulation 30M England of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

DEPRECIATION

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Council dwellings – 60-80 years
- Other Operating buildings – 40-60 years
- Vehicles, plant, and equipment - 5-15 years
- Infrastructure Assets – 10-75 years (see Accounting Policies, Section XI for more information)
- Intangible Assets – 5-10 years

REVALUATIONS

The Council carries out a rolling programme that ensures that all property, plant and equipment required to be measured at fair value is revalued at least every five years. This includes Council Dwellings, Other Land & Buildings, Community Assets and Surplus Assets. Council Dwellings are valued annually. Valuations of land and buildings (including Council Dwellings) were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant and equipment are based on historic cost.

The significant assumptions applied in estimating the current values of property, plant and equipment are:

- Non-specialised properties occupied by the Council or used for the purpose of service delivery, have been valued on the basis of Existing Use Value (EUV),
- Specialised properties, for which there is no recognised market, have been valued by the Depreciated Replacement Cost (DRC) method,
- Surplus assets have been valued on the basis of Fair Value (FV).

Revaluations	Council Dwellings & Buildings £000s	Other Land & Buildings (PFI) £000s	Other Land & Buildings (PFI) £000s	Vehicles, Plant & Equipment £000s	Infrastructure Assets £000s	Infrastructure Assets (PFI) £000s	Community Assets £000s	Surplus Assets £000s	Assets Under Construction £000s	Total £000s
Carried at historical cost	-	-	-	13,161	148,318	24,008	13,544	-	85,441	284,472
Valued at current value as										
31 March 2021	879,157	240,993	176,541	-	-	-	1,500	1,583	-	1,299,774
31 March 2020	-	178,705	-	-	-	-	28,813	656	-	208,174
31 March 2019	-	229,109	-	-	-	-	-	565	-	229,674
31 March 2018	-	130,226	-	-	-	-	-	-	-	130,226
31 March 2017	-	37,026	-	-	-	-	-	-	-	37,026
Total Cost or Valuation	879,157	816,059	176,541	13,161	148,318	24,008	43,857	2,804	85,441	2,189,346

At 31 March 2020 as a result of the Covid-19 pandemic and the markets being closed a statement of uncertainty around the 2019/20 closing valuations was included in the accounts. A revaluation of the assets as at 1 April 2020 was commissioned and draft figures were received in January 2021, once the markets had reopened, and updated indices were available. The draft figures relating to the assets, specifically HRA dwellings, provisionally indicated a material change in valuation of approximately £44m between 31 March 2020 valuation and 1 April 2020 valuation. However, due to the final valuations for the 1 April 2020 not yet being agreed and the final valuation report not being received prior to signing of the prior year financial statements we did not deem the draft 1 April 2020 valuation appropriate to include in the prior year accounts.

Note 10 Capital Commitments

At 31 March 2021 the Council has significant commitments for future capital expenditure in 2020/21 and future years budgeted to cost £98.479m. Similar commitments at 31 March 2020 were £80.911m. The commitments are:

Service	Commitments	Commitments
	at 31 March 2020	at 31 March 2021
	£000's	£000's
Built Environment	1,361	-
Children & Families	272	52
Council Wide	86	3
Environment & Leisure	1,662	-
Housing (General Fund)	620	2,204
HRA	72,172	93,869
ICT & Property Services	53	-
Regeneration	1,445	-
Safer Communities	264	-
Community Development	-	623
Place Delivery	-	1,132
Schools Service	2,976	422
Sustainability	-	174
Total Capital Commitments	80,911	98,479

Note 11 Heritage Assets

RECONCILIATION OF THE CARRYING VALUE OF HERITAGE ASSETS HELD BY THE COUNCIL

Heritage Assets Movements in 2020/21	Martinware £000s	Mace and Badge Furniture		Art collections £000s	Others £000s	Total Property, Plant & Equipment £000s
		£000s	£000s			
Cost or Valuation						
At 1 April 2020	1,288	632	315	155	351	2,741
At 31 March 2021	1,288	632	315	155	351	2,741

Heritage Assets Movements in 2019/20	Martinware £000s	Mace and Badge Furniture		Art collections £000s	Others £000s	Total Property, Plant & Equipment £000s
		£000s	£000s			
Cost or Valuation						
At 1 April 2019	1,288	632	315	155	351	2,741
At 31 March 2020	1,288	632	315	155	351	2,741

The Council has a number of heritage assets, comprising of the Council's art collection, ceramics, figurine and other antiques and civic regalia. These assets are held at insurance valuations which are based on market values. The latest valuations range from 2007-2012.

Additionally, there is a World War II underground bunker at one of the borough's schools. It is the opinion of the Council that obtaining a valuation for the bunker would be disproportionate in relation to the benefits derived by users of the financial statements. This heritage asset is therefore not included on the balance sheet, although it is likely that this would have no monetary value as no market would exist for the sale of the asset.

Note 12 Financial Instruments

CATEGORIES OF FINANCIAL INSTRUMENTS (12A)

The following categories of financial instrument are carried in the Balance Sheet.

	31 March 2020					31 March 2021				
	Non-Current		Current		Total £000s	Non-Current		Current		Total £000s
	Investments £000s	Debtors £000s	Investments £000s	Debtors £000s		Investments £000s	Debtors £000s	Investments £000s	Debtors £000s	
Financial Assets										
Amortised Cost	859	28,694	238,528	65,669	333,750	820	34,237	260,689	76,616	372,362
Fair value through other comprehensive income	2,136	-	-	-	2,136	2,136	-	-	-	2,136
Fair value through Profit and Loss	-	-	-	-	-	-	-	-	-	-
Total Financial Assets	2,995	28,694	238,528	65,669	335,886	2,956	34,237	260,689	76,616	374,498
Non-Financial Assets	-	87	-	24,907	24,993	-	17	-	19,118	19,135
Total	2,995	28,781	238,528	90,575	360,879	2,956	34,254	260,689	95,734	393,633

	31 March 2020					31 March 2021				
	Non-Current		Current		Total £000s	Non-Current		Current		Total £000s
	Borrowings £000s	Creditors £000s	Borrowings £000s	Creditors £000s		Borrowings £000s	Creditors £000s	Borrowings £000s	Creditors £000s	
Financial Liabilities										
Financial liabilities at amortised cost	(619,407)	(106,078)	(42,836)	(86,817)	(855,138)	(621,644)	(101,586)	(44,206)	(94,502)	(861,938)
Financial liabilities at fair value through profit and loss	-	-	-	-	-	-	-	-	-	-
Total Financial Liabilities	(619,407)	(106,078)	(42,836)	(86,817)	(855,138)	(621,644)	(101,586)	(44,206)	(94,502)	(861,938)
Non-Financial Liabilities	-	(23,771)	-	(52,131)	(75,903)	-	(26,287)	-	(62,878)	(89,165)
Total	(619,407)	(129,849)	(42,836)	(138,948)	(931,041)	(621,644)	(127,873)	(44,206)	(157,380)	(951,103)

CARRYING VALUE

Under accounting requirements, the carrying value of the financial instrument value is shown in the balance sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets/liabilities where the payments/receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

FAIR VALUE

Fair value has been measured by:

- Direct reference to published price quotations in an active market; and/or
- Estimating using a valuation technique

MARKET LOANS

Market loans (LOBOs) of £61m have been included in long-term borrowing but have a call date in the next 12 months.

FINANCIAL INSTRUMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (12B)

Fair Value through Other Comprehensive Income and Expenditure	Nominal £000s	Fair Value £000s	Change in fair value during 2020/21 £000s	Dividends £000s
Broadway Living Ltd Shares	2,136	2,136	0	0

The Authority has a shareholding in Broadway Living Ltd (representing 100% of the company's Capital). The shares are carried at cost of £2.136m and have not been valued as a fair value cannot be measured reliably. There are no established companies with similar aims in the Authority's area whose shares are traded, and which might provide comparable market data. The Authority has no current intention to dispose of the shareholding.

INCOME, EXPENSE, GAINS AND LOSSES (12C)

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	2019/20		2020/21	
	Surplus or Deficit on the Provision of services £000s	Other Comprehensive Income and Expenditure £000s	Surplus or Deficit on the Provision of services £000s	Other Comprehensive Income and Expenditure £000s
Income, Expenses, Gains & Losses				
Net gains/losses on:				
Financial liabilities measured at amortised cost	-	3,947	-	16,909
Total net gains/losses	-	3,947	-	16,909
Interest Revenue:				
Financial Assets Measured at Amortised Cost	(4,894)	-	(2,691)	-
Total Interest Revenue	(4,894)	-	(2,691)	-
Interest Expense	36,270	-	36,975	-

FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (12D)

Basis for recurring fair value measurements:

- Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.
- Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs – unobservable inputs for the asset or liability.

Some of the authority's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Recurring Fair Value Measurements	Input Level in Fair Value Hierarchy	Valuation Technique Used to Measure Fair Value	As At 31 March 2020 £000s	As At 31 March 2021 £000s
Fair value through Other Comprehensive Income				
Equity Shareholding in Broadway Living Ltd	Level 3	Acquisition amount	2,136	2,136
Total			2,136	2,136

Equity shareholding in Broadway Living Ltd

The Council's shareholding in Broadway Living Ltd - the shares in this company are not traded in the active market and fair value of £2.136m is the acquisition amount at the current time as no assessment of its future trading prospects can be made with reasonable certainty.

THE FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE NOT MEASURED AT FAIR VALUE (BUT FOR WHICH FAIR VALUE DISCLOSURES ARE REQUIRED) (12E)

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB payable, PWLB new borrowing rates have been applied to provide the fair value under PWLB debt redemption procedures;
- For non-PWLB loans payable, PWLB new borrowing rates have been applied to provide the fair value under PWLB debt;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2020		31 March 2021	
	Carrying Amount £000s	*Restated Fair Value £000s	Carrying Amount £000s	Fair Value £000s
Financial Liabilities				
PWLB debt	(546,142)	(642,394)	(554,414)	(684,075)
Non-PWLB debt	(90,853)	(122,336)	(90,817)	(131,310)
Short term borrowing	(25,248)	(24,859)	(20,618)	(20,618)
Total Borrowings	(662,243)	(789,589)	(665,849)	(836,003)
PFI, service concessions and finance lease liabilities	(110,505)	(110,505)	(105,463)	(105,463)
Trade Creditors	(82,390)	(82,390)	(90,625)	(90,625)
Financial Liabilities	(855,138)	(982,484)	(861,937)	(1,032,091)

The fair value of the liabilities is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional future loss (based on economic conditions at 31 March 2021) arising from a commitment to pay interest to lenders above current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £684.075m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken as at 31 March 2021. The difference between the carrying amount and the fair value measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

* The Fair value for PWLB and Non-PWLB debt as at 31 March 2020 has been restated, as we incorrectly used premature repayment rate instead of the New Borrowing Loan Rate. This has resulted in the PWLB debt value reducing from £891,338k to £642,394k and the Non-PWLB debt value reducing from £178,989k to £122,336k.

	31 March 2020		31 March 2021	
	Carrying Amount £000s	Fair Value £000s	Carrying Amount £000s	Fair Value £000s
Financial Assets				
Cash and cash equivalents	76,888	76,888	128,363	128,363
Short term investments	161,640	161,640	132,326	132,326
Long term investments	859	1,803	820	1,662
Long term debtors	28,694	48,554	34,236	56,102
Short term debtors	65,669	65,669	76,616	76,616
Total Assets	333,750	354,554	372,361	395,069

The fair value of the assets is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional future gain (based on economic conditions at 31 March 2021) arising from a commitment to pay interest to lenders above current market rates.

Short-term investments & borrowing, long-term debtors and short-term debtors & creditors are all carried at cost as this is a fair approximation of their value.

FAIR VALUE HIERARCHY FOR FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE NOT MEASURED AT FAIR VALUE (12F)

Recurring Fair Value Measurements Using:	31 March 2021				Total £000
	Quoted Prices in Active Markets for Identical Assets (Level 1) £000	Other Significant Observable Inputs (Level 2) £000	Significant Unobservable Inputs (Level 3) £000		
Financial Liabilities					
<i>Financial Liabilities Held at Amortised Cost:</i>					
PWLB	-	(684,075)	-		(684,075)
Non-PWLB	-	(131,310)	-		(131,310)
Short term debt	-	(20,618)	-		(20,618)
Total	-	(836,003)	-		(836,003)
Financial assets					
Financial assets held at amortised cost	-	57,259	-		57,259
Total	-	57,259	-		57,259

Recurring Fair Value Measurements Using:	31 March 2020				Total £000
	Quoted Prices in Active Markets for Identical Assets (Level 1) £000	*Restated Other Significant Observable Inputs (Level 2) £000	Significant Unobservable Inputs (Level 3) £000		
Financial Liabilities					
<i>Financial Liabilities Held at Amortised Cost:</i>					
PWLB	-	(642,394)	-	(642,394)	
Non-PWLB	-	(122,336)	-	(122,336)	
Short term debt	-	(24,859)	-	(24,859)	
Total	-	(789,589)	-	(789,589)	
Financial assets					
Financial assets held at amortised cost	-	49,683	-	49,683	
Total	-	49,683	-	49,683	

* The fair value for PWLB and non-PWLB debt as at 31 March 2020 has been restated, see Note (12E) above for the change in values of the previous year's valuation and the revised methodology in using the new borrowing rates. The value of short-term borrowing has been restated from £19,859k to £24,859k to align to note 12E as £5,000k was omitted from the disclosure in the prior year.

Note 13 Debtors

The short-term debtors shown in the table below are net of impairment allowance for doubtful debts.

	31 March 2020 £000s	31 March 2021 £000s
Short-Term Debtors		
Gross Trade Receivables	70,092	94,917
less Trade Receivables Impairment Allowance	(21,955)	(30,556)
Net Trade Receivables	48,137	64,361
Pre-Payments	2,478	4,182
Gross NNDR Payers	8,484	8,864
less NNDR Payers Impairment Allowance	(3,805)	(6,127)
Net NNDR Payers	4,679	2,737
Gross Council Tax Payers	15,039	19,855
less Council Tax Payers Impairment Allowance	(8,226)	(14,043)
Net Council Tax Payers	6,813	5,812
Collection Fund Preceptors	-	-
Gross Rent Arrears (including Housing Benefit overpayments)	53,263	47,376
less Rent Arrears Impairment Allowance	(44,777)	(43,969)
Net Housing Benefit	8,486	3,407
Ealing Pension Fund	-	375
Gross Other Receivables	21,147	16,482
less Other Receivables Impairment Allowance	(1,165)	(1,622)
Net Other Receivables	19,982	14,860
Total Short-Term Debtors	90,575	95,734

The gross total of the short-term debtors as at the 31 March 2021 is £192.051m (31 March 2020 was £170.503m).

Note 14 Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2020 £000s	31 March 2021 £000s
Cash and Cash Equivalents		
Bank Current Accounts	12,671	(4,288)
Short-Term Deposits	29,950	95,500
Cash Held by the Council	843	168
School Bank Accounts	34,267	37,151
Total Cash and Cash Equivalents	77,731	128,531

Note 15 Creditors

	31 March 2020 £000s	31 March 2021 £000s
Short-Term Creditors		
Trade Payables	(76,217)	(78,359)
Receipts in Advance	(4,433)	(8,073)
NNDR Payers	(4,317)	(3,380)
Council Tax Payers	(10,594)	(11,413)
Collection Fund Preceptors	(18,860)	(9,516)
Ealing Pension Fund	(3,181)	-
Other Payables	(21,346)	(46,639)
Total	(138,948)	(157,380)

Note 16 Provisions

	Insurance Provision £000s	Non- Domestic Rate Appeals £000s	Other Provisions £000s	Total £000s
Current Provisions				
Balance at 1 April 2020	(1,133)	(8,125)	(3,518)	(12,776)
Additional provisions made in 2020/21	-	(2,357)	(1,687)	(4,044)
Unused amounts reversed in 2020/21	-	-	3,126	3,126
Transferred (from)/to Long-Term Provisions	-	-	(1,646)	(1,646)
Amounts used in 2020/21	-	1,903	-	1,903
Balance at 31 March 2021	(1,133)	(8,579)	(3,725)	(13,437)

Long-Term Provisions	Insurance Provision £000s	Other Provisions £000s	Total £000s
Balance at 1 April 2020	(2,712)	(1,699)	(4,411)
Additional provisions made in 2020/21	-	(370)	(370)
Transferred between Provisions	1,207	(1,207)	-
Transferred (from)/to Short-Term Provisions	-	1,646	1,646
Amounts used in 2020/21	-	-	-
Balance at 31 March 2021	(1,505)	(1,630)	(3,135)

Current Provisions	Insurance Provision £000s	Non-Domestic Rate Appeals £000s	Other Provisions £000s	Total £000s
Balance at 1 April 2019	(1,167)	(10,833)	(6,119)	(18,119)
Additional provisions made in 2019/20	(11)	-	(273)	(284)
Unused amounts reversed in 2019/20	-	2,708	427	3,135
Amounts used in 2019/20	45	-	2,447	2,492
Balance at 31 March 2020	(1,133)	(8,125)	(3,518)	(12,776)

Long-Term Provisions	Insurance Provision £000s	Other Provisions £000s	Total £000s
Balance at 1 April 2019	(2,712)	(2,499)	(5,211)
Additional provisions made in 2019/20	-	(1,200)	(1,200)
Amounts used in 2019/20	-	2,000	2,000
Balance at 31 March 2020	(2,712)	(1,699)	(4,411)

Provisions have been made in the current and previous financial years to set aside amounts to meet future expenditure. These provisions are made at the point where a given liability arises but where the expenditure relating to the liability has not yet been made. The balance on the provisions account therefore reflects the balance of unpaid known liabilities which have already been charged to the Council's revenue account. When the liability is paid the expenditure is charged against the provision. The provisions shown above includes the items detailed below:

CLAIMS AND SELF-INSURANCE PROVISION

This provision is used to provide funding to cover liability claims, risk management and "all risks" cover for specified equipment in Council establishments. On the basis of professional advice from the Council's insurance brokers, officers are of the view that all known insurance risks are provided for.

NON-DOMESTIC RATES APPEALS

This provision has been set up to cover potential losses following successful appeals by Business Ratepayers resulting in a reduction in their rateable values and consequent reduction in the collectable amounts.

Note 17 Usable Reserves

Movements in the authority's usable reserves are detailed in the Movement in Reserves Statement, Note 7 Adjustments between Accounting Basis and Funding Basis under Regulations and Note 8 Movements in Earmarked Reserves.

Note 18 Unusable Reserves

	2019/20 £000s Restated (See Note 35)	2020/21 £000s
Unusable Reserves		
Revaluation reserve	532,788	615,692
Capital Adjustment Account	776,221	798,638
Deferred Capital Receipts Reserve	731	5,200
Collection Fund Adjustment Account	236	(28,799)
Financial Instruments Adjustment Account	(1,479)	(1,449)
Accumulated Absences Account	(6,167)	(8,070)
Pensions Reserve	(567,614)	(593,078)
Total Unusable Reserves	734,716	788,134

REVALUATION RESERVE (NOTE 18A)

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation; or
- Disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2019/20 £000s Restated (See Note 35)	2020/21 £000s
Revaluation Reserve		
Balance at 1 April	484,890	532,788
Upward revaluation of assets	56,751	103,349
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-	-
Surplus or (deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	56,751	103,349
Difference between fair value depreciation and historical cost depreciation	(6,898)	(8,715)
Accumulated gains on assets sold or scrapped	(1,955)	(11,730)
Amounts written off to the Capital Adjustment Account	(8,853)	(20,445)
Balance at 31 March	532,788	615,692

CAPITAL ADJUSTMENT ACCOUNT (NOTE 18B)

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and subsequent costs.

The account contains accumulated gains and losses on investment properties that have yet to be consumed by the Council.

The account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

Note 7 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

	2019/20 £000s Restated (See Note 35)	2020/21 £000s
Capital Adjustment Account		
Balance at 1 April	801,570	776,221
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	(44,413)	(47,365)
Charges for impairment of long-term debtor capital loans	(175)	-
Revaluation losses on property, plant and equipment	(71,142)	(39,719)
Amortisation of intangible assets	-	-
Revenue expenditure funded from capital under statute	(9,144)	(4,922)
De-minimis Capital Expenditure	(145)	(169)
Amounts of non-current assets and assets held for sale written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(12,417)	(20,617)
Sub-total	(137,436)	(112,792)
Adjusting amounts written out of the Revaluation Reserve	8,853	20,445
Net written out amount of the cost of non-current assets consumed in the year	(128,583)	(92,347)
Capital financing applied in the year:		
Use of Capital Receipts Reserve to finance new capital expenditure	37,423	43,853
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	21,804	22,032
Application of grants to capital financing from the Capital Grants Unapplied Account	7,377	7,155
Use of the Major Repairs Reserve to Finance New Capital	13,204	14,251
Statutory provision for the financing of capital investment charged against the General Fund Balance	18,461	24,524
Capital expenditure charged against the General Fund Balance	5,502	3,248
Capital financing applied in the year	103,771	115,063
Cash Payments in Relation to Long-Term Debtor Loans	(537)	(299)
Balance at 31 March	776,221	798,638

DEFERRED CAPITAL RECEIPTS RESERVE (NOTE 18C)

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	2019/20 £000s	2020/21 £000s
Deferred Capital Receipts Reserve		
Balance at 1 April	731	731
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	4,896
Transfer to the Capital Receipts Reserve upon receipt of cash	-	(106)
Transfers between reserves	-	(321)
Balance at 31 March	731	5,200

COLLECTION FUND ADJUSTMENT ACCOUNT (NOTE 18D)

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and Non-Domestic Rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2019/20 £000s	2020/21 £000s
Collection Fund Adjustment Account		
Balance at 1 April	4,963	236
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	(4,727)	(29,036)
Balance at 31 March	236	(28,799)

FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT (NOTE 18E)

The financial instruments adjustment account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

	2019/20 £000s	2020/21 £000s
Financial Instruments Adjustment Account		
Balance at 1 April	(1,507)	(1,479)
Amount by which finance costs charged to the comprehensive income and expenditure statement are different from finance costs chargeable in the year in accordance with statutory requirements	28	30
Balance at 31 March	(1,479)	(1,449)

ACCUMULATED ABSENCES ACCOUNT (NOTE 18F)

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account.

	2019/20 £000s	2020/21 £000s
Accumulated Absences Account		
Balance at 1 April	(5,734)	(6,167)
Settlement or cancellation of accrual made at the end of the preceding year	5,734	6,167
Amounts accrued at the end of the current year	(6,167)	(8,070)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(433)	(1,903)
Balance at 31 March	(6,167)	(8,070)

PENSIONS RESERVE (NOTE 18G)

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible. The credit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2019/20 £000s	2020/21 £000s
Pensions Reserve		
Balance at 1 April	(601,711)	(567,614)
Remeasurements of the net defined benefit liability / (asset)	64,825	(2,048)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(64,209)	(56,167)
Employer's pensions contributions and direct payments to pensioners payable in year	33,481	32,751
Balance at 31 March	(567,614)	(593,078)

Note 19 Cash Flow Statements

OPERATING ACTIVITIES (NOTE 19A)

The cash flows for operating activities include the following items:

	2019/20 £000s	2020/21 £000s
Interest Received	4,682	3,295
Interest Paid	(24,330)	(23,932)

	2019/20 £000s Restated (See Note 35)	2020/21 £000s
The Surplus/(Deficit) on the Provision of Services has been Adjusted for the Following Non-Cash Movements:		
Depreciation and Amortisation	44,413	46,349
Impairment and Downward Valuations	71,317	40,734
Increase/(Decrease) in Impairment for Bad Debts	3,648	16,388
Increase/(Decrease) in Creditors	6,071	49,677
(Increase)/Decrease in Debtors	(18,586)	(29,193)
Movement in Pension Liability	30,728	8,013
Carrying Amount of Non-Current Assets and Non-Current Assets Held for Sale, Sold or Derecognised	12,418	20,617
Other Non-Cash Items Charged to the Net Surplus or (Deficit) on the Provision of Services		
Increase/(Decrease) in Provisions	(6,143)	(615)
Increase/(Decrease) in Accumulated Absences	433	1,903
Net cash flows from operating activities	144,299	153,873

	2019/20 £000s	2020/21 £000s
The Surplus/(Deficit) on the Provision of Services has been Adjusted for the Following Items that are Investing and Financing Activities:		
Proceeds from the Sale of Property Plant and Equipment, Investment Property and Intangible Assets	(30,373)	(50,845)
Grant Receipts for the Financing of New Capital Expenditure	(34,617)	(29,481)
Net cash flows from operating activities	(64,990)	(80,326)

INVESTING ACTIVITIES (NOTE 19B)

The cash flows for investing activities include the following items:

	2019/20 £000s	2020/21 £000s
Investing Activities		
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(103,734)	(116,121)
Purchase of Short-Term and Long-Term Investments	(1,397,630)	(5,345,401)
Payments for Other Long Term Loans	(3,620)	(2,057)
Proceeds From the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	30,373	46,636
Proceeds from Short-Term and Long-Term Investments	1,413,830	5,374,151
Proceeds from Other Long-Term Loans	951	624
Grant Receipts for the Financing of New Capital Expenditure	36,803	38,196
Net cash flows from investing activities	(23,027)	(3,972)

FINANCING ACTIVITIES (NOTE 19C)

The cash flows for financing activities include the following items:

Financing Activities	2019/20 £000s	2020/21 £000s
Cash Receipts of Short-Term and Long-Term Borrowing	53,648	20,375
Cash Receipts from Other Short-Term and Long-Term Liabilities	962	129
Cash Payments for the Reduction of Outstanding Liabilities Relating to Finance Leases and on-Balance Sheet PFI Contracts	(4,681)	(4,327)
Repayments of Short-Term and Long-Term Borrowing	(24,528)	(16,758)
Repayments of Other Short-Term and Long-Term Liabilities	(998)	(85)
Billing Authorities - Council Tax and NDR Adjustments	7,082	(9,344)
Net cash flows from financing activities	31,485	(10,010)

Note 20 Reconciliation of liabilities arising from Financing Activities

	1 April 2020 £000s	Financing Cash (In-Flows) / Out-Flows £'000s	Non-Cash Changes		31 March 2021 £000s
			Transfer between ST & LT Liabilities £'000s	Other £'000s	
Long-Term Borrowings	(619,407)	(19,971)	17,734	-	(621,644)
Short-Term Borrowings	(42,836)	16,354	(17,734)	10	(44,206)
PFI Liabilities - Long-Term	(105,463)	-	4,944	-	(100,519)
PFI Liabilities - Short-Term	(5,042)	5,042	(4,944)	-	(4,944)
Finance Lease Liabilities - Long-Term	-	-	142	(550)	(408)
Finance Lease Liabilities - Short-Term	-	142	(142)	(138)	(138)
Total Liabilities from Financing Activities	(772,748)	1,567	-	(678)	(771,859)

	Restated 1 April 2019 £000s	Restated Financing Cash (In-Flows) / Out-Flows £'000s	Non-Cash Changes		Restated 31 March 2020 £000s
			Restated Transfer between ST & LT Liabilities £'000s	Other £'000s	
Long-Term Borrowings	(611,164)	(20,272)	12,029	-	(619,407)
Short-Term Borrowings	(22,192)	(8,848)	(12,029)	233	(42,836)
PFI Liabilities - Long-Term	(110,505)	-	5,042	-	(105,463)
PFI Liabilities - Short-Term	(4,681)	4,681	(5,042)	-	(5,042)
Total Liabilities from Financing Activities	(748,542)	(24,439)	-	233	(772,748)

The reconciliation of liabilities arising from financing activities disclosure has been restated to include PFI liabilities. These were previously omitted from the disclosure but relate to liabilities for which cashflows are classified as financing activities within the statement of cashflows and therefore should be included in this disclosure. This increases the total liabilities from financing activities in this note at 1 April 2019 by £115,186k from £633,356k to £748,542k and increases total liabilities from financing activities at 31 March 2020 by £110,505k from £662,243k to £772,748k. In addition, for the amount transferred from long-term borrowings to short-term borrowings, this has been presented under non-cash changes rather than financing cash flows as this £12,029k relates to non-cash movements. This error does not have any impacts on the balance sheet nor the statement of cash flows.

Note 21 Members' Allowances

The total of the allowances paid to the Members of the Council in 2020/21 was £0.992m (£1.025m in 2019/20).

Note 22 Officers' Remuneration

The remuneration of senior employees, which is defined as those who are members of the Strategic Leadership Team, those holding statutory posts, or those whose remuneration is £150,000 or more per year, is set out below. Salary, (including Fees and Allowances) includes elements such as market supplements and honoraria. No payments were made for bonuses, benefits in kind & expense allowances in either year.

2020/21 Post	Salary (including fees and allowances) £000s	Compensation for loss of office £000s	Total remuneration (excluding pension contributions) £000s	Pension contributions £000s	Total £000s
Chief Executive (Paul Najsarek)	189,618	-	189,618	37,165	226,783
Executive Director for Children and Adults	144,900	-	144,900	28,400	173,300
Executive Director Place (a)	3,134	74,036	77,170	614	77,784
Executive Director Place (G Alderson) (b)	210,600	-	210,600	-	210,600
Chief Finance Officer	139,757	-	139,757	27,392	167,149
Director of ICT (CIO) and Property Services	119,757	-	119,757	23,472	143,229
Director of Legal and Democratic Services	119,757	-	119,757	23,472	143,229
Director of HR and OD	119,757	-	119,757	23,472	143,229
Director of Strategy and Engagement	116,139	-	116,139	22,763	138,902
Director of Public Health (c)	73,675	-	73,675	14,440	88,115
Director of Public Health (d)	138,865	-	138,865	-	138,865

(a) The postholder left the Council on 8 April 2020

(b) The post was filled by agency staff from 9 April 2020

(c) The post holder returned from maternity leave on 26 July 2020

(d) The post was filled by agency staff to cover maternity leave and the postholder left the Council September 2020

2019/20	Salary (including fees and allowances) £000s	Compensation for loss of office £000s	Total remuneration (excluding pension contributions) £000s	Pension contributions £000s	Total £000s
Post					
Chief Executive (Paul Najsarek)	184,542	-	184,542	36,170	220,712
Executive Director for Children and Adults	141,021	-	141,021	27,640	168,661
Executive Director Place	141,021	-	141,021	27,640	168,661
Chief Finance Officer	136,550	-	136,550	26,617	163,167
Director of ICT (CIO) and Property Services	116,550	-	116,550	22,844	139,394
Director of Legal and Democratic Services	116,550	-	116,550	22,844	139,394
Director of HR and OD	113,028	-	113,028	22,153	135,181
Director of Strategy and Engagement	110,271	-	110,271	21,613	131,884
Director of Public Health (a)	122,371	-	122,371	-	122,371
Director of Public Health (b)	36,441	-	36,441	7,225	43,666
Director of Public Health (c)	12,160	-	12,160	2,383	14,543
Director of Public Health (c)	12,160	-	12,160	2,383	14,543

(a) The Director of Public Health role was filled by agency staff from 1 April 2019 to 9 July 2019. The same agency staff member has covered maternity leave from 4 November 2019

(b) The Director of Public Health was appointed on 10 July 2019

(c) 2 staff members acted into the role between 1 August 2019 to 3 November 2019 to cover maternity leave

The rate of pension contribution is 19.6% for 2019/20 and 19.6% for 2020/21.

The number of employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) is shown below.

Table 22b Remuneration band	2019/20		2020/21	
	Employee Count Schools	Employee Count Corporate	Employee Count Schools	Employee Count Corporate
£50,000 - £54,999	256	125	241	134
£55,000 - £59,999	158	47	183	82
£60,000 - £64,999	102	25	128	37
£65,000 - £69,999	48	27	66	22
£70,000 - £74,999	27	17	39	26
£75,000 - £79,999	24	17	34	19
£80,000 - £84,999	17	8	25	6
£85,000 - £89,999	12	14	17	13
£90,000 - £94,999	9	1	15	15
£95,000 - £99,999	4	-	9	-
£100,000 - £104,999	5	1	5	1
£105,000 - £109,999	3	1	2	1
£110,000 - £114,999	-	4	2	-
£115,000 - £119,999	-	5	1	11
£120,000 - £124,999	-	-	1	-
£125,000 - £129,999	-	-	1	-
£130,000 - £134,999	3	1	1	3
£135,000 - £139,999	-	2	1	-
£140,000 - £144,999	1	1	2	1
£145,000 - £149,999	-	-	-	-
Greater Than £150,000	-	1	-	1
Total	669	297	773	372

Note 23 Termination Benefits

The numbers of exit packages with total cost per band and total cost of redundancies are set out in the table below:

Exit package cost band (including special payments)	2019/20				2020/21			
	Number of compulsory departures	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages £000s	Number of compulsory departures	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages £000s
£0 - £20,000	13	15	28	248	7	17	24	182
£20,001 - £40,000	1	9	10	296	3	3	6	152
£40,001 - £60,000	3	1	4	206	-	-	-	-
£60,001 - £80,000	1	-	1	77	1	1	2	147
£80,001 - £100,000	1	3	4	366	-	1	1	95
£100,001 - £150,000	-	-	-	-	1	1	2	227
Greater Than £150,001	-	-	-	-	-	1	1	176
Total	19	28	47	1,194	12	24	36	979

Termination benefits consist of redundancy payments to employees and pension strain costs payable to the London Borough of Ealing Pension Fund, which arise from an employee retiring earlier than anticipated on the grounds of redundancy, without an actuarial reduction of their pension.

Note 24 External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections provided by the Council's external auditors:

External Audit Costs	2019/20 £000s	2020/21 £000s
Fees payable to Deloitte LLP with regard to external audit services carried out by the appointed auditor for the year	178	391
Fees payable to Deloitte LLP with regard to external audit services carried out for previous financial years	113	-
Fees payable to Deloitte LLP for the certification of grant claims and returns for the year	48	-
Fees payable to KPMG for the certification of grant claims and returns for the year	-	39
Total	339	430

Note 25 Dedicated Schools Grant

	2019/20 Total £000s	Central Expenditure £000s	Individual Schools Budget £000s	2020/21 Total £000s
Dedicated Schools Grant				
Final DSG for the year before Academy Recoupment	(326,229)			(340,533)
Academy Figure Recouped	63,907			68,749
Total DSG After Academy Recoupment	(262,322)			(271,784)
Brought forward from previous year	(2,251)			610
Agreed initial budgeted distribution in year	(264,573)	(44,397)	(226,777)	(271,174)
In year adjustments	-			-
Final budgeted distribution	(264,573)	(44,397)	(226,777)	(271,174)
Less actual central expenditure	44,836	44,397		44,397
Less Actual ISB deployed to schools	220,347		226,407	226,407
Carry Forward	610	-	(370)	(370)

Note 26 Grant Income

The following grants and contributions were credited to the Comprehensive Income and Expenditure Statement.

Table a - Grant Income Credited to Services	2019/20 £000s	2020/21 £000s
Dedicated Schools Grant	(262,321)	(272,553)
Housing Benefit	(222,718)	(210,069)
Public Health Grant	(23,658)	(24,766)
Private Finance Initiative Grant	(15,806)	(15,806)
Pupil Premium	(11,625)	(11,267)
Sixth Form Funding Grant	(9,332)	(9,518)
Teachers Pay and Pensions Grants	(6,860)	(10,615)
Universal Free School Meals	(4,036)	(4,703)
Unaccompanied Asylum Seeking Children	(2,800)	(2,710)
Flexible Homelessness Support Grant	(2,422)	(4,184)
Schools - Covid 19 Catch Up Premium	-	(1,812)
PE and Sports Grant	(1,274)	(1,270)
Rough Sleepers Initiative	-	(1,138)
16-19 Bursary Grant	(253)	(181)
Year 7 Catch Up Grant	(175)	(41)
Dedicated Schools Grant from other Authorities	(794)	(493)
Covid - Discretionary Business Rates	-	(3,339)
Covid - Hardship Fund	-	(3,061)
Covid - Contain Outbreak Management Fund	-	(1,952)
Covid - National Sleeper Accommodation Plan Grant	-	(1,594)
Covid - Clinically, extremely vulnerable support grant	-	(1,544)
Covid - Cold Winter Fund Grant	-	(1,420)
Covid - Infection Control Fund	-	(1,201)
Covid - Additional Restrictions Grant	-	(1,192)
Covid - Community Testing Programme	-	(1,185)
Other Covid Grants	-	(5,191)
Other Grants	(13,900)	(12,813)
Disabled Facilities Grant (Capital)	(3,381)	(2,298)
Total	(581,356)	(607,916)

In accordance with The Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 capital grants which are used to finance capital expenditure are now recognised in the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement.

Table b - Grant Income Credited to Taxation and Non-Specific Grant Income	2019/20 £000s	2020/21 £000s
Business Rates Top-Up	(21,236)	(31,499)
Non-ringfenced Government Grants		
Business Rates Compensation Grant (S31)	(8,831)	(23,370)
Revenue Support Grant	-	(17,446)
Improved Better Care Fund	(10,889)	(12,307)
Adult Social Care Support	(2,422)	(8,367)
New Homes Bonus	(4,121)	(6,076)
Winter Pressures	(1,418)	-
Ley Surplus Account Grant	(259)	-
EU Exit Funding	(210)	-
Covid 19 General Grant	(9,568)	(20,285)
Covid - Sales, Fees and Charges Compensation	-	(7,560)
Covid - Taxation Income Guarantee	-	(3,726)
Covid 19 New Burdens	-	(247)
Other	(40)	(13)
Subtotal Non-ringfenced Government Grants	(37,758)	(99,397)
Capital Grants and Contributions		
Schools Capital Grants (DfE)	(14,092)	(7,668)
Flexible Homelessness Support Grant	-	(7,968)
TfL Grant	(7,403)	(3,201)
Other Contributions	(3,063)	(3,643)
Growing Places Fund	-	(2,031)
GLA Housing Grant (HRA)	(4,442)	-
Other Capital Grants	(2,236)	(2,673)
Subtotal Capital Grants and Contributions	(31,235)	(27,183)
Total	(90,229)	(158,079)

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

CURRENT LIABILITIES

Table c - Revenue Grants Receipts in Advance	Balance 31 March 2019 £000s	Receipts 2019/20 £000s	Applied 2019/20 £000s	Reclassified to Debtors 2020/21 £000s	Balance 31 March 2020 £000s	Receipts 2020/21 £000s	Applied 2020/21 £000s	Balance 31 March 2021 £000s
Housing Benefit Subsidy	(10,239)	(191,862)	207,768	(5,667)	-	-	-	-
Dedicated Schools Grant	(374)	(269,914)	269,251	-	(1,037)	(271,539)	272,182	(394)
Pupil Premium	(36)	(12,113)	11,806	-	(343)	(11,582)	11,536	(390)
6th Form Funding	(89)	(9,585)	9,585	-	(89)	(9,842)	9,695	(236)
Flexible Homelessness Support Grant	(4,750)	-	(4,037)	-	(8,787)	(3,994)	12,152	(630)
Covid Grants Receipts in Advance					-	(16,143)	(1,566)	(17,709)
Other	(2,446)	(3,825)	4,279	-	(1,992)	(10,962)	5,459	(7,495)
Total	(17,934)	(487,299)	498,652	(5,667)	(12,248)	(324,064)	309,458	(26,854)

LONG-TERM LIABILITIES

Table d - Capital Grants Receipts in Advance	Balance 31 March 2019 £000s	Receipts 2019/20 £000s	Applied 2019/20 £000s	Balance 31 March 2020 £000s	Receipts 2020/21 £000s	Applied 2020/21 £000s	Balance 31 March 2021 £000s
Disabled Facilities Grant	(99)	(3,282)	3,381	(0)	(3,724)	2,298	(1,427)
Local Implementation Plan	(317)	(8,189)	8,223	(283)	(3,884)	3,883	(284)
Council New Build	-	(4,421)	4,421	-	(395)	395	-
Schools Capital Grants	(4,051)	(705)	1,704	(3,052)	(703)	951	(2,804)
Green Homes Grant	-	-	-	-	(2,391)	55	(2,336)
Public Sector Decarbonisation Scheme	-	-	-	-	(1,056)	-	(1,056)
Other	(2,071)	911	1,142	(18)	(2,009)	599	(1,428)
Total	(6,537)	(15,686)	18,872	(3,354)	(14,163)	8,181	(9,334)

Table e - S106 Receipts in Advance	Balance 31 March 2019 £000s	Receipts 2019/20 £000s	Applied 2019/20 £000s	Balance 31 March 2020 £000s	Receipts 2020/21 £000s	Applied 2020/21 £000s	Balance 31 March 2021 £000s
S106 Agreements	(17,084)	(10,111)	3,424	(23,771)	(7,071)	4,556	(26,287)
Total	(17,084)	(10,111)	3,424	(23,771)	(7,071)	4,556	(26,287)

Note 27 Related Parties

The Council is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council.

Disclosure of these transactions with related parties provides transparency which allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

CENTRAL GOVERNMENT

The UK Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides a significant amount 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). Grants received from Government departments are set out in the Grant Income Note 26.

PENSION FUND

The Council charged the Pension Fund £0.850m (£0.900m in 2019/20) for expenses incurred in administering the fund. The Pension Fund owed the Council £0.375m at 31 March 2021 (the Council owed the Pension Fund £3.181m at 31 March 2020).

ELECTED MEMBERS

Members of the Council have direct control over the Councils financial and operating policies. The total of members' allowance paid in 2020/21 is shown above in Note 21. Information relating to Councillors has been obtained from their individual Declarations of Interest. The significant declarations are:

- Two Councillors are on the Mortlake Crematorium Board for the year ended 31st March 2021. The board has £3.118m (£2.743m at 31st March 2020) invested with the Council. Mortlake also purchased accountancy, internal audit and payroll services from the Council, at a total cost of £15k (£16k in 2019/20).
- One Councillor is on the West London Waste Authority (WLWA) Board for the year ended 31 March 2021. In 2020/21 the Council paid a levy of £12.867m (£11.980m in 2019/20) and loaned a total of £15.568m (£15.864m in 2019/20) to WLWA. As at 31 March 2021 Ealing held £17.5m (£17.5m at 31 March 2020) from WLWA to invest on their behalf.
- A number of Members and Officers have made declarations of their interests in voluntary organisations which receive grants through Council decisions and in positions as school governors. Records of their interests are shown in publicly available records, particularly in the Register of Members Interest which is available on the Council website.

REGISTERS OF MEMBERS/OFFICERS INTERESTS

Members of the Council are required by section 30 of the Localism Act 2011 and the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012, to disclose outside interests and these are recorded in a register (details of these disclosures are recorded on the Council's website) and the Code of Conduct for Members operated by the Council requires Members to disclose any related interests they have, and to take no part in meetings or decisions on issues which pertain to those related interests.

A register of chief officers' interests has been established in which their outside interests are recorded. Officers are required to comply with a Code of Conduct for officers and to declare interests and remove themselves from activities which may be a conflict of interests, including procurement.

COUNCIL OFFICERS

Chief Officers of the Council also hold positions in other organisations. Individual returns are completed by relevant officers of the Council.

- In 2020/21 the Director of Growth and Sustainability and the Director of Community Development acted as Directors of Broadway Living until 9th November 2020. On 9th November 2020, the Assistant Director Of Planning, Resources And Service Development and the Head Of Corporate Health And Safety became Directors of Broadway Living. Broadway Living is a wholly owned subsidiary which was set up to build homes over a range of tenures to assist in meeting the borough's current and future housing demand.
- In 2020/21 the Director of Customer Service and the Director of Strategy and Engagement acted as Directors of Greener Ealing. The Executive Director of Place acted as the Council's Shareholder Representative for Greener Ealing. Greener Ealing is a wholly owned subsidiary providing rubbish and recycling services.

OTHER PUBLIC BODIES (SUBJECT TO COMMON CONTROL BY CENTRAL GOVERNMENT)

London Borough of Ealing and Ealing Clinical Commissioning Group (CCG) have a 5-year agreement between them with a view to establishing a framework and governance arrangement to enable the further integration of health and wellbeing and social care services for adults and children. This arrangement is needed for establishing a pooled fund and thereby accessing the Better Care Fund (BCF) money from the Central Government. The Partners agreed to the establishment of a reporting (or virtual) Pooled Fund for the Better Care Fund, with different arrangements for the various other Services included within the S75 Agreement.

The total BCF funding between the partners is £110.295m in 2020/21 (LBE Contribution £75.959m and CCG Contribution £34.336 m). This is a 'virtual pool' and unlike many other S75 agreements the Council will not physically hold the CCG share, nor will it spend money on behalf of the CCG. In 2020/21, BCF plan was decreased by £3.634m, this reduction was due to reorganisations of schemes in year. The financial monitoring goes to the Joint Management Team (the membership of which is set out in the S75 Agreement) on a monthly basis.

Ealing Council and Ealing Clinical Commissioning Group entered into a formal Section 75 pooled budget arrangement for Community Equipment Services with effect from 1 November 2003. Ealing Council is the lead for the arrangement. The costs are shown in the table below:

	2019/20 £000s	2020/21 £000s
Community Equipment Costs	3,029	2,725
Funding :		
Ealing Council	1,515	1,356
Ealing Clinical Commissioning Group	1,514	1,369
Total Funding	3,029	2,725

ENTITIES CONTROLLED OR SIGNIFICANTLY INFLUENCED BY THE AUTHORITY

The Council has interests in other companies that have the nature of subsidiaries and associates. The Council has produced group accounts in 2020/21 and these can be found in the Group Accounts section of the Accounts where these are material.

Broadway Living Limited and Broadway Living RP Limited

The Council has a wholly owned subsidiary (Broadway Living Ltd) which was incorporated on 26 March 2014. Broadway Living Limited has a wholly owned subsidiary, Broadway Living RP Limited, which was incorporated on 11 April 2019. The companies have been established to provide more affordable homes over a range of tenures to assist in meeting the borough's current and future housing demand.

Broadway Living earns income through renting its own residential properties. Broadway Living Ltd had 44 residential properties across two developments, Eastcote Lane and Ruislip Road, which has a total approximate valuation of £10.1m assets at 31 March 2021 (at 31 March 2020 these assets were valued at £10.5m). The Council provided Broadway Living with loans amounting to £8m (2019/20: £10.7m) and an equity investment of £2.136m from Broadway Living Ltd (in 2019/20: £2.136m).

Broadway Living RP Limited will earn income through renting its own residential properties. Broadway RP Living Ltd had acquired 26 residential properties at Westgate House from Broadway Living on 29 March 2021. These properties have a total approximate valuation of £5.8m assets at 31 March 2021. The Council provided Broadway Living RP Limited with loans amounting to £5.1m.

Broadway Living made a net loss of £1.592m in 2020/21 (in 2019/20: a net loss of £0.406m).

Greener Ealing Limited

The Council has a wholly owned Local Authority Trading Company (Greener Ealing Limited) which was incorporated on 2 August 2019. Greener Ealing is an Environmental Services company, providing waste, recycling and street cleansing service to the Council.

Greener Ealing commenced trading in July 2020, and further details can be found in the Group Accounts section of this document.

Future Ealing Limited

The Council entered into a PFI agreement in 2010/11 for the provision of a new school under the Building Schools for the Future (BSF) scheme. The special purpose vehicle (SPV) company set up for this contract, Future Ealing Phase 1 Limited was owned jointly by the Council and Balfour Beatty Education, with the Council having a 20% stake in the company. In addition to this, the Council has invested £0.600m into Future Ealing Phase 1 Limited's working capital which is shown as a short-term investment in these accounts. In 2016, Balfour Beatty sold their interest in the SPV to Amber Infrastructure Ltd who are now the primary shareholder.

The financial figures of the company show that the sums involved are not material to the Council's accounts - this will continue to be monitored going forward. The assets and liabilities acquired under the PFI scheme will be recognised in the Council's single entity accounts in line with other PFI schemes and the Council's accounting policies.

Gunnersbury Estate (2026) Community Interest Company

Gunnersbury Estate (2026) Community Interest Company is the organisation that runs Gunnersbury Park on behalf of Ealing and Hounslow councils. The Council had an outstanding loan of £0.211m to the Company in 2020/21 (£0.250m 2019/20).

Note 28 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2019/20	2020/21
	£000	£000
Capital Expenditure and Capital Financing		
Opening Capital Financing Requirement	775,711	792,253
Capital Investment:		
Property, plant and equipment	108,356	114,024
Intangible Assets		879
Long Term Debtor Loans	2,668	1,153
Revenue expenditure funded from capital under statute	9,144	4,921
De minimis Capital Expenditure	145	170
Sources of finance:		
Capital receipts	(37,423)	(43,853)
Government grants and other contributions	(29,181)	(29,187)
Major Repairs Reserve	(13,204)	(14,251)
Sums set aside from revenue:		
Direct revenue contributions	(5,502)	(3,248)
Minimum Revenue Provision	(18,461)	(24,524)
Closing Capital Financing Requirement	792,253	798,338
Explanation of movements in year:		
(Decrease) / Increase in underlying need to borrow (unsupported by Government financial assistance)	16,542	6,085
Increase / (decrease) in Capital Financing Requirement	16,542	6,085

Note 29 Leases

AUTHORITY AS LESSEE

Operating Leases

The Council uses various assets acquired under operating leases including office accommodation, photocopiers and vehicles.

The future minimum lease payments on this lease in future years are:

Table a - Operating Lease - Other Land and Buildings	31 March 2020	31 March 2021
	£000s	£000s
Not later than one year	1,952	2,368
Later than one year and not later than five years	5,783	5,288
Later than five years	2,210	1,870
Minimum lease payments	9,945	9,526

Table b - Vehicles, Plant & Equipment	31 March 2020 £000s	31 March 2021 £000s
Not later than one year	431	736
Later than one year and not later than five years	762	1,038
Minimum lease payments	1,193	1,774

Finance Leases

The Council has acquired a number of vehicles under finance leases which have subsequently been sub-leased.

The assets acquired under these leases were carried as Property, Plant and Equipment and subsequently disposed of in the Balance Sheet at the following net amounts:

Table c - Finance Lease - Balance Sheet value	31 March 2020 £000s	31 March 2021 £000s
Value at 1 April	-	-
Additions	-	688
Disposals	-	(688)
Value at 31 March	-	-

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

Table d - Finance Lease liabilities (net present value of minimum lease payments)	31 March 2020 £000s	31 March 2021 £000s
Current	-	138
Non current	-	408
Finance costs payable in future years	-	29
Value at 31 March	-	575

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

Table e - Finance Leases minimum payment	31 March 2020 £000s	31 March 2021 £000s
Not later than one year	-	144
Later than one year and not later than five years	-	432
Minimum lease payments	-	575

AUTHORITY AS LESSOR

Operating Leases

The Council leases out property under operating leases for the following purposes:

- For the provision of community services, such as sports facilities, tourism services and community centres.
- For economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2020 £000s	31 March 2021 £000s
Table f - Property		
Not later than one year	1,503	1,392
Later than one year and not later than five years	4,474	3,928
Later than five years	9,898	9,053
Minimum lease payments	15,875	14,373

Finance Leases

The Council has leased out the vehicles obtained to Greener Ealing Limited on a finance lease for 5 years.

The authority has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property, plant and equipment acquired by the lessee and finance income that will be earned by the authority in future years while the debtor remains outstanding. The gross investment is made up of the following amounts:

	31 March 2020 £000s	31 March 2021 £000s
Table g - Finance Lease receivables (net present value of minimum lease payments)		
Current	-	138
Non current	-	444
Unearned finance income	-	29
Value at 31 March	-	611

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	31 March 2020 £000s	31 March 2021 £000s
Table h - Gross Investment in lease		
Not later than one year	-	144
Later than one year and not later than five years	-	468
Minimum lease payments	-	611

Note 30 Private Finance Initiative (PFI)

PFI is a mechanism involving a partnership agreement with an external body in order to generate investment in council services. In return for this investment the Council pays an annual fee.

The Council has entered into a number of PFI commitments as shown below. These schemes all meet the criteria outlined in the accounting policies and the assets and liabilities are therefore on the Council's balance sheet.

EALING SCHOOLS' PFI

In December 2002 the Council entered into a design, build, finance and operate contract with Ealing Schools' Partnership Ltd for the provision of school buildings and services for Brentside High, Downe Manor Primary, Gifford Primary and Ravenor Primary. The contract is for 27 years. The value of the unitary charge in 2020/21 was £5.9m (2019/20 £6.2m).

In July 2005 the Council entered into a design, build, finance and operate contract with Seafort Ealing Ltd for the provision of school buildings and services for Featherstone Primary, Acton High and Greenford High. The contract is for 25 years. The value of the unitary charge in 2020/21 was £9.3m (2019/20 £9.1m).

STREET LIGHTING PFI

The project involves the renewal and upgrading of street lighting across Ealing. Southern Electric Contracting Ltd has taken over the responsibility for the management, design, installation, ongoing repairs and maintenance of the borough's entire street lighting stock from 1st August 2005.

The 25-year contract includes a major capital investment programme for the replacement and renewal of over 20,000 items of highway electrical equipment, with a capital replacement value in excess of £20m. Ealing Council is funding the PFI project with the help of a £25m central government grant.

The PFI lamp column replacement programme was completed in 2010/11. The value of the Unitary charge in 2020/21 was £4.6m (2019/20 £4.5m).

CAREHOME FOR OLDER PEOPLES PFI

The PFI project is for a total of 31.5 years and involves the building and development of 4 new resource centres for Older People including residential and nursing care placements to replace 5 in-house homes. A PFI credit equivalent to £24m at 2001 prices will be paid over 25 years and used to fund the project with Ealing Care Alliance. The building of the homes was fully completed in 2009.

The value of the Unitary charge in 2020/21 was £15.8m (2019/20 £13.9m).

There are four homes, Elm Lodge, opened on the 8th August 2006 with a capacity of 75 beds, Martin House, opened on the 25th February 2008 with a capacity of 77 beds, Sycamore Lodge, opened on the 13th March 2008 with a capacity of 75 beds and Chestnut Lodge, opened on 28th July 2009 with a capacity of 64 beds. Ongoing care costs will be funded through original placement budgets.

BUILDING SCHOOLS FOR THE FUTURE (BSF) PFI

On 15 December 2010 the Council entered into a BSF PFI contract with Balfour Beatty Education. This contract provides for new building construction of Dormers Wells High School, followed by ongoing facilities management and lifecycle works over 25 years.

The main work completed in August 2012 and service availability began in September 2012. The value of the unitary charge in 2020/21 was £5.0m (2019/20 £5.0m).

PRIVATE FINANCE INITIATIVE (PFI) PAYMENTS DUE

	2020/21					
	Schools 1 £000	Schools 2 £000	Street Lighting £000	Care Homes £000	BSF £000	Total £000
To Write Down Liability						
within 1 year	907	1,931	1,058	203	845	4,944
between 2 to 5 years	4,482	8,807	5,390	3,265	3,615	25,560
between 6 to 10 years	8,474	16,273	6,936	5,698	6,272	43,653
between 11 to 15 years	956	5,792	-	9,263	8,942	24,953
between 16 to 20 years	-	-	-	1,173	5,180	6,353
between 21 to 25 years	-	-	-	-	-	-
Total	14,819	32,804	13,385	19,601	24,854	105,463

	2019/20					
	Schools 1 £000	Schools 2 £000	Street Lighting £000	Care Homes £000	BSF £000	Total £000
To Write Down Liability						
within 1 year	703	1,945	933	617	845	5,042
between 2 to 5 years	4,066	8,305	4,970	2,528	3,426	23,295
between 6 to 10 years	7,809	14,852	8,414	5,535	5,890	42,499
between 11 to 15 years	2,944	9,647	-	8,101	8,281	28,973
between 16 to 20 years	-	-	-	3,437	7,258	10,695
between 21 to 25 years	-	-	-	-	-	-
Total	15,522	34,749	14,317	20,218	25,699	110,504

	2020/21					
	Schools 1 £000	Schools 2 £000	Street Lighting £000	Care Homes £000	BSF £000	Total £000
Interest Charges						
within 1 year	869	2,735	1,169	1,486	2,251	8,510
between 2 to 5 years	2,892	9,259	3,640	5,580	8,246	29,617
between 6 to 10 years	1,820	6,732	1,493	5,314	8,176	23,535
between 11 to 15 years	56	617	-	2,731	4,891	8,295
between 16 to 20 years	-	-	-	89	722	811
between 21 to 25 years	-	-	-	-	-	-
Total	5,637	19,343	6,302	15,200	24,286	70,768

	2019/20					
	Schools 1 £000	Schools 2 £000	Street Lighting £000	Care Homes £000	BSF £000	Total £000
Interest Charges						
within 1 year	910	2,897	1,250	1,533	2,328	8,918
between 2 to 5 years	3,131	9,951	4,074	5,771	8,556	31,484
between 6 to 10 years	2,277	7,971	2,227	5,734	8,709	26,918
between 11 to 15 years	229	1,421	-	3,345	5,641	10,637
between 16 to 20 years	-	-	-	349	1,380	1,729
between 21 to 25 years	-	-	-	-	-	-
Total	6,547	22,240	7,552	16,733	26,614	79,686

	2020/21					
	Schools 1 £000	Schools 2 £000	Street Lighting £000	Care Homes £000	BSF £000	Total £000
Service Charges & Lifecycle Costs						
within 1 year	1,509	2,338	1,792	7,422	1,098	14,159
between 2 to 5 years	5,762	9,951	7,045	27,599	4,918	55,275
between 6 to 10 years	6,128	12,015	7,647	34,542	6,527	66,859
between 11 to 15 years	364	2,929	-	33,560	7,142	43,995
between 16 to 20 years	-	-	-	3,293	2,488	5,781
between 21 to 25 years	-	-	-	-	-	-
Total	13,764	27,233	16,483	106,416	22,173	186,069

MOVEMENTS IN PFI ASSETS AND LIABILITIES

	Assets at 31 March 2019 £000 Restated (See Note 35)	Movement In Year £000 Restated (See Note 35)	Assets at 31 March 2020 £000 Restated (See Note 35)	Movement In Year £000	Assets at 31 March 2021 £000
Assets:					
Ealing Schools' 1 PFI - Ealing Schools' Partnership Ltd	72,362	(696)	71,666	2,415	74,081
Ealing Schools' 2 PFI - Seafort Ealing Ltd**	73,945	(693)	73,252	(2,042)	71,210
Street Lighting PFI - EDF / Southern Electric	25,286	(639)	24,647	(639)	24,008
Resource Centre for Older People PFI - Ealing Care Alliance	31,250	(437)	30,813	437	31,250
Building Schools for the Future - Future Ealing Limited *	-	-	-	-	-
Total	202,843	(2,465)	200,378	171	200,549

* Dormers Wells High converted to Academy in 2017/18

** Acton High as part of PFI2 converted to Academy in 2018/19

	Liabilities at 31 March 2019 £000	Payments In Year £000	Liabilities at 31 March 2020 £000	Payments In Year £000	Liabilities at 31 March 2021 £000
Liabilities:					
Ealing Schools' 1 PFI - Ealing Schools' Partnership Ltd	(15,940)	420	(15,521)	702	(14,819)
Ealing Schools' 2 PFI - Seafort Ealing Ltd	(36,527)	1,778	(34,749)	1,945	(32,804)
Street Lighting PFI - EDF / Southern Electric	(15,216)	899	(14,317)	932	(13,385)
Resource Centre for Older People PFI - Ealing Care Alliance	(21,055)	838	(20,218)	617	(19,601)
Building Schools for the Future - Future Ealing Limited	(26,446)	747	(25,699)	845	(24,854)
Total	(115,185)	4,682	(110,504)	5,041	(105,463)

Note 31 Defined Benefit Pension Schemes

PARTICIPATION IN PENSION SCHEMES (31A)

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

At 31 March 2021 the Council's principal pension arrangement for its employees was the London Borough of Ealing Pension Fund, which is part of the Local Government Pension Scheme (LGPS). The LGPS is a funded defined benefit pension arrangement for local authorities and related employers and is governed by statute (principally now the Local Government Pension Scheme Regulations 2013).

The Ealing Council pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions board Ealing Council. Policy is determined in accordance with the Pensions Fund Regulations.

RISKS

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, discount rate, bond yields, market prices and the performance of 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 as described in the accounting policies note.

TRANSACTIONS RELATING TO POST-EMPLOYMENT BENEFITS (31B)

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

Table 31b	Restated 2019/20* £000s	2020/21 £000s
Comprehensive Income and Expenditure Statement		
<i>Cost of Services:</i>		
Current service costs	43,706	41,292
Administration Costs	961	982
Past service costs and settlements and curtailments	5,503	847
<i>Financing and Investment Income and Expenditure</i>		
Net interest expense	14,039	13,046
Total Post-employment Benefit Charged to the Surplus or Deficit on the Provision of Services	64,209	56,167
<i>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</i>		
Remeasurement of the net defined benefit liability comprising :-		
Return on plan assets	93,841	(214,972)
Actuarial gains and losses arising on changes in demographic assumptions	(69,544)	-
Actuarial gains and losses arising on changes in financial assumptions	(40,621)	252,946
Other	(48,501)	(35,926)
Total Post-employment Benefit Charged to Other Comprehensive Income and Expenditure	(64,825)	2,048
Total Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(616)	58,215
<i>Movement in Reserves Statement</i>		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(64,209)	(56,167)
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
Employers' contributions payable to the scheme	33,481	32,751

*2019/20 figures have been restated with correct signage

PENSIONS ASSETS AND LIABILITIES RECOGNISED IN THE BALANCE SHEET (31C)

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

Table 31c i)	2019/20 £000s	2020/21 £000s
Present Value of the defined benefit obligation	(1,638,722)	(1,901,513)
Fair value of plan assets	1,071,108	1,323,838
Sub-total	(567,614)	(577,675)
Other movements in the liability / (asset)	-	-
Net Liability arising from defined benefit obligation	(567,614)	(577,675)

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets:

Table 31c. ii)	2019/20	2020/21
	£000s	£000s
Opening fair value of scheme assets	1,139,106	1,071,108
Interest Income	27,332	25,861
Remeasurement gain/(loss) on the return on plan assets	(93,841)	214,972
Contributions from employer	33,481	32,751
Contributions from employees into the scheme	9,347	9,706
Benefits paid	(43,356)	(44,981)
Advance Payment of Past Service Deficit	-	15,403
Other	(961)	(982)
Closing fair value of scheme assets	1,071,108	1,323,838

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation):

Table 31c. iii)	2019/20	2020/21
	£000s	£000s
Opening balance at 1 April	(1,740,817)	(1,638,722)
Current service cost	(43,706)	(41,292)
Interest cost	(41,371)	(38,907)
Contributions from scheme participants	(9,347)	(9,706)
Remeasurement (gains) and losses:-		
Experience (gains) / loss	48,501	35,926
Actuarial (gains) and losses from changes in financial assumptions	40,621	(252,946)
Actuarial (gains) and losses from changes in demographic assumptions	69,544	-
Benefits paid	43,356	44,981
Past Service Cost	(4,051)	
Losses / (gains) on curtailments	(1,452)	(847)
Closing balance at 31 March	(1,638,722)	(1,901,513)

STATEMENTS LOCAL GOVERNMENT PENSION SCHEME ASSETS COMPRISED (31D)

Table 31d	2019/20	2020/21
Fair Value of Scheme Assets	£000s	£000s
Cash & Cash Equivalents	57,412	79,960
Bonds		
UK Corporate	273,989	318,515
Sub-total Bonds	273,989	318,515
Property		
Property	107,218	112,791
Sub-total Property	107,218	112,791
Private Equity		
UK	182,838	17,343
Overseas	449,651	795,229
Sub-total Private Equity	632,489	812,572
Total Assets	1,071,108	1,323,838

BASIS FOR ESTIMATING ASSETS AND LIABILITIES (31E)

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.

The Local Government Pension Scheme has been estimated by Mercer Limited, an independent firm of actuaries, estimates for the Council Fund being based on the latest full valuation of the scheme as at 1 April 2019.

The significant assumptions used by the actuary have been:

Table 31e i)	2019/20	2020/21
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men current	22.9	23.0
Women current	25.0	25.1
Longevity at 65 for future pensioners:		
Men future	24.5	24.7
Women future	26.9	27.0
Rate of inflation - CPI	2.10%	2.70%
Rate of increase in salaries	3.35%	3.95%
Rate of increase in pensions	2.20%	2.80%
Rate for discounting scheme liabilities	2.40%	2.10%

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.

The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated.

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method.

The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Table 31e ii)	Increase in Assumptions £000s	Decrease in Assumptions £000s
Longevity (increase or decrease in 1 Year)	57,123	(57,123)
Rate of Inflation (increase or decrease by 0.1%)	30,155	(30,155)
Rate of increase in salaries (increase or decrease by 0.1%)	2,497	(2,497)
Rate of discounting scheme liabilities (increase or decrease by 0.1%)	(29,685)	29,685

IMPACT ON THE AUTHORITY'S CASH FLOWS (31F)

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 14 years. Funding levels are monitored on an annual basis.

The latest triennial valuation of the Fund was carried out by Mercer, the Fund's Actuary, as at 31 March 2019 in accordance with the Funding Strategy Statement of the Fund and Regulation 36 of the Local

Government Pension Scheme (Administration) Regulations 2008. The next triennial valuation is due to be completed on 31 March 2022.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014.

The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The authority anticipated to pay £31.6m expected contributions to the scheme in 2021/22.

The weighted average duration of the defined benefit obligation for scheme members is 16 years, 2020/21 (16 years 2019/20).

Note 32 Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Council are members of the Teachers' Pension Scheme administered by the Teachers Pensions Agency (TPA), and those employees working in public health that transferred in from the NHS are members of the NHS Pension Scheme. These provide employees with defined benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

Although both schemes are unfunded, they use a notional fund as the basis for calculating the employer's contribution rate to be paid by all local education authorities/NHS bodies. However, it is not possible for the Council to identify a share of the underlying assets and liabilities of either scheme attributable to its own employees. For the purposes of this statement of accounts they are therefore accounted for on the same basis as a defined contribution scheme.

TEACHERS PENSION AGENCY

In 2020/21 the Council has paid £21.9m (2019/20 - £18.4m) to the Teachers Pensions Agency in respect of teachers' retirement benefits, which represented 23.68% of pensionable pay in 2020/21 (16.48% April to Aug 2019 and 23.68% Sep 2019 to Mar 2020). At 31 March 2021 the pension contributions due to the scheme in respect of the salaries were £1.86m (£1.75m as at 31 March 2020).

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the teachers' scheme. In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with the related increases.

NHS PENSION SCHEME

In 2020/21 the Council has paid £0.023m (2019/20 Outturn – £0.022m) to the NHS Pension Scheme in respect of public health employees' retirement benefits, which represented 14.38% of their pensionable pay for the year (14.38% in 2019/20). At 31 March 2021 the pension contributions due to the scheme in respect of the March 2021 salaries were £0.002m (£0.002m as at 31 March 2020).

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the NHS Pension Scheme.

Note 33 Contingent Liabilities

As at 31 March 2021, the Council had the following material contingent liabilities:

- An unidentified sum, likely to be above £0.5m, in relation to a works contract dispute where the Council could be liable for remedial work and consequential costs.
- An unidentified sum, likely to be above £0.5m, in relation to a potential claim due to the adult social care charging policy and its impact on people with a disability.
- The Council has a number of employment disputes where they could be ordered to pay compensation but is unable to state the expected liability and has not made provision in the accounts due to the inherent uncertainties surrounding their outcome.

Note 34 Nature and Extent of Risks arising from Financial Instruments

THE FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE NOT MEASURED AT FAIR VALUE (BUT FOR WHICH FAIR VALUE DISCLOSURES ARE REQUIRED) (34A)

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available. Risk management is carried out by a central treasury team under policies approved by the Full Council in the annual treasury management strategy report. The procedures for risk management are set out through a legal framework underpinned by the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. Overall, these procedures require the Council to manage risk actively. The annual treasury management strategy for 2020/21, which incorporates the prudential indicators was approved by Council on 11 February 2020 and is available on the Council's website.

The authority's activities expose it to a variety of financial risks, including:

- Credit Risk – the possibility that other parties might fail to pay amounts due to the authority
- Liquidity Risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- Re-Financing Risk - the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market Risk – the possibility that financial loss may arise for the Council as a result of changes in such measures as interest rates and stock market movements.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which is available on the Authority's website.

The Council invests its cash balances on the basis of prudence first and returns second. As part of this prudent approach officers keep a daily watch on the Council's investments, drawing upon the advice of experts in the field whilst remaining cognisant of emerging economic themes that may pose risks from other sources including the financial press. This includes subscribing to the creditworthiness service provided by Link Asset Services.

The authority's credit risk management practices are set out in the Annual Investment Strategy, with particular regard to determining whether the credit risk of financial instruments has increased significantly since initial recognition.

The Annual Investment Strategy requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with either Fitch, Moody's or Standard & Poors Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and durations with a financial institution located in each category.

This Council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

The full Investment Strategy for 2020/21 was approved by Full Council on 11 February 2020 and is available on the Council's website.

The Council's maximum exposure to credit risk in relation to its investments in financial institutions of £257m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31st March 2021 that this was likely to crystallise.

AMOUNTS ARISING FROM EXPECTED CREDIT LOSSES (34B)

The council has reviewed all financial assets and determined that the credit risk exposure on investments has been reviewed and calculated on a 12-month basis, which has been deemed immaterial for the financial assets held as at 31 March 2021.

CREDIT RISK EXPOSURE (34C)

The table below shows the Council's Exposure to Credit Risk at 31 March 2021. This this is not the recognised credit losses but outlines the exposure only:

	Credit Risk Rating	Gross Carrying Amount £000
12-Month Expected Credit Losses	A	30,000
	Other	16,099

The above does not include short term investments with Local Authorities or Central Government as the Code does not allow a loss allowance to be recognised since statutory provisions prevent default.

COLLATERAL AND OTHER CREDIT ENHANCEMENTS (34D)

Collateral – During the reporting period the council held no collateral as security.

LIQUIDITY RISK (34E)

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as

well as through a comprehensive cash flow management system, as required by the CIPFA Treasury Management Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial assets, excluding sums due from customers, is as follows:

	31 March 2020 £000	31 March 2021 £000
Investments and Cash & Cash Equivalents Outstanding:		
Local Authorities	161,606	-
Debt Management Office	-	196,501
UK Banks and Building Society	76,888	62,863
Other	893	2,145
Total Investments and Cash & Cash Equivalents outstanding	239,387	261,509
Less than 1 year	238,494	260,689
Between 1 and 2 years	-	-
Between 2 and 5 years	-	198
Between 5 and 10 years	269	-
More than 10 years	624	622
Total Investments and Cash & Cash Equivalents outstanding	239,387	261,509

REFINANCING & MATURITY RISK (34F)

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

The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The Council's policy is to ensure that not more than 20% of loans are due to mature within any financial year through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved by Council in the Treasury Management Strategy):

	Approved minimum limits	Approved maximum limits	31 March 2020 £000s	31 March 2021 £000s
Loans Outstanding:				
Public Works Loans Board			(546,142)	(554,414)
Market Debt			(90,853)	(90,817)
Temporary Borrowing			(5,000)	-
Other			(20,248)	(20,619)
Total Loans outstanding			(662,243)	(665,850)
Less than 1 year	0%	10%	(42,866)	(44,238)
Between 1 and 2 years	0%	20%	(17,765)	(15,930)
Between 2 and 5 years	0%	20%	(42,412)	(38,221)
Between 5 and 10 years	0%	20%	(60,440)	(63,827)
More than 10 years	30%	90%	(498,760)	(503,635)
Total Loans outstanding			(662,243)	(665,850)

In the more than 10 years category, there are £61m of market loans Lenders Option Borrowers Option (LOBOs) which have call dates in the next 12 months, i.e. the lender has the option to call the loan. The risk exposure and options for restructuring these loans are carried out on an ongoing basis. The maturity analysis of financial liabilities is outlined above and this falls within the maximum and minimum limits for fixed as agreed in the Treasury Management strategy.

MARKET RISK (34G)

Interest Rate Risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council’s prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns, similarly the drawing of longer-term fixed rates borrowing would be postponed.

Price Risk

The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds.

However, it does have shareholdings to the value of £2.136m in Broadway Living Ltd. Whilst these holdings are generally illiquid, the Council is exposed to gains or losses arising from movements in the price of the shares.

As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead it only acquires shareholdings in return for “open book” arrangements with the company concerned so that the Council can monitor factors that might cause a fall in the value of specific shareholdings.

The shares have all been elected/classified as Fair Value through Other Comprehensive Income, meaning that all movements in price will impact on gains and losses recognised in the Financial Instrument Revaluation Reserve.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

Note 35 Prior Period Adjustment

PRIOR PERIOD ADJUSTMENT – 2019/20

It was identified following the publication of the draft 2020/21 statement of accounts there were two PFI foundation schools which were capitalised upon completion but were not revalued since initial capitalisation. In line with CIPFA Code of Practice other land and building assets should be held at current value.

Therefore, officers requested the valuation of the two schools as at 31 March 2019, 2020 and 2021 as a result of the requirement for a prior period adjustment. As the schools were not revalued since capitalisation in 2004/05 and 2007/08, there was an increase of £78.073m as a brought forward balance on 1 April 2019 with the increase in valuation offset against the revaluation reserve. The subsequent adjustments in the 2019/20 accounts have been restated and the tables below detail the impact on the 2019/20 main statements and supplementary notes.

Note 9a - Property, Plant & Equipment

	Other Land and Building (PF) 31 March 2020 Published £000s	Other Land and Building (PF) 31 March 2020 Restated £000s	Adjustment £000s	Impact on Main Statements / Reserves			
				CIES £000s	MiRS £000s	Revaluation Reserve £000s	Capital Adjustment Account £000s
Cost or Valuation							
At 1 April 2019	109,130	177,557	68,427	-	-	68,427	-
Additions	214	214	-	-	-	-	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	(1,020)	(1,020)	1,020	-	(1,020)	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
Derecognition - disposals	-	-	-	-	-	-	-
Derecognition - other	-	-	-	-	-	-	-
Other Reclassifications	-	-	-	-	-	-	-
At 31 March 2020	109,344	176,751	67,407	1,020	-	67,407	-
Accumulated Depreciation and Impairment							
At 1 April 2019	(9,646)	-	9,646	-	-	9,646	-
Depreciation charge	(1,859)	(2,959)	(1,100)	1,100	(1,100)	-	1,100
Depreciation written out to the Revaluation Reserve	-	1,939	1,939	(1,939)	-	1,939	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
Impairment losses/reversals to Surplus/Deficit on Provision of Services	-	-	-	-	-	-	-
Derecognition - disposals	-	-	-	-	-	-	-
Derecognition - other	-	-	-	-	-	-	-
At 31 March 2020	(11,505)	(1,020)	10,485	(839)	(1,100)	11,585	1,100
Net Book Value							
At 31 March 2020	97,839	175,731	77,892	181	(1,100)	78,992	1,100
At 31 March 2019	99,484	177,557	78,073	-	-	78,073	-

Comprehensive Income and Expenditure Statement

	31 March 2020 Published £000	Adjustment £000	31 March 2020 Restated £000
Children & Schools (Gross Expenditure)	421,532	1,100	422,632
(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets	(55,832)	(919)	(56,751)
Total 2019/20 Adjustment		181	

Balance Sheet

	1 April 2019 Published £000	Adjustment £000	1 April 2019 Restated £000
Long-term Assets			
Property, Plant & Equipment	1,959,582	78,073	2,037,655
Unusable Reserves			
Revaluation Reserve	406,817	78,073	484,890
Total 2018/19 Adjustment		-	

	31 March 2020 Published £000	Adjustment £000	31 March 2020 Restated £000
Long-term Assets			
Property, Plant & Equipment	1,997,288	77,892	2,075,180
Unusable Reserves			
Revaluation Reserve	455,064	77,724	532,788
Capital Adjustment Account	776,053	168	776,221
Total 2019/20 Adjustment		-	

Movement in Reserves Statement

	2019/20 Published			2019/20 Adjustment			2019/20 Restated		
	General Fund £000	Revaluation Reserve £000	Capital Adjustment Account £000	General Fund £000	Revaluation Reserve £000	Capital Adjustment Account £000	General Fund £000	Revaluation Reserve £000	Capital Adjustment Account £000
Balance at 31 March 2019	15,910	406,817	801,569	-	78,073	-	15,910	484,890	801,569
Total Comprehensive Income & Expenditure	(37,213)	55,832	-	(1,100)	919	-	(38,313)	56,751	-
Adjustments Between Accounting Basis & Funding Basis Under Regulations (Note 7)	42,627	-	(33,101)	1,100	-	(1,100)	43,727	-	(34,201)
Transfers to/from Reserves	-	(7,585)	7,585	-	(1,268)	1,268	-	(8,853)	8,853
Balance at 31 March 2020	15,919	455,064	776,053	-	77,724	168	15,919	532,788	776,221

Cash Flow Statement

	31 March 2020 Published £000	Adjustment £000	31 March 2020 Restated £000
Net Surplus / (Deficit) on the Provision of Services	(63,163)	(1,100)	(64,263)
Adjustments to Net Surplus / (Deficit) on the Provision of Services for Non-Cash Movements	143,199	1,100	144,299
Total 2019/20 Adjustment		-	

Note 5 Expenditure and Funding Analysis

	31 March 2020 Published Adjustments for Capital Purposes £000	Adjustment £000	31 March 2020 Restated Adjustments for Capital Purposes £000
Children & Schools	11,507	1,100	12,607
Total 2019/20 Adjustment		1,100	

Note 6 Expenditure and Income Analysed by Nature

	31 March 2020 Published Adjustments between the Funding and Accounting Basis £000	Adjustment £000	31 March 2020 Restated Adjustments between the Funding and Accounting Basis £000
Depreciation, Amortisation and Impairment	114,631	1,100	115,731
Total 2019/20 Adjustment		1,100	

Note 7 Adjustments between Accounting Basis and Funding Basis under Regulations

	2019/20 Published		2019/20 Adjustment		2019/20 Restated	
	General Fund Balance £000	Capital Adjustment Account £000s	General Fund Balance £0002	Capital Adjustment Account £000s3	General Fund Balance £0003	Capital Adjustment Account £000s4
Reversal of Entries Included in the Surplus or Deficit on the Provision of Services in Relation to Capital Expenditure (these items are charged to the Capital Adjustment Account or Capital Grants Unapplied)	29,340	(114,532)	1,100	(1,100)	30,440	(115,632)
Total 2019/20 Adjustment			1,100	(1,100)	1,522	-

Note 18 - Unusable Reserves

Unusable Reserves	31 March 2020 Published £000	Adjustment £000	31 March 2020 Restated £000
Revaluation Reserve	455,064	77,724	532,788
Capital Adjustment Account	776,053	168	776,221
Total 2019/20 Adjustment		77,892	

	31 March 2020 Published £000	Adjustment £000	31 March 2020 Restated £000
Revaluation Reserve			
Balance at 1 April	406,817	78,073	484,890
Upward revaluation of assets	55,832	919	56,751
Difference between fair value depreciation and historical cost depreciation	(5,536)	(1,362)	(6,898)
Accumulated gains on assets sold or scrapped	(2,049)	94	(1,955)
Total 2019/20 Adjustment		77,724	

	31 March 2020 Published £000	Adjustment £000	31 March 2020 Restated £000
Capital Adjustment Account			
Charges for depreciation and impairment of non-current assets	(43,313)	(1,100)	(44,413)
Adjusting amounts written out of the Revaluation Reserve	7,585	1,268	8,853
Total 2019/20 Adjustment		168	

Note 19a - Cash Flow Statement - Operating Activities

The Surplus/(Deficit) on the Provision of Services has been Adjusted for the Following Non-Cash Movements:	31 March 2020 Published £000	Adjustment £000	31 March 2020 Restated £000
Depreciation and Amortisation	43,313	1,100	44,413
Total 2019/20 Adjustment		1,100	

Note 30 Private Finance Initiative (PFI)

MOVEMENTS IN PFI ASSETS AND LIABILITIES

	2019/20			2019/20			2019/20		
	Assets at 31 March 2019 Published £000	Movement In Year Published £000	Assets at 31 March 2020 Published £000	Assets at 31 March 2019 Adjustment £000	Movement In Year Adjustment £000	Assets at 31 March 2020 Adjustment £000	Assets at 31 March 2019 Restated £000	Movement In Year Restated £000	Assets at 31 March 2020 Restated £000
Assets:									
Ealing Schools' 1 PFI - Ealing Schools' Partnership Ltd	38,999	(579)	38,420	33,363	(117)	33,246	72,362	(696)	71,666
Ealing Schools' 2 PFI - Seafort Ealing Ltd**	29,235	(629)	28,606	44,710	(64)	44,646	73,945	(693)	73,252
Total 2019/20 Adjustment				78,073	(181)	77,892			

4. Supplementary Accounts and Explanatory Notes

Housing Revenue Account

The HRA income and expenditure statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis upon which rents are raised, is shown in the movement on the Housing Revenue Account statement.

INCOME AND EXPENDITURE STATEMENT

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT	Notes	2019/20 £000	2020/21 £000
Expenditure			
Repairs and Maintenance		13,654	12,907
Supervision and management		25,028	21,993
Rent, rates, taxes and other charges		81	336
Depreciation and impairment of non-current assets	6	63,267	41,302
Debt Management Costs		24	33
Movement in the allowance for bad debts		-	-
Revenue expenditure funded from capital under statute	8	3,538	1,688
Total Expenditure		105,592	78,259
Income			
Dwelling rents		(57,045)	(55,978)
Non-dwelling rents		(989)	(1,397)
Charges for services and facilities		(5,109)	(4,913)
Contributions towards expenditure		(2,343)	(2,470)
Total Income		(65,485)	(64,759)
Net Cost of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement		40,107	13,500
HRA services' share of Corporate and Democratic Core		278	278
HRA share of other amounts included in the whole authority			
Cost of services but not allocated to specific services		1,855	2,744
Net Cost of HRA Services		42,240	16,522
(Gain) or loss on disposal of HRA fixed assets		(19,128)	(27,907)
Interest payable and similar charges		7,505	7,699
Interest and investment income		(181)	(211)
Pension Interest cost and expected return on pension assets		1,192	1,080
Capital grants and contributions receivable		(5,677)	(1,052)
(Surplus) or deficit for the year on HRA services		25,950	(3,869)

MOVEMENTS ON THE HRA STATEMENT

	2019/20 £000	2020/21 £000
Movement on the HRA Statement		
Balance on the HRA at the end of the previous reporting period	4,926	4,926
Surplus or (deficit) for the year on the HRA Income and Expenditure Statement	(25,950)	3,869
Adjustments between accounting basis and funding basis under statute	28,935	(709)
Net increase or decrease before transfers to or from reserves	2,985	3,160
Transfers to or from reserves	(2,985)	(3,160)
Increase or decrease in year on the HRA	-	-
Balance on the HRA at the end of the current year	4,926	4,926

ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER STATUTE

	2019/20 £000	2020/21 £000
Adjustments between accounting basis and funding basis under statute		
Holiday Pay (transferred to the Accumulated Absences Reserve)	(22)	94
Net gain or loss on sale of non-current assets	(19,128)	(27,907)
Pensions Costs (transferred to (or from) the Pension Reserve)	2,521	2,174
Capital Expenditure Financed from Revenue Balances (transfer to the Capital Adjustment Account)	(2,359)	(2,757)
Statutory Provision for the Repayment of Debt transfer from the Capital Adjustment Account)	-	-
Posting of HRA Resources from Revenue to the Major Repairs Reserve	(13,204)	(14,251)
Reversal of Entries Included in the Surplus or Deficit on the Provision of Services in Relation to Capital Expenditure (these items are charged to the Capital Adjustment Account or Capital Grants Unapplied)	61,127	41,939
Total Adjustments	28,933	(709)

Notes to the Housing Revenue Account

Note 1 Housing Stock Units

The Council's stock of dwellings decreased during the year from 11,851 to 11,700, a net decrease of 151 dwellings. In addition to the units listed below, the Council also owns the freehold on 4,677 flats with leaseholders paying service charges and contributing towards the cost of major works to the block.

The number of dwelling units at the end of the year was made up as follows:

Stock type	31 March 2020	Movement during the year			31 March 2021
	Units	RTB Disposals	Other Disposals	Acquisitions	Units
Flats	8,704	(34)	(199)	30	8,501
Houses	2,809	(13)	(5)	49	2,840
Temporary Accommodation (Hostels)	264	-	-	21	285
Shared Ownership	55	-	-	-	55
Short Leases	19	-	-	-	19
Long Leases	-	-	-	-	-
Total Dwellings Units	11,851	(47)	(204)	100	11,700

Note 2 Non-current Assets Valuation

The vacant possession value of dwellings within the HRA as 31st March 2021 is £3,360.1m. The difference between the vacant possession value and the balance sheet value of dwellings within the HRA show the economic cost to government of providing council housing at less than market rents.

Non-current Assets Valuation	31 March 2020	2020/21			31 March 2021
	Total Non-Current Assets £000s	Council Dwellings £000s	Non-Dwellings £000s	Assets Under Construction £000s	Total Non-Current Assets £000s
Opening Net Book Value at 1 April	891,014	831,765	27,811	19,336	878,911
Revaluations	(40,904)	31,477	(153)	-	31,324
Capital Expenditure	53,494	30,758	332	29,852	60,942
Disposals	(2,666)	(3,552)	-	-	(3,552)
Derecognitions	-	(6,946)	(3,627)	(136)	(10,710)
Depreciation for the year	(13,204)	(13,202)	(1,049)	-	(14,251)
Reclassification	-	9,873	-	(9,873)	-
Other movements	(8,762)	(1,016)	-	-	(1,017)
Closing Net Book Value at 31 March	878,972	879,156	23,313	39,179	941,646

Note 3 Rent and Service Charge Arrears and Provision for Bad Debts

	2019/20 £000	2020/21 £000
Rent Arrears		
Tenants:		
Dwellings	3,349	3,801
Temporary Accommodation (net)	1,502	1,359
Long Leases (net)	10	17
Total	4,860	5,177
Leaseholders:		
Service Charge - Capital	1,645	1,337
Service Charge - Revenue	691	644
Total	2,336	1,981

	2019/20 £000	2020/21 £000
Provision for Bad or Doubtful Debts		
Tenants:		
Provision at 1 April	2,906	3,200
Write-offs in year	(374)	(345)
Increase in provision	668	702
Provision at 31 March	3,200	3,557

Note 4 Major Repairs Reserve

	2019/20 £000	2020/21 £000
Major Repairs Reserve (MRR)		
Balance at 1 April	-	-
Depreciation charges for all dwellings	13,204	14,251
Capital projects funded from the MRR	(13,204)	(14,251)
Additional Transfer Above Depreciation to MRR allowed under statute	-	-
Balance at 31 March	-	-

Note 5 Capital Receipts

	2019/20 £000	2020/21 £000
Capital Receipts		
Council Dwellings	30,380	42,169
Total	30,380	42,169

Local authorities are required to contribute to the Housing Capital Receipt Pool a proportion of receipts generated from the disposal of HRA assets. In 2020/21 £1.5m (2019/20 £1.5m) of receipts was paid into the pool.

Note 6 Depreciation and Impairment Charge

	2019/20 £000	2020/21 £000
Depreciation and Impairment Charge		
Depreciation Charges		
Council Dwellings	12,683	13,202
Other Land & Buildings	421	943
Vehicles, Plant, Furniture and Equipment	-	-
Surplus Assets	100	106
Total	13,204	14,251
Impairment Charges / Revaluation Losses/(Gains)		
Dwellings and Other Land and Buildings	50,063	27,051
Total	63,267	41,302

Note 7 Capital Expenditure and Funding

	2019/20 £000	2020/21 £000
Capital expenditure and funding		
Total Capital Expenditure	57,032	62,629
Funded by:		
Borrowing	-	1,843
Capital Receipts	35,792	42,726
Developer Contribution S.106	151	-
Revenue contributions	2,359	2,757
Major Repairs Reserve	13,204	14,251
Leaseholder's Income	1,084	524
Capital Grants	4,442	529
Other	0	-
Total	57,032	62,629

Note 8 Revenue Expenditure Funded from Capital Under Statute

	2019/20 £000	2020/21 £000
Revenue Expenditure Funded from Capital under Statute		
Dwellings	-	-
Other Properties	3,538	1,688
Total	3,538	1,688

This represents expenditure that may be capitalised under statutory provisions but does not result in creation of tangible assets. It reflects major external capital works on properties not owned by the council, and grants to assist house purchases in the open market and written out in year.

Collection Fund Statement

THE COLLECTION FUND STATEMENT

	Council Tax £000s	NNDR/ BRS £000s	31 March 2020 Total £000s	Council Tax £000s	NNDR/ BRS £000s	31 March 2021 Total £000s
COLLECTION FUND 2020/21						
INCOME						
Income from Council Tax Payers	(178,962)	-	(178,962)	(186,257)	-	(186,257)
Income Collectable from Business Ratepayers	-	(153,069)	(153,069)	-	(99,152)	(99,152)
Income Collectable from Business Ratepayers - BRS	-	(4,063)	(4,063)	-	(2,731)	(2,731)
TOTAL INCOME	(178,962)	(157,132)	(336,093)	(186,257)	(101,883)	(288,140)
EXPENDITURE						
Precepts & Demands						
Local Demand (LBE)	137,619	71,464	209,083	144,780	45,599	190,379
Greater London Authority (GLA)	37,016	40,198	77,214	38,798	56,239	95,038
Central Government (MHCLG)	-	37,221	37,221	-	50,159	50,159
	174,635	148,883	323,517	183,578	151,998	335,577
Contributions Towards Previous Year Estimated Surplus/(Deficit)						
Local Demand (LBE)	5,410	1,501	6,911	1,231	12	1,243
Greater London Authority (GLA)	1,389	1,257	2,646	331	7	338
Central Government (MHCLG)	-	676	676	-	584	584
	6,799	3,434	10,233	1,562	603	2,164
Charges to the Collection Fund						
Transitional Protection Payment (Receivable)/Payable	-	(1,542)	(1,542)	-	209	209
Less: Costs of Collection - NNDR	-	500	500	-	499	499
Less: Write offs of uncollectable amounts	-	-	-	(2)	(0)	(2)
Less: Increase/(Decrease) in Bad Debt Provision	3,096	2,699	5,796	8,314	12,573	20,885
Less: Write offs of uncollectable amounts relating to appeals	-	-	-	-	-	-
Less: Increase/(Decrease) in Provision for Appeals	-	-	-	-	11,671	11,671
	3,096	1,657	4,754	8,311	24,952	33,263
Business Rate Supplement (BRS)						
Payment to Levying Authority (GLA)	-	4,054	4,054	-	2,722	2,722
Costs of Collection - BRS	-	9	9	-	9	9
	-	4,063	4,063	-	2,731	2,731
TOTAL EXPENDITURE	184,530	158,037	342,567	193,451	180,283	373,735
MOVEMENTS ON THE COLLECTION FUND						
Opening Fund Balance 1 April	(5,736)	(1,702)	(7,438)	(168)	(796)	(964)
Closing Fund Balance 31 March	(168)	(796)	(964)	7,027	77,604	84,631
MOVEMENT ON FUND BALANCE	5,568	906	6,474	7,195	78,400	85,595
ANALYSIS OF CLOSING FUNG BALANCE						
Ealing Council	(131)	(105)	(236)	5,552	23,247	28,799
Central Government (MHCLG)	-	(687)	(687)	-	25,570	25,570
Greater London Authority (GLA)	(37)	(4)	(41)	1,475	28,787	30,262
CLOSING FUND BALANCE	(168)	(796)	(964)	7,027	77,604	84,631

Notes to the Collection Fund Statement

Note 1 General

The Collection Fund is an agent’s statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and Non-Domestic Business Rates (NDR) and its distribution to precepting bodies and the Government. For Ealing the precepting bodies are Central Government (MHCLG) and the Greater London Authority (GLA).

The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund, therefore, is to isolate the income and expenditure relating to Council Tax and Non-Domestic Business Rates. The administration costs associated with the collection process are charged to the General Fund.

Note 2 Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into nine valuation bands (A to H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council for the forthcoming year and dividing this by the Council Tax base (i.e. the equivalent number of Band D dwellings).

The Council Tax base was 116,838 for 2020/21 (115,490 for 2019/20).

The basic amount of Council Tax for a Band D property (£1,571.23 for 2020/21 (£1,512.12 for 2019/20)) is multiplied by the proportion specified for the particular band to give an individual amount due.

COUNCIL TAX BASE

The Council Tax base for 2020/21 was approved at the Council meeting on 25 February 2020. Details are shown below:

Band	Estimated No. of properties after discounts, exemptions and council tax support	Ratio	Equivalent No. of Band D properties
A	3,025	6/9	2,017
B	8,051	7/9	6,262
C	25,282	8/9	22,473
D	37,766	9/9	37,766
E	20,144	11/9	24,620
F	9,161	13/9	13,233
G	6,569	15/9	10,948
H	952	18/9	1,904
Total Council Tax Base	110,950		119,223
Adjustment for actual collection rate			2,384
Council Tax Base for 2020/21			116,838

Note 3 Non-Domestic Rates

The Council collects Non-Domestic Business Rates (NDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set by Central Government. The total non-domestic rateable value for the Council's area at 31 March 2021 was £379.7m (£385.3m at 31 March 2020). The national multipliers for 2020/21 were 49.9p for qualifying small businesses (49.1p in 2019/20) and the standard multiplier being 51.2p for all other businesses (50.4p in 2019/20).

Under the Business Rates Retention Scheme, Ealing retains 30% of the business rates that it collects (reflected as a precept). This income is subject to set baselines and limits. The remainder of business rates collected are paid as a precept to Greater London authority (GLA) and Central Government (MHCLG).

NDR surpluses declared by the billing authority in relation to the Collection Fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year.

Note 4 Business Rates Supplements

Since 2010/11 the GLA has raised a levy under the Business Rates Supplement Act 2009 to finance its contribution to the Crossrail project.

Note 5 London Business Rates Pool

This Council is part of the London Business Rates Pool which began on 1 April 2018. In a Business Rate Pool, tariffs, top-ups, levies and safety nets can be combined. This can result in a significantly lower levy rate or even a zero-levy rate meaning that more or all of the business rate growth can be retained within the pool area instead of being payable to the Government.

The London Business Rates Pool, which includes all of the local authorities in London, has been designated by the Secretary of State for Housing, Communities and Local Government.

Under the pooling arrangements, any growth within the pool is redistributed amongst London Councils rather than being paid as a levy to MHCLG.

Pension Fund Account

FUND ACCOUNT			
	Notes	2019/20 £'000	2020/21 £'000
Dealings with members, employers and others directly involved in the fund			
Contributions	6	(51,133)	(65,828)
Transfers in from other Pension Funds	6a	(6,438)	(7,213)
		(57,571)	(73,041)
Benefits	7	49,193	48,485
Payments to and on account of leavers	7a	3,626	7,735
		52,820	56,220
Net (additions)/withdrawals from dealings with Members		(4,751)	(16,821)
Management Expenses	8	4,973	5,068
Net additions/withdrawals Including Fund Management Expenses		222	(11,753)
Returns on Investments			
Investment Income	9	(29,593)	(23,862)
Taxes on Income	9	22	8
Profit and losses on disposal of investments and changes in Value of investments	14	97,455	(245,378)
Net return on investments		67,884	(269,232)
Net (Increase)/Decrease in the Net Assets Available for Benefits During the Year		68,107	(280,985)
Opening Net Assets of the Scheme		(1,260,264)	(1,192,157)
Closing Net Assets of the Scheme		(1,192,157)	(1,473,142)

NET ASSET STATEMENT			
	Notes	2019/20* £'000	2020/21 £'000
Investment Assets	11	1,180,493	1,448,031
Investment Liabilities	11	(1,091)	(2,686)
Total net investments		1,179,402	1,445,345
Current Assets	17	14,678	29,150
		1,194,080	1,474,495
Current Liabilities	18	(1,923)	(1,353)
Net Assets of the Fund available to fund benefits at the end of the reporting period		1,192,157	1,473,142

*presentation of 2020 figures has changed to reflect the 2021 new reporting requirements.

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the year end. The actuarial present value of promised retirement benefits is disclosed in **Appendix A**.

Emily Hill
 Chief Finance Officer
 24 April 2024

Councillor Johnson
 Audit Committee Chair
 24 April 2024

Notes to the Pension Fund Account

Note 1 General Description of the Pension Fund

GENERAL

The London Borough of Ealing Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS) and is administered by the London Borough of Ealing (the Council). It is a contributory defined benefits scheme established, in accordance with statute, to provide for the payment of benefits to employees and former employees of the Council and other admitted and scheduled bodies in the Fund. Scheduled bodies are automatically entitled to be members of the Fund by law, whereas admitted bodies participate in the Fund under admission agreements and include not for profit organisations or private contractors undertaking local authority functions.

Benefits payable, which are defined and set out in law, include retirement pensions, early payment of benefits on medical grounds and payment of death benefits where death occurs in service.

The Fund was established under section 7 of the Superannuation Act 1972 and is currently governed by the Public Service Pensions Act 2013 and 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) and
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

FUNDING

The Fund is financed by contributions from members, the Council, other admitted and scheduled bodies and from interest and dividends on the Fund's investments. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013. Contributions range from 5.50% to 12.50% and 2.75% to 6.25% of pensionable pay for the main scheme and 50/50 section respectively, for the financial year ending 31 March 2021. Employers pay contributions into the Fund based on rates determined by the appointed actuary following triennial funding valuations. The last such valuation was as at 31 March 2019. The employer contributions rates emerging from the 2019 valuation range from 13.5% to 24.7% of pensionable pay.

BENEFITS

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

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

From 1 April 2014, the Fund 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 Prices Index. Benefits for service prior to 1 April 2014 are protected and continue to be based on the table shown above.

The Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested and accounted for separately from the Fund. AVCs are used to secure additional benefits on a money purchased basis. The scheme providers are Scottish Widows and Utmost. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

GOVERNANCE

The Council has delegated day to day management of the Fund to the Pension Fund Panel (the Panel) who decide on the most suitable investment strategy and set policy and have delegated authority to make investment decisions. The Panel reports to the Council and obtains, as necessary, advice from the Fund's appointed investment advisors, fund managers and actuary.

In line with the provisions of the Public Service Pensions Act 2013 the Council set up a Local Pension Board to oversee the governance arrangements of the Pension Fund. Board members are independent of the Pension Fund Panel.

INVESTMENT PRINCIPLES

The LGPS (Management and Investment of Funds) Regulations 2016 require administering authorities to prepare and keep up to date a written statement recording the investment policy of the Pension Fund. The Investment Strategy Statement is publicly available via the Council's website:

https://www.ealing.gov.uk/download/downloads/id/16998/draft_pension_fund_annual_report_202021.pdf

The Pension Fund panel has delegated the management of the Fund's investments to external investment managers (see Note 13) appointed in accordance with regulations, and whose activities are specified in detailed investment management agreements and monitored on a quarterly basis.

MEMBERSHIP

The Council is the administering authority for the Fund and has the major share of contributors and pensioners. 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. Other organisations currently participate in the Fund as detailed below:

Scheduled bodies	Admitted bodies
Alec Reed Academy	City West Services
Ark Acton Academy	Engie Services Ltd
Ark Byron Academy	Equinox
Ark Priory Academy	Greener Ealing Ltd
Beaconsfield Primary	Greenwich Leisure
Brentside High School	Innovate - Northolt High School
Brentside Primary Academy	Innovate Services Ltd
Christ the Saviour CofE Primary School	IFS Ltd (International Facilities Services)
Dormers Wells Infant (Dormers Wells Learning Trust)	Minster Care
Dormers Wells Junior Academy (Dormers Wells Learning Trust)	Mitie
Dormers Wells High Academy (Dormers Wells Learning Trust)	Pabulum
Drayton Manor Academy	Serco Group
Ellen Wilkinson High School	SLM - community leisure
Featherstone Academy (Grand Union Multi Academy Trust)	
Greenford High School	
Northolt High School	
Selborne Primary School	
St Anne's School	
St Marys Church of England Academy	
Twyford Ce Academies Trust	
University of West London	
Wood End Academy	
Wood End Infant School	
Woodlands Academy (Grand Union Multi Academy Trust)	

Membership of the LGPS is voluntary and employees are free to choose whether to join the Fund, remain in the Fund or make their own personal arrangements outside the Fund. Membership details, including the Administering Authority, are set out below:

	31 March 2020	31 March 2021
Number of employers in the Fund	37	38
Number of Active Members		
London Borough of Ealing	5,624	5,617
Other employers	1,893	2,066
Total	7,517	7,683
Number of pensioners		
London Borough of Ealing	6,673	6,688
Other employers	903	912
Total	7,576	7,600
Number of Deferred pensioners		
London Borough of Ealing	6,934	7,745
Other employers	1,647	2,048
Total	8,581	9,793
Total number of members in the Fund	23,674	25,076

Note 2 - Basis of Preparation of Financial Statements

The Statement of Accounts (SoA) summarises the Fund's transactions for 2020/21 and its position as at 31 March 2021. The SoA has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which is based upon International Financial Reporting Standards (IFRS) as amended for the UK public sector. The Accounts have been prepared on an accruals basis, apart from transfer values which are accounted for on a cash basis as described below.

The Accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year or the actuarial present value of promised retirement benefits. The code gives administering authorities the options to either disclose this information in the Net Asset Statement, Notes to the Accounts, or by appending an Actuarial report prepared for this purpose. The Fund has opted to disclose this information by attaching an Actuarial report as at **Appendix A**. The Pension Fund Accounts have been prepared on a going concern basis.

Note 3 - Summary of Significant Accounting Policies

FUND ACCOUNT – REVENUE RECOGNITION

CONTRIBUTIONS

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

Employer deficit funding contributions are accounted for on the due dates on which they are due under the schedule of contributions based on the Rates and Adjustment Schedule as set by the actuary or on receipt if earlier than the due date. Employer's augmentation and pension strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid is classed as a current financial asset.

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 LGPS Regulations. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged. Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

INVESTMENT INCOME

Dividends from quoted securities are accounted for when the security is declared ex-dividend. Investment income is reported gross of withholding taxes which are accrued in line with the associated investment income. Investment income arising from the underlying investments of the Pooled Investment Vehicles is either reinvested within the Pooled Investment Vehicles and reflected in the unit price or taken as a cash dividend to support the Fund's outgoing cash flow requirements. 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. 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. Where the amount of an income distribution has not been received from an investment manager by the balance sheet date, an estimate based upon the market value of their mandate at the end of the year is used.

Accrued interest is excluded from the market value of fixed interest securities but is included in investment income receivable. Income from cash and short-term deposits are also accounted for on an accruals basis. Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits and losses during the year.

FUND ACCOUNT – EXPENSE ITEMS

BENEFITS PAYABLE

Pensions and lump-sum benefits payable are accounted for on an accruals basis from the date the option is exercised, in accordance with valid member claims. Retirement lump sums are accounted for in the period in which the member becomes a pensioner. Death grants are included from the date of death. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities, providing that payment has been approved.

TAXATION

The Fund is an exempt approved fund 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. As the Council is the administering authority for the Fund, VAT input tax is recoverable on all Fund activities including expenditure on investment expenses. Where tax can be reclaimed, investment income in the accounts is shown gross of UK tax. 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.

MANAGEMENT EXPENSES

The Pension Fund management expenses are accounted for in accordance with the CIPFA guidance accounting for Local Government Pension Scheme Management Costs 2016.

ADMINISTRATIVE EXPENSES

All administrative expenses are accounted for on an accruals basis. All staff costs of the pension administration team are charged direct to the fund. Associated management, accommodation and other overheads are apportioned to the fund in accordance with Council policy.

OVERSIGHT AND GOVERNANCE COSTS

All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight is charged direct to the fund. Associated management, accommodation and other overheads are apportioned to the Fund in accordance with Council policy.

INVESTMENT MANAGEMENT EXPENSES

All investment management expenses are accounted for on an accruals basis. Fees for the fund managers and custodian are agreed in the respective mandates governing their appointments and are based broadly on the market value of the investments under their management and therefore increase or reduce as the value of these investments change. Where an investment management fee has not been received by the balance sheet date, an estimate based upon the market value of the mandate as at the end of the year is used for inclusion in the Accounts.

NET ASSETS STATEMENT

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 asset statement on the date the fund becomes party to the contractual acquisition of the assets. From this date, any gains/losses are recognised in the Fund Account. The Net Asset Statement shows values of investments have been determined at fair value in accordance with the requirements of the code and IFRS13. For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in accordance with the requirements of the Code and IFRS 13 (see Note 14).

FOREIGN CURRENCY TRANSACTIONS

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for in sterling at the spot market exchange rate prevailing on the date of the 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.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, cash held in UK bank accounts and deposits with financial institutions which are repayable on demand without penalty.

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.

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 IAS19 and relevant actuarial standards. As permitted under the Code, the financial statements include a note disclosing the actuarial present value of retirement benefits as detailed at **Appendix A**.

ADDITIONAL VOLUNTARY CONTRIBUTIONS

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 their valuation is disclosed in Note 19 for information only.

RECHARGES FROM THE GENERAL FUND

The LGPS (Management and Investment of Funds) Regulations 2016 permit the Council to charge administration costs to the Fund. A proportion of relevant Council costs have been charged to the Fund based on an apportionment of time spent on Pension Fund business. Costs incurred in the administration and the oversight and governance of the Fund are set out in Note 8.

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.

POOLED PROPERTY

As a result of the COVID-19 outbreak, which caused extensive disruption to businesses and economic activities on a global level in all sectors, the property valuers valuing the underlying assets within the three pooled property funds, reported their valuation on the basis of 'material valuation uncertainty'. The declaration did not mean that the valuation could not be relied upon, but it meant less certainty, and a higher degree of caution was attached to the valuation of the property than would normally be the case. Additionally, all three pooled property funds had suspended trading as at 31 March 2020. The effect of this was to move these assets from a fair value hierarchy level 2 to level 3 as at 31 March 2020. As at 31 March 2021, all three managers confirmed there was not gated, and therefore these assets have been moved back to level 2, as detailed in note 14a.

ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

At the Balance Sheet date, there were no new standards or amendments yet to be adopted by the Code of Practice on Local Authority Accounting in the United Kingdom which affected the Pension Fund.

INFRASTRUCTURE INVESTMENT

The fair value of infrastructure investments is unavoidably subjective. The valuations are based on forward-looking estimates and judgments involving many factors. Unquoted private equity assets are valued by the investment managers in accordance with industry standards. There is a risk that these investments, totalling £27.455m (£30.047m: 2019/20) may be under or overstated in the accounts. Note 16 provides the sensitivity analysis of the investment risk. Management have made a judgement to classify these assets at level 3.

CLASSIFICATION AND MEASUREMENT

IFRS 9 requires all financial assets and liabilities to be measured at fair value, except for contributions receivable which do not contain a significant financing component. Contribution receivables are measured at amortised cost. Classification and measurement of financial instruments is driven by the Fund's business model for managing the financial instruments and the contractual cash flow characteristics of the financial instruments.

IFRS 9 has been applied prospectively by the Fund and this did not result in a change to the measurement of financial instruments as outlined in note 14, but some classifications have been amended to reflect IFRS 9's requirements. The Fund's contribution receivables and other receivables continue to be measured at amortised cost.

There was no material impact on the adoption of IFRS 9.

COVID 19

The Scheme invests in a broad range of asset classes many of which, such as private equity, private debt, pooled property, and infrastructure, are illiquid in nature. Such assets are valued on a periodic basis, mostly quarterly but others less frequently. Following the outbreak of COVID-19 in 2019/20, pooled property valuations were reported on the basis of 'material valuation uncertainty' and subsequently moved from level 2 to level 3. As at 31 March 2021, the material valuation uncertainty has since been removed and Management believes that pooled property values have now stabilised, and a reliable value can be applied. The Fund continues to monitor the situation and the impact that COVID-19 may have on the future performance of these illiquid assets.

BREXIT

The Fund officers continue to monitor and seek appropriate advice on the impact to the investment portfolio. Management believe that so far, the Fund's investments are largely unaffected by the exit from EU.

Note 5 - Assumptions Made About the Future and Other Major Sources of Estimation

Preparing 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.

This applies particularly to the estimation of the net liability to pay pensions, which depends upon 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. The Council's actuaries are engaged to provide the Fund with expert advice about the assumptions to be applied (see Appendix A).

The financial statements contain figures that are based on assumptions made by our Private Equity managers. Estimates are made taking into account historical experience, current trends and other relevant factors. The items in the Net Assets Statement at 31 March 2021 for which there is a risk of material adjustment during the financial year is as follows:

Item	Uncertainties	Effect of actual results differ from valuations
Private debt	Private debt investments are valued at fair value in accordance with British Venture Capital Association guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	Private debt investments are valued at £40.199m (2019/20: £21.556m) in the financial statements. There is a risk that this investment may be under or overstated in the accounts. Note 14a provides the sensitivity analysis of the investment risk.
Infrastructure	The Pension Fund contains investments in infrastructure funds. that are classified within the financial statements as level 3 investments. The final realised value of those funds may differ slightly from the valuations presented in the accounts as detailed in note 14a.	The value of these investments are £27.455m (2019/20: £30.047m) As disclosed in note 4, these assets may have a material difference over their closing valuation as at 31 March 2021. Note 14a provides the sensitivity analysis of the investment risk.

PENSION FUND LIABILITY

The Pension Fund liability is calculated triennially by the appointed actuary with annual updates in the intervening years. The methodology follows generally agreed guidelines and is in accordance with IAS 19. These assumptions are summarised in **Appendix A**. The estimates are sensitive to changes in the underlying assumptions underpinning the valuations.

EVENTS AFTER THE NET ASSET STATEMENT DATE

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

Note 6 - Contributions Receivable

Employees contributions are calculated on a sliding scale based on a percentage of their gross pay. The Council's scheduled and admitted bodies are required to make contributions determined by the Fund's actuary to maintain the solvency of the Fund. The table below shows a breakdown of the total amount of employers' and employees' contributions:

By Category	2019/20 £'000	2020/21 £'000
Employees' normal contributions	(11,042)	(11,539)
Employer's contributions:		
Normal contributions	(24,143)	(28,234)
Deficit recovery contributions	(14,814)	(25,433)
Augmentation contributions	(1,134)	(622)
Total employers' contributions	(40,091)	(54,289)
Total contributions receivable	(51,133)	(65,828)

By type of Employer	2019/20 £'000	2020/21 £'000
Administering Authority	(41,455)	(55,613)
Scheduled bodies	(9,406)	(9,797)
Admitted bodies	(272)	(418)
Total	(51,133)	(65,828)

Note 6a - Transfers In From Other Pension Funds

	2019/20 £'000	2020/21 £'000
Individual transfers	(6,438)	(7,213)
Total	(6,438)	(7,213)

Note 7 - Benefits Payable

The table below shows a breakdown of the total amount of benefits payable by category and by employer:

By Category	2019/20 £'000	2020/21 £'000
Pensions	41,295	42,211
Commutation and lump sum retirement benefits	7,029	5,358
Lump sum death benefits	870	916
	49,194	48,485

By type of Employer	2019/20 £'000	2020/21 £'000
Administering Authority	45,744	44,647
Scheduled Bodies	3,202	3,531
Admitted Bodies	248	307
	49,194	48,485

Note 7a – Payments to and on Account of Leavers

By Type	2019/20 £'000	2020/21 £'000
Refunds to members leaving service	323	162
Individual transfers	3,303	7,573
Total	3,626	7,735

Note 8 – Management Expenses

The table below shows a breakdown of the management expenses incurred during the year.

	2019/20 £'000	2020/21 £'000
Administrative costs	1,157	1,271
Investment management expenses	3,407	3,350
Oversight and Governance costs**	409	447
Total	4,973	5,068

*includes the Fund's investment advisory fees

Investment management expenses are further analysed below in line with the CIPFA guidance on *Accounting for Management Expenses* in the LGPS.

	2019/20 £'000	2020/21 £'000
Management fees	2,865	2,956
Performance fees	71	25
Custody fees	122	118
Transaction costs	349	251
Total	3,407	3,350

Note 9 – Investment Income

	2019/20 £'000	2020/21 £'000
Income from equities	10,762	2,981
Income from bonds	13,307	12,883
Private equity income	1,156	3,746
Pooled property investments	2,593	2,584
Pooled investments	1,259	1,576
Interest on cash deposits	516	87
Other income	-	5
Total investment income	29,593	23,862

Note 10 – External Audit Costs

The fees payable to the Fund's external auditors Deloitte was £46k (£41k: in 2019/20)

	2019/20 £'000	2020/21 £'000
Payable in respect of external audit	41	46
Total	41	46

Note 11 – Investments

The table shows the analysis of investments held by the Fund as at 31 March 2021:

	Market Value 31 March 2020 £'000	Market Value 31 March 2021 £'000
Investment Assets		
Bonds	304,277	354,740
Equities	201,695	-
Pooled Funds		
Fixed Income Unit Trusts	5,343	10,391
Infrastructure Funds	30,047	27,455
Global Equity	436,604	814,675
	471,994	852,521
Other Investments		
Pooled Property Investments	119,023	118,664
Private Debt	21,556	40,199
	140,579	158,863
Cash Deposits	56,154	77,569
Investment Income Due	5,563	4,273
Amounts Receivable for Sales	231	65
	61,948	81,907
Total Investment Assets	1,180,493	1,448,031
Investment liabilities		
Amounts payable for purchases	(1,091)	(2,686)
Total investment assets	1,179,402	1,445,345

Note 12 – Reconciliation in Movement in Investments

2020/21	Market value 1 April 2020 £'000	Purchases during the year £'000	Sales during the year £'000	Change in market value during the year £'000	Market value 31 March 2021 £'000
Bonds	304,277	71,550	(35,655)	14,568	354,740
Equities	201,695	43,422	(257,503)	12,386	-
Pooled Investments	471,994	327,227	(166,455)	219,755	852,521
Pooled Property Investments	119,023	13	-	(372)	118,664
Private Debt	21,556	22,140	(2,559)	(938)	40,199
Cash Instruments	48,734	203,866	(182,660)	-	69,940
Total	1,167,279	668,218	(644,832)	245,399	1,436,064
Investment Cash	7,420			(118)	7,629
Amounts receivable from Sales	231			-	65
Investment Income due	5,563			(4)	4,273
Payable for Purchases	(1,091)				(2,686)
Net investment assets	1,179,402			245,277	1,445,345

2019/20	Market value 1 April 2019 £'000	Purchases during the year £'000	Sales during the year £'000	Change in market value during the year £'000	Market value 31 March 2020 £'000
Bonds	303,389	67,271	(57,583)	(8,800)	304,277
Equities	264,830	129,265	(126,671)	(65,729)	201,695
Pooled Investments	466,199	61,441	(31,494)	(24,150)	471,994
Pooled Property Investments	119,050	-	-	(27)	119,023
Private Debt	3,680	19,922	(3,610)	1,564	21,556
Cash Instruments	81,650	143,916	(176,832)	0	48,734
Total	1,238,798	421,815	(396,190)	(97,142)	1,167,279
Investment Cash	6,860			(309)	7,420
Amounts receivable from Sales	7,118				5,563
Investment Income due	1,866				231
Payable for Purchases	(1,372)			(4)	(1,091)
Net investment assets	1,253,270			(97,455)	1,179,402

Note 13 – Investments analysed by Fund Manager

All managers have discretion to buy and sell investments within the limits set by the Pension Fund panel and their respective Investment Management Agreements. Each manager has been appointed with clear strategic benchmarks which place maximum accountability for performance against that benchmark on the investment manager.

The Bank of New York Mellon (BNYM) acts as the Fund's global custodian. They are responsible for safe custody and settlement of all investment transactions and collection of income and complete a monthly reconciliation of its own portfolio valuation to external fund manager reports. The bank account for the Fund is held with Lloyds Bank.

Fund Manager	Mandate	Market Value 31 March 2020		Market Value 31 March 2021	
		£'000	%	£'000	%
Investments managed within the London CIV					
Baillie Gifford	Global Equity (Active)	175,094	15	273,632	19
Investments managed outside of the LCIV					
Lazard	UK Equity (Active)	188,756	16	0	0
	Global Equity (Active)	16,013	1	0	0
Royal London	UK Corporate (Active)	312,910	27	371,880	26
	UK Government (Active)	1,706	0	3,752	0
	UK corporate (Pooled)	5,343	0	10,391	1
Legal & General	Future World - Global Equities (Passive)	127,833	11	274,702	19
	MSCI World - Global Equities (Passive)	133,653	11	266,263	18
Brightwood	Private Debt (Overseas Pooled)	4,309	0	5,610	0
Churchill	Private Debt (Overseas Pooled)	11,175	1	15,085	1
Permira	Private Debt (UK Pooled)	6,072	1	19,161	1
Lothbury	UK Property (Pooled)	44,972	4	44,139	3

Fund Manager	Mandate	Market Value 31 March 2020		Market Value 31 March 2021	
		£'000	%	£'000	%
Hermes	UK Property (Pooled)	42,553	4	42,985	3
Standard Life	UK Property (Pooled)	37,104	3	38,525	3
JP Morgan	Infrastructure (Overseas Pooled)	30,047	3	27,455	2
Ealing In-house Cash		41,862	4	51,765	4
Total outside the pool		1,004,308	85	1,171,713	81
Total Investments		1,179,402	100	1,445,345	100

Note 13a – Investments Exceeding 5% of Net Assets

The table below shows the Fund’s investments which exceed 5% of net assets of the Fund. These are all pooled investment vehicles, which are made up of underlying investments, each of which represent substantially less than 5%.

	2019/20		2020/21	
	Market Value £'000	Holding %	Market Value £'000	Holding %
LCIV GLOBAL ALPHA GROWTH FUND	175,094	15	273,632	19
FUTURE WORLD FUND	127,833	11	274,702	19
MSCI WORLD CARBON TARGET FUND	133,653	11	266,263	18
Total	436,580	37	814,597	56

Note 14 – Fair value – basis of valuation

All investments are held at fair value in accordance with the requirements of the Code and IFRS 13. The valuation bases are set out below. All assets have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. There has been no change in the valuation techniques used during the year.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments – equities	Level 1	The published bid market price on the final day of the accounting period	Not required	Not required
Bonds - Corporate bonds and Government gilts	Level 2	Market value based on current yields	Current yields	Not required
Cash deposits and instruments	Level 1	Closing bid value on published exchanges	Not required	Not required
Pooled investments - property	Level 2	Average of broker prices	Evaluated price feeds	Not required
Pooled investments – infrastructure funds	Level 3	Closing bid price where bid and offer prices are published Closing single price where single price published.	NAV-based pricing set on a forward pricing basis	Estimated acquisition and disposal costs
Unquoted equities	Level 3	Comparable valuation of similar companies in	EBITDA multiple Revenue multiple	Valuations could be affected by post balance sheet events,

		accordance with International Private Equity and Venture Capital Valuation Guidelines	Discount for lack of marketability Control premium	changes to expected cash flows, or by any differences between audited and unaudited accounts
--	--	---	---	--

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

Level 1 - where fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities (quoted equities, quoted fixed securities, quoted index linked securities and unit trusts). Listed investments are shown at bid prices. The bid value of the investment is based on the market quotation of the relevant stock exchange.

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

Level 3 – 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 and hedge fund of funds, the Fund currently invests in Private Debt and infrastructure, these assets have been valued at level 3.

The Fund considers that quoted equities and highly liquid bonds have been valued at Level 1. Further, pooled investment vehicles are classified as Level 2 as these instruments’ valuation are less frequently traded and prices for underlying assets are derived from independent valuation techniques.

Also, given the uncertainty surrounding the valuation of pooled property investments in 2019/20, Management made a decision to move these investments from level 2 to level 3. All three property managers have confirmed no material uncertainty was in place during the year and subsequently, these assets have been moved back to level 2 in 2020/21.

Note 14a – Level 3 Assets sensitivity

The fund has considered the current market trends, and also consulted with independent investment advisors, and has determined that the valuation methods described above are likely to be accurate to within the following ranges and has set out below the resulting potential impact on the closing value of investments held at 31 March 2021.

Assets exposed to Volatility risk	Value £'000	1 year expected Volatility %	Value on Increase £'000	Value on decrease £'000
As at 31 March 2021				
Private Debt	40,199	4.6	42,048	38,350
Infrastructure	27,455	21.0	33,221	21,689
Property*	-	0.0	-	-
	67,654		75,269	60,039
As at 31 March 2020				
Private Debt	21,556	7.2	23,108	20,004
Infrastructure	30,047	20.1	36,086	23,437
Property*	119,023	10.0	130,925	107,121
	170,626		190,119	150,562

*Property moved back from level 3 to level 2

Note 14b - Fair Value Hierarchy

The table below provides an analysis of the financial assets and liabilities of the Fund grouped into levels 1 to 3, based on the level at which fair value has been observed:

	31 March 2020			31 March 2021		
	Quoted market price	Using observable inputs	With significant unobservable inputs	Quoted market price	Using observable inputs	With significant unobservable inputs
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Level 1 £'000	Level 2 £'000	Level 3* £'000
Financial Assets						
Held at fair value through profit and loss	251,193	752,878	170,627	58,646	1,317,393	67,654
	251,193	752,878	170,627	58,646	1,317,393	67,654
Grand Total		1,174,698			1,443,693	

The above analysis excludes the Fund's current assets and liabilities.

Note 14c: Reconciliation of Fair Value Measurements Within Level 3

2020/21	Opening balance £'000	Transfers out Level 3 £'000	Purchases £'000	Sales £'000	Unrealised gains/losses £'000	Realised gains/losses £'000	Closing balance £'000
Pooled investments - private Debt	21,556	-	22,143	(2,559)	(305)	(636)	40,199
Total	21,556	-	22,143	(2,559)	(305)	(636)	40,199
Pooled investments - Infrastructure	30,047	-	-	(183)	(2,410)	1	27,455
Pooled investments - Property*	119,023	(119,023)	-	-	-	-	-
Total	149,070	(119,023)	-	(183)	(2,410)	1	27,455

*Transferred back to level 2 at 31 March 2021 following confirmation of no material uncertainty from Manager

Note 14d – Classification of Financial Instruments

	31 March 2020			31 March 2021		
	Financial Assets held at Fair Value through Profit and Loss £'000	Financial Assets held at Amortised cost £'000	Financial liabilities at amortised cost £'000	Financial Assets held at Fair Value through Profit and Loss £'000	Financial Assets held at Amortised cost £'000	Financial liabilities at amortised cost £'000
Bonds	304,277	-	-	354,740	-	-
Equities	201,694	-	-	-	-	-
Pooled investment vehicles						
Fixed Income Unit Trusts	5,343	-	-	10,391	-	-
Property	119,023	-	-	118,664	-	-
Infrastructure Funds	30,047	-	-	27,455	-	-
Global Equity	436,604	-	-	814,675	-	-
Private Debt	21,556	-	-	40,199	-	-
Cash Instruments						
Cash deposits	56,154	-	-	77,569	-	-
Unsettled sales	-	231	-	-	65	-
Accrued income	-	5,563	-	-	4,273	-
Total investment assets	1,174,698	5,794	-	1,443,693	4,338	-
Investment Liabilities						
Unsettled Purchases	-	-	(1,091)	-	-	(2,686)
Net Investment assets	1,174,698	5,794	(1,091)	1,443,693	4,338	(2,686)
Other financial assets						
Contributions Due	-	4,558	-	-	566	-
Cash Balances	-	10,053	-	-	28,401	-
Other debtors	-	68	-	-	183	-
	1,174,698	20,473	(1,091)	1,443,693	33,488	(2,686)
Financial Liabilities						
Current Liabilities	-	-	(1,549)	-	(919)	-
	-	-	(1,549)	-	(919)	-
Total	1,174,698	20,473	(2,640)	1,443,693	32,569	(2,686)
Grand Total		1,192,531			1,473,576	

The classification of current liabilities excludes the Fund's liability for PAYE of £334k (2020: £374k) as this is not classified as a financial instrument. Included within those financial instruments held at fair value through profit and loss, are bonds of £354,740k (2020: £304,277k) that were designated as fair value through profit and loss on initial purchase.

Note 15 – Net Gains and Losses on Financial Instruments

This table summarises net gains and losses on financial instruments classified by type of instrument.

	31 March 2020 £'000	31 March 2021 £'000
Financial Assets		
Held at fair value through profit and loss	(97,451)	245,382
	(97,451)	245,382
Financial Liabilities		
Held at fair value through profit and loss	(4)	(4)
Total	(97,455)	245,378

Note 16 – Nature and extent of risks arising from Financial Instruments

RISK AND RISK MANAGEMENT

The Fund's primary long-term risk is that its assets will fall short of its liabilities to the extent that it is unable to meet its obligations to members as they fall due. Therefore, the aim of investment management is to minimise the risk of an overall reduction in the value of the Fund whilst at the same time maximising the opportunity for investment income. The Fund achieves this through:

- engaging multiple investment management firms with different strategies, philosophies and expertise to manage the various asset in the Fund;
- setting each investment manager clear performance benchmarks and incentivising outperformance against those benchmarks once agreed;
- reporting investment performance to the Pension Fund Panel on a quarterly basis so that Panel Members can review performance, question investment managers and seek explanations as necessary; and
- monitoring investment performance against independent benchmarks and actual performance achieved by a peer group of other local authorities.

Responsibility for the Fund's risk-management strategy rests with the Pension Fund Panel. Risk management policies are established as part of the Funding Strategy Statement and the Investment Strategy Statement which aim to identify and analyse the investment risks faced by the Fund. These are regularly reviewed in the light of changing market and other conditions.

MARKET RISK

Market risk is the risk of loss emanating from general market fluctuations in equity and commodity prices or interest and foreign exchange rates. The Fund is exposed to market risk across all of its investment activities. In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of asset class, geographical and industry sectors and by limiting the maximum value of investments in individual securities. Equity fund managers are appointed on an active mandate which helps to manage risk by focusing on the performance of specific investments rather than broad sector movements. The Panel and its investment advisors undertake regular monitoring of market conditions and benchmark analysis in order to mitigate market risk.

PRICE RISK

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 by factors affecting all similar instruments in the market.

The Fund is exposed to direct share price risk because all of its investments other than cash holdings are traded on open markets where the future price is uncertain. The Fund is also exposed to direct price risk arising from unquoted equities held as part of its equity pooled holdings. All such securities represent a potential risk of loss of capital, with the maximum risk determined by the fair value of each financial instrument. The Fund's investment managers aim to mitigate this price risk through diversification in the selection of securities and other financial instruments.

The following table demonstrates the change in the net assets available to pay benefits if the market price had increased or decreased by 10.01%. The Fund believes that 10.1% is consistent with the level of sensitivity that should be applied. The analysis excludes cash, debtors, creditors, and non-equity investment balances as these financial instruments are not subject to price risk:

Assets exposed to price risk	Value	Value on 10.01% price increase	Value on 10.01% price decrease
	£'000	£'000	£'000
As at 31 March 2021	960,794	1,056,970	864,619
As at 31 March 2020	787,368	901,536	673,199

INTEREST RATE RISK

The Fund invests in financial assets for the primary purpose of obtaining a return in terms of both investment income and increased capital value. Cash based deposits and investments in fixed interest are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates. The Pension Fund Panel and its investment advisors regularly monitor the Fund's interest rate risk exposure during the year.

The table below demonstrates the change in value of these assets had the interest rate increased or decreased by 1% along with an average duration of 8.2 years. It should be noted that an increase in the interest rates results in a decrease in the value of the portfolio and vice versa.

Assets exposed to interest rate risk	Value	Value on 8.2% interest rate increase	Value on 8.2% interest rate decrease
	£'000	£'000	£'000
As at 31 March 2021	442,700	406,399	479,001
As at 31 March 2020	365,774	336,512	395,036

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 Sterling but diversifies this risk by investing in securities in multiple currencies. Management recognises that a strengthening or weakening of the pound against the various currencies in which the Fund holds investments would increase or decrease the net assets available to pay benefits accordingly.

The Fund does not hedge against currency risk on a long-term basis, as the movements in foreign exchange rates can lead to losses as well as gains. Overseas equities, some fixed interest securities, cash in foreign currencies, and some elements of the pooled investment vehicles are exposed to currency risk.

The following table demonstrates the change in value of these assets had there been a 9.8% strengthening/weakening of the pound against foreign currencies:

Assets exposed to currency risk	Value	Value on 9.8% foreign exchange rate increase	Value on 9.8% foreign exchange rate decrease
	£'000	£'000	£'000
As at 31 March 2021	862,826	947,383	778,269
As at 31 March 2020	474,173	521,590	426,756

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. The selection of high-quality fund managers, counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner. The Fund sets both maximum investment limits and minimum credit rating limits.

There is a risk that some admitted bodies may not honour their pension obligations with the result that any ensuing deficit might fall upon the Fund. To mitigate this risk, the Fund regularly monitors the state of its admitted bodies and bond agreements are in place for scheme employers to ensure liabilities would be met in the event of an employer being dissolved, wound up, liquidated or otherwise ceasing to exist.

The Fund has no financial assets past their due date as at 31 March 2021 and has not identified any events or conditions to date that would suggest that any impairment or provision in respect of credit risk is required.

The Fund has also set limits as to the maximum sum placed on deposit with individual financial institutions. In addition, the pension fund invests an agreed percentage of its funds in the money markets to provide diversification. The investment credit exposure can be summarised in the table below:

Summary	Rating	Balances as at 31 March 2020	Balances as at 31 March 2021
		£'000	£'000
Bank Current Accounts			
Lloyds Bank	A+	10,053	28,401
Money Market Funds			
BNY Mellon Goldman Sachs MMF	AAA	48,734	69,940
Total		58,787	98,341

LIQUIDITY RISK

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Pension Fund Panel monitors cash flows and takes steps to ensure that there are adequate cash resources to meet its commitments. The Fund has immediate access to its cash holdings, and all of its investments can be liquidated within a matter of days if required.

Note 17 – Current Assets

	31 March 2020 £'000	31 March 2021 £'000
Debtors:		
Contributions due - employers	3,674	431
Contributions due - employees	884	135
Sundry debtors	68	183
	4,626	749
Cash balances - Lloyds Bank	10,053	28,401
Total	14,679	29,150

	31 March 2020 £'000	31 March 2021 £'000
Analysis of Debtors		
Central government bodies	268	415
Local authorities	3,957	130
Other entities and individuals	401	204
Total	4,626	749

Note 18 – Current Liabilities

	31 March 2020 £'000	31 March 2021 £'000
Unpaid benefits	(180)	-
Sundry creditors and accrued expenses	(1,743)	(1,353)
Total	(1,923)	(1,353)

Analysis of Current Liabilities	31 March 2020 £'000	31 March 2021 £'000
Central government bodies	-	(477)
Local authorities	(931)	(633)
Other entities and individuals	(992)	(243)
Total	(1,923)	(1,353)

Note 19 – Additional Voluntary Contributions

The Pension Fund's Additional Voluntary Contributions (AVC) providers are Scottish Widows and Equitable Life Assurance Society. The table below shows information about these separately invested AVCs. The AVC providers secure benefits on a money purchase basis for those members electing to pay AVCs. Members of the AVC schemes each receive an annual statement confirming the amounts held in their account and the movements in the year.

Contributions 2019/20 £'000	Market Value 2019/20 £'000		Contributions 2020/21 £'000	Market Value 2020/21 £'000
54	614	Scottish Widows (as at 31 March 2021)	64	592
2	273	Utmost (as at 31 October 2020)	-	275
56	887	Total	64	867

Note 20 – Related Party Transactions

The Fund is administered by the London Borough of Ealing (the Council). In 2020/21, the Council charged the pension fund £0.9m for expenses incurred in administering the Fund (2020: £0.9m). Through its administration of the fund, the council has a related party interest with the Pension Fund.

The creditor balance due to the Council at year end was £0.5m at 31 March 2021 (2020: £0.9m).

Note 21 – Key Management Personnel Remuneration

The key management personnel of the Pension Fund are the Members of the Pension Fund Panel and Pension Board, as detailed in the Pensions Fund annual report for 2020/21. There was a £1k (2020: £1k) remuneration for the Pension Board Chair. No remuneration is paid to other Members in relation to their duties.

Note 22 – Contingent Liabilities and Contractual Commitments

The total capital commitments as at 31 March 2021 were £48.6m (2020: £44.4m). These commitments relate to outstanding call payments due on the Infrastructure and Private Debt portfolios. 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. The Fund has no material contingent assets or liabilities as at 31 March 2021. In addition, the Fund's actuary has estimated the past service liabilities in relation to McCloud to be £6.0m, details of this are contained within the actuary statement below.

Note 23 - Impact of McCloud

The recent McCloud case age discrimination ruling could result in increases to the Pension Fund liability. Furthermore, when calculating the potential cost of the McCloud judgment as part of the 2019 actuarial valuations the Fund's Actuary allowed for the final salary underpin to apply in respect of future leavers with deferred, so the further changes in the consultation do not give rise to any additional liabilities in respect of future leavers. The actuary has approximated the liability at year-end date to be £6m in respect of past service liabilities, but this is an estimation and subject to further data reviews and is therefore has been recognised as a contingent liability for these financial statements due to the current uncertainty over the final value. Details of this judgement are contained in the Actuary's statement below.

Note 24 - Goodwin, Brewster and Langford judgments

In general, across all of LGPS the impact of Goodwin was estimated to increase liability by around 0.2%. The Fund's actuary's own sample analysis on the Goodwin ruling suggested a cost well under 0.1% of liabilities on average for the Ealing Fund. In addition, there would have been significant difficulties in getting some or all of the relevant data. As such, Management made the decision that no allowance be made this year, the same as the prior year, on the grounds of materiality

Appendix A Actuarial Statement



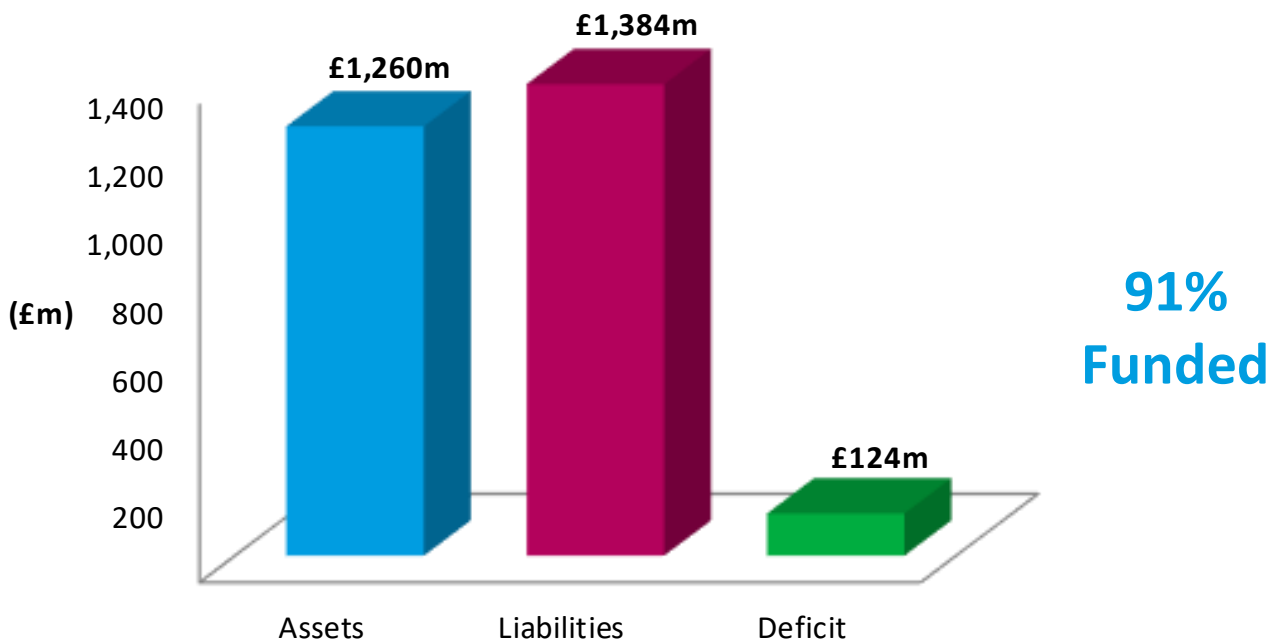
LONDON BOROUGH OF EALING PENSION FUND

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 - STATEMENT BY THE CONSULTING ACTUARY

This statement has been provided to meet the requirements under Regulation 57(1)(d) of The Local Government Pension Scheme Regulations 2013.

An actuarial valuation of the London Borough of Ealing Pension Fund was carried out as at 31 March 2019 to determine the contribution rates with effect from 1 April 2020 to 31 March 2023.

On the basis of the assumptions adopted, the Fund’s assets of £1,260 million represented 91% of the Fund’s past service liabilities of £1,384 million (the “Solvency Funding Target”) at the valuation date. The deficit at the valuation was therefore £124 million.



The valuation also showed that a Primary contribution rate of 16.3% of pensionable pay per annum was required from employers. The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the FSS is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall.

The FSS sets out the process for determining the recovery plan in respect of each employer. At this actuarial valuation the average recovery period adopted is 14 years, and the total initial recovery payment (the “Secondary rate” for 2020-2023) is an addition of approximately £9.7m per annum on average in £ terms (which allows for the contribution plans which have been set for individual employers under the provisions of the FSS), although this varies year on year.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated 31 March 2020.

In practice, each individual employer's position is assessed separately, and the contributions required are set out in the report. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Any different approaches adopted, e.g. with regard to the implementation of contribution increases and deficit recovery periods, are as determined through the FSS consultation process.

The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Solvency Funding Target and the Primary rate of contribution were as follows:

Assumptions	For past service liabilities (Solvency Funding Target)	For future service liabilities (Primary rate of contribution)
Rate of return on investments (discount rate)	3.95% per annum	4.65% per annum
Rate of pay increases (long term)*	3.65% per annum	3.65% per annum
Rate of increases in pensions in payment (in excess of GMP)	2.40% per annum	2.40% per annum

* allowance was also made for short-term public sector pay restraint over a 4 year period.

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2022. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2023.

The McCloud Judgment

The "McCloud judgment" refers to a legal challenge in relation to historic benefit changes for all public sector schemes being age discriminatory. The Government has accepted that remedies are required for all public sector pension schemes and a consultation was issued in July 2020 including a proposed remedy for the LGPS. The key feature of the proposed remedy was to extend the final salary underpin to a wider group of members for service up to 31 March 2022. This applies to all members who were active on or before 31 March 2012 and who either remain active or left service after 1 April 2014.

In line with guidance issued by the LGPS Scheme Advisory Board, the above funding level and Primary contribution rate do not include an allowance for the estimated cost of the McCloud judgment.

However, at the overall Fund level we estimate that the cost of the judgment could be an increase in past service liabilities of broadly £6 million and an increase in the Primary Contribution rate of 0.4% of Pensionable Pay per annum. Where the employer has elected to include a provision for the cost of the judgment, this is included within the secondary rate for that employer (and also within the whole Fund average secondary rate of £9.7 million per annum shown above).

Impact of Covid 19

The valuation results and employer contributions above were assessed as at 31 March 2019. In 2020 and 2021 we have so far seen significant volatility and uncertainty in markets around the world in relation to the COVID-19 pandemic. This potentially has far-reaching consequences in terms of funding and risk, which will need to be kept under review. We believe that it is important to take stock of the situation as opposed to make immediate decisions in what is an unprecedented set of events. Our view is that employer contributions should not be revisited as a general rule. Separately, the Administering Authority is considering whether to make updates to the Funding Strategy Statement to allow for the new regulations on contribution flexibilities introduced in September 2020. The position will be kept under review by the Administering Authority who will monitor the development of the situation and keep all stakeholders informed of any potential implications so that the outcome can be managed effectively.

Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS 26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes.

To assess the value of the benefits on this basis, we have used the following financial assumptions as at 31 March 2021 (the 31 March 2020 assumptions are included for comparison):

	31 March 2020	31 March 2021
Rate of return on investments (discount rate)	2.4% per annum	2.1% per annum
Rate of CPI Inflation / CARE benefit revaluation	2.1% per annum	2.7% per annum
Rate of pay increases*	3.35% per annum	3.95% per annum
Rate of increases in pensions in payment (in excess of GMP) / Deferred revaluation	2.2% per annum	2.8% per annum

* This is the long-term assumption. An allowance corresponding to that made at the latest formal actuarial valuation for short-term public sector pay restraint was also included.

The demographic assumptions are the same as those used for funding purposes. Full details of these assumptions are set out in the formal report on the actuarial valuation dated March 2020.

During the year corporate bond yields decreased, resulting in a lower discount rate being used for IAS26 purposes at the year-end than at the beginning of the year (2.1% p.a. vs 2.4% at the prior year end). In addition, the expected long-term rate of CPI inflation increased during the year, from 2.1% p.a. at the prior year end to 2.7% p.a. Both of these factors served to increase the liabilities over the year.

The value of the Fund's promised retirement benefits for the purposes of IAS 26 as at 31 March 2020 was estimated as £1,843 million including the potential impact of the McCloud Judgment.

Interest over the year increased the liabilities by c£44 million and allowing for net benefits accrued/paid over the period also increased the liabilities by c£14 million (this includes any increase in liabilities arising as a result of early retirement).

There was also an increase in liabilities of £254 million due to "actuarial losses" (i.e. the effects of the *changes in the actuarial assumptions used, referred to above, offset to a small extent by the fact that the 2021 pension increase award was less than assumed*).

The net effect of all the above is that the estimated total value of the Fund's promised retirement benefits as at 31 March 2021 is therefore £2,155 million.

GMP Indexation

The public service schemes were previously required to provide full CPI pension increases on GMP benefits for members who reach State Pension Age between 6 April 2016 and 5 April 2021. The UK Government has recently confirmed that it will extend this to include members reaching State Pension Age from 6 April 2021 onwards. This will give rise to a further cost to the LGPS and its employers, and an estimation of this cost was included within the IAS26 liabilities calculated last year and is again included in the overall liability figure above.

Michelle Doman
Fellow of the Institute and Faculty of Actuaries

Mercer Limited

June 2021

5. Group Accounts

INTRODUCTION

The CIPFA Code of Practice sets out a requirement for authorities to prepare group accounts where the authority has interests in subsidiaries, associates and/or joint ventures, subject to consideration of materiality.

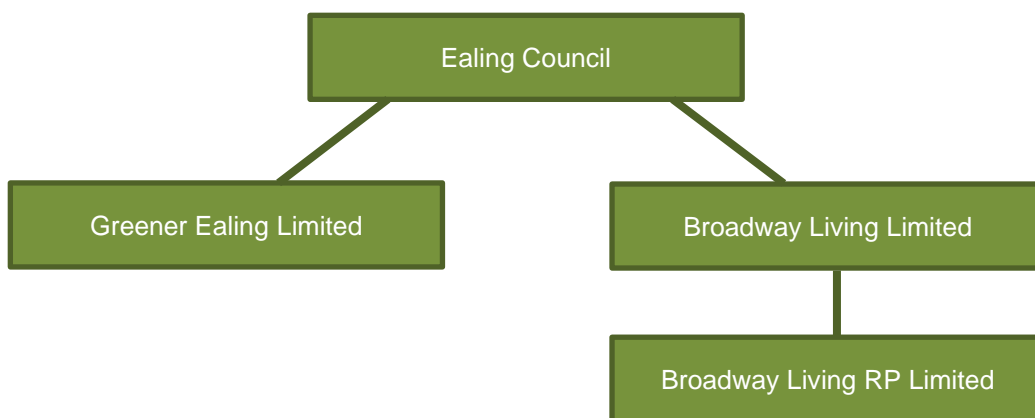
The Council has consolidated its subsidiaries Broadway Living Ltd, Broadway Living RP Ltd and Greener Ealing Ltd on a line-by-line basis with all intra-group transactions and balances removed.

2020/21 is the first year of preparing the Council's group accounts and 2019/20 comparatives have been included for information. The 2019/20 comparatives have been updated to reflect the restatement in the Council following the prior period adjustments detailed in Note 35 of the Council's statement of accounts.

GROUP STRUCTURE

The Group structure is as set out below. Greener Ealing is a wholly owned subsidiary of the Council. Broadway Living Ltd is a wholly owned subsidiary of the Council, and Broadway Living RP Ltd is a wholly owned subsidiary of Broadway Living Ltd.

The Council has investments with two companies, Future Ealing Ltd (20% minority shareholding) and Gunnersbury Estate CiC (joint control with the London Borough of Hounslow). The Council's group accounts does not consolidate both Future Ealing Ltd and Gunnersbury Estate CiC balances due to immaterial balances and includes any trading transactions in the Council's single entity accounts.



Group Core Financial Statements

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	31 March 2020			31 March 2021		
	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Continuing Services						
Chief Executive Directorate	68,009	(16,029)	51,980	60,375	(13,177)	47,198
Children & Schools	422,632	(355,923)	66,709	428,498	(363,804)	64,694
Adults & Public Health	144,733	(62,221)	82,512	140,905	(65,194)	75,711
Place	286,560	(175,475)	111,085	263,536	(179,469)	84,067
Housing Benefits	228,080	(222,120)	5,960	214,481	(208,340)	6,141
Council Wide Other	2,616	(517)	2,099	19,515	(15,179)	4,336
Cost of Services	1,152,630	(832,285)	320,345	1,127,310	(845,163)	282,147
Other Operating Expenditure & Income						
Precepts and Levies			13,324			14,161
Payments to the Government Housing Capital Receipts Pool			1,522			1,520
(Gains)/Losses on Disposal of Non-Current Assets			(17,955)			(30,227)
			(3,109)			(14,546)
Financing and Investment Income & Expenditure						
Interest Payable and Similar Charges			36,270			37,099
Net Interest on the Net Defined Benefit Liability (Asset)			14,039			13,046
Interest Receivable and Similar Income			(4,282)			(2,109)
Impairment Losses			3,947			16,909
			49,974			64,946
Taxation and Non-Specific Grants						
Council Tax Income			(138,588)			(140,327)
Non-Domestic Rates Income and Expenditure			(73,659)			(23,360)
Business Rates Top-Up			(21,236)			(31,499)
Non-Ringfenced Government Grants			(37,757)			(99,397)
Capital Grants and Contributions			(31,235)			(27,183)
			(302,475)			(321,766)
Tax Expenses of Subsidiaries			-			43
(Surplus) / Deficit on Provision of Services			64,735			10,824
(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			(56,983)			(104,555)
Remeasurement of the Net Defined Benefit Liability / (Asset)			(64,825)			2,048
Deferred Taxation			44			229
Other Comprehensive (Income) / Expenditure			(121,764)			(102,278)
Total Comprehensive (Income) / Expenditure			(57,029)			(91,454)

GROUP MOVEMENT IN RESERVES STATEMENT

	Revenue Reserves							Capital Reserves							Total Unusable Reserves	Total Authority Reserves	Council's Share Reserves of Subsidiaries	Total Group Reserves	
	General Fund	Earmarked Reserves	Housing Revenue Account	Housing Revenue Earmarked Reserves	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Deferred Capital Receipts	Collection Fund Adjustment Account	Financial Instruments Adjustment	Accumulated Absences Account					Pensions Reserve
MOVEMENT IN RESERVES STATEMENT	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 31 March 2019	15,910	78,420	4,925	9,104	-	44,905	20,237	173,501	484,890	801,569	731	4,964	(1,507)	(5,734)	(601,711)	683,202	856,703	(234)	856,469
Movement in Reserves during 2019/20																			
Total Comprehensive Income & Expenditure	(39,053)	-	(25,950)	-	-	-	-	(65,003)	56,751	-	-	-	-	-	64,825	121,576	56,573	456	57,029
Adjustments Betw een Accounting Basis & Funding Basis Under Regulations	43,727	-	28,935	-	-	(8,036)	5,436	70,062	-	(34,201)	-	(4,728)	28	(433)	(30,728)	(70,062)	-	-	-
Adjustments betw een group accounts and authority accounts	740	-	-	-	-	-	-	740	-	-	-	-	-	-	-	-	740	(740)	-
Net Increase/(Decrease) before Transfers to Reserves	5,414	-	2,985	-	-	(8,036)	5,436	5,799	56,751	(34,201)	-	(4,728)	28	(433)	34,097	51,514	57,313	(284)	57,029
Transfers to/(from) Reserves	(5,406)	5,406	(2,985)	2,985	-	-	-	-	(8,853)	8,853	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in Year 2019/20	9	5,406	-	2,985	-	(8,036)	5,436	5,800	47,898	(25,348)	-	(4,728)	28	(433)	34,097	51,514	57,314	(284)	57,029
Balance at 31 March 2020	15,919	83,826	4,925	12,089	-	36,869	25,673	179,301	532,788	776,221	731	236	(1,479)	(6,167)	(567,614)	734,716	914,017	(517)	913,500
Movement in Reserves during 2020/21																			
Total Comprehensive Income & Expenditure	1,985	-	3,869	-	-	-	-	5,854	103,349	-	-	-	-	-	(2,048)	101,301	107,155	(15,701)	91,454
Adjustments Betw een Accounting Basis & Funding Basis Under Regulations	46,996	-	(709)	-	-	981	294	47,562	-	1,972	4,790	(29,035)	30	(1,903)	(23,416)	(47,562)	-	-	-
Adjustments betw een group accounts and authority accounts	(14,619)	-	-	-	-	-	-	(14,619)	-	-	-	-	-	-	-	-	(14,619)	14,619	-
Net Increase/(Decrease) before Transfers to Reserves	34,362	-	3,160	-	-	981	294	38,797	103,349	1,972	4,790	(29,035)	30	(1,903)	(25,464)	53,739	92,536	(1,082)	91,454
Transfers to/(from) Reserves	(34,362)	34,362	(3,160)	3,160	-	16	305	321	(20,445)	20,445	(321)	-	-	-	-	(321)	-	-	-
Increase/(Decrease) in Year 2020/21	-	34,362	-	3,160	-	997	599	39,118	82,904	22,417	4,469	(29,035)	30	(1,903)	(25,464)	53,418	92,536	(1,082)	91,454
Balance at 31 March 2021	15,919	118,188	4,925	15,249	-	37,866	26,272	218,419	615,692	798,638	5,200	(28,799)	(1,449)	(8,070)	(593,078)	788,134	1,006,553	(1,600)	1,004,953

The Council's share reserves and subsidiaries includes £1.731m (2019/20 = £0.754m) of Revaluation Reserve balances from Broadway Living Ltd.

GROUP BALANCE SHEET

	31st March 2020 £000s	31st March 2021 £000s
BALANCE SHEET		
Property, Plant & Equipment	2,089,133	2,205,441
Intangible Assets	1,512	2,931
Heritage Assets	2,741	2,741
Long-Term Investments	859	820
Long-Term Debtors	16,625	19,844
Long-term Assets	2,110,870	2,231,777
Short-Term Investments	161,640	131,026
Current Assets Held for Sale	4,305	-
Short-Term Debtors	90,431	94,368
Cash and Cash Equivalents	78,504	133,401
Current Assets	334,880	358,795
Short-Term Borrowings	(42,836)	(44,206)
Short-Term Creditors	(139,579)	(160,983)
Short-Term Provisions	(12,776)	(13,437)
Grants Receipts in Advance - Revenue	(12,248)	(26,854)
Current Liabilities	(207,439)	(245,480)
Long-Term Borrowings	(619,407)	(621,644)
Long-Term Creditors	(129,849)	(127,873)
Grants Receipts in Advance - Capital	(3,353)	(9,334)
Long-Term Provisions	(4,411)	(3,135)
Pensions Liability	(567,614)	(577,747)
Deferred Tax Liability	(177)	(406)
Long-term Liabilities	(1,324,811)	(1,340,139)
Net Assets	913,500	1,004,953
Represented by:		
Usable Reserves		
General Fund	15,919	15,919
Earmarked Reserves	83,826	118,188
Housing Revenue Account	4,925	4,925
Capital Receipts Reserve	36,869	37,865
Capital Grants Unapplied	25,674	26,273
Housing Revenue Account Earmarked Reserves	12,089	15,249
Housing Revenue Account Major Repairs Reserve	-	-
Profit and Loss Account	(1,272)	(3,332)
	178,030	215,087
Unusable Reserves		
Revaluation Reserve	533,542	617,423
Capital Adjustment Account	776,221	798,639
Deferred Capital Receipts	731	5,200
Collection Fund Adjustment Account	236	(28,799)
Financial Instruments Adjustment Account	(1,479)	(1,449)
Accumulated Absences Account	(6,167)	(8,070)
Pension Reserve	(567,614)	(593,078)
Share Premium Account	-	-
	735,470	789,866
Total Reserves	913,500	1,004,953

GROUP CASH FLOW

	2019/20	2020/21
	£000s	£000s
CASH FLOW STATEMENT		
Net Surplus / (Deficit) on the Provision of Services	(64,735)	(10,824)
Adjustments to Net Surplus / (Deficit) on the Provision of Services for Non-Cash Movements	144,548	160,447
Adjustments for Items Included in Net Surplus / (Deficit) on the Provision of Services that are Investing or Financing Activities	(64,990)	(80,326)
Net Cash Inflows from Operating Activities	14,823	69,296
Investing Activities	(22,735)	(2,625)
Financing Activities	31,485	(11,775)
Net Increase or (Decrease) in Cash and Cash Equivalents	23,573	54,897
Cash and Cash Equivalents at the Beginning of the Reporting Period	54,931	78,504
Cash and Cash Equivalents at the End of the Reporting Period	78,504	133,401

Group Notes to the Core Financial Statements

Where figures in the group accounts differ materially from the Council's single entity accounts, the relevant explanatory notes have been prepared on a consolidated basis. The notes below give information on the areas that have materially changed on consolidation of the group entities into the Council's accounts.

ACCOUNTING POLICIES

The Accounting Policies of the Council's subsidiary companies have been aligned with the Council's Accounting Policies contained in Section 6. Any statutory adjustments between accounting basis and funding basis included in the Council's Accounting Policies do not apply to the subsidiary companies.

Note 1 – Audit Costs

	2019/20 £000	2020/21 £000
External Audit Costs		
Fees payable to Deloitte LLP with regard to external audit services carried out by the appointed auditor for the year (Council)	178	391
Fees payable to Deloitte LLP with regard to external audit services carried out by the appointed auditor for the year (Subsidiaries)	57	64
Fees payable to Deloitte LLP with regard to external audit services carried out for previous financial years	113	-
Fees payable to Deloitte LLP for the certification of grant claims and returns for the year	48	-
Fees payable to KPMG for the certification of grant claims and returns for the year	-	39
Total	396	494

Note 2 – Property, Plant and Equipment

Property, Plant & Equipment Movements in 2020/21	Council Dwellings £000s	Other Land & Buildings £000s	Other Land & Buildings (PF) £000s	Vehicles, Plant & Equipment £000s	Community Assets £000s	Surplus Assets £000s	Assets Under Construction £000s	Total Property, Plant & Equipment £000s	Intangible Assets £000s
Cost or Valuation									
At 1 April 2020	832,303	789,947	176,751	113,142	39,408	5,351	69,718	2,026,620	4,643
Additions	30,759	17,998	208	2,919	1,259	798	55,268	109,209	1,724
Donations	-	-	-	-	-	-	-	-	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	46,719	22,714	(418)	-	1,500	(527)	-	69,988	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(28,429)	(17,654)	-	-	1,690	(2,808)	-	(47,201)	-
Derecognition - disposals	(3,552)	(195)	-	-	-	-	-	(3,747)	-
Derecognition - other	(6,961)	(4,891)	-	(688)	-	(10)	(170)	(12,720)	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-	-	-
Other Reclassifications	9,873	22,457	-	150	-	-	(34,076)	(1,596)	126
Other movements	-	-	-	-	-	-	-	-	-
At 31 March 2021	880,712	830,376	176,541	115,523	43,857	2,804	90,740	2,140,553	6,493
Accumulated Depreciation and Impairment									
At 1 April 2020	(540)	(11,298)	(1,020)	(97,214)	-	-	-	(110,072)	(3,131)
Depreciation charge	(13,202)	(16,005)	(2,941)	(4,445)	(288)	(106)	-	(36,987)	(431)
Depreciation written out to the Revaluation Reserve	10,558	18,377	3,961	-	-	106	-	33,002	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	2,629	4,560	-	-	288	-	-	7,477	-
Impairment losses/reversals to Surplus/Deficit on Provision of Services	(1,015)	-	-	-	-	-	-	(1,015)	-
Derecognition - disposals	-	32	-	-	-	-	-	32	-
Derecognition - other	15	110	-	-	-	-	-	125	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-	-	-
At 31 March 2021	(1,555)	(4,224)	-	(101,659)	-	-	-	(107,438)	(3,562)
Net Book Value									
At 31 March 2021	879,157	826,152	176,541	13,864	43,857	2,804	90,740	2,033,115	2,931
At 31 March 2020	831,763	778,649	175,731	15,928	39,408	5,351	69,718	1,916,548	1,512

Property, Plant & Equipment Comparative Movements in 2019/20	Council Dwellings £000s	Other Land & Buildings £000s	Other Land & Buildings (PFI) £000s	Vehicles, Plant & Equipment £000s	Community Assets £000s	Surplus Assets £000s	Assets Under Construction £000s	Total Property, Plant & Equipment £000s	Intangible Assets £000s
Cost or Valuation									
At 1 April 2019	850,985	743,466	177,557	109,288	49,448	5,253	42,444	1,978,441	4,628
Additions	40,866	12,156	214	551	2,947	9	43,339	100,082	15
Donations	-	-	-	-	-	-	-	-	-
* Revaluation increases/(decreases) recognised in the Revaluation Reserve	(7,154)	38,398	(1,020)	-	4,278	89	-	34,591	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(49,904)	(5,862)	-	-	(17,265)	-	-	(73,031)	-
Derecognition - disposals	(2,666)	-	-	-	-	-	-	(2,666)	-
Derecognition - other	(5,456)	(1,661)	-	-	-	-	(2,718)	(9,835)	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-	-	-
Other Reclassifications	5,632	3,450	-	3,303	-	-	(13,347)	(962)	-
Other movements	-	-	-	-	-	-	-	-	-
At 31 March 2020	832,303	789,947	176,751	113,142	39,408	5,351	69,718	2,026,620	4,643
Accumulated Depreciation and Impairment									
At 1 April 2019	(365)	(6,066)	-	(92,851)	-	-	-	(99,282)	(2,550)
Depreciation charge	(12,683)	(14,716)	(2,959)	(4,363)	-	(100)	-	(34,821)	(581)
* Depreciation written out to the Revaluation Reserve	12,100	8,095	1,939	-	-	100	-	22,234	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	579	1,311	-	-	-	-	-	1,890	-
Impairment losses/reversals to Surplus/Deficit on Provision of Services	(175)	-	-	-	-	-	-	(175)	-
Derecognition - disposals	-	-	-	-	-	-	-	-	-
Derecognition - other	4	78	-	-	-	-	-	82	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-	-	-
At 31 March 2020	(540)	(11,298)	(1,020)	(97,214)	-	-	-	(110,072)	(3,131)
Net Book Value									
At 31 March 2020	831,763	778,649	175,731	15,928	39,408	5,351	69,718	1,916,548	1,512
At 31 March 2019	850,620	737,400	177,557	16,437	49,448	5,253	42,444	1,879,159	2,078

INFRASTRUCTURE ASSETS

2a property, Plant & Equipment Infrastructure Assets Movements	Non PFI £000s	PFI £000s	Total Infrastructure Assets £000s
Net Book Value 1 April 2020	147,938	24,647	172,585
Additions	7,523	-	7,523
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	-	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	-
Reclassification from Asset Under Construction	1,471	-	1,471
Depreciation	(8,614)	(639)	(9,253)
Net Book Value 31 March 2021	148,318	24,008	172,326

2b property, Plant & Equipment Infrastructure Assets Movements	Non PFI £000s	PFI £000s	Total Infrastructure Assets £000s
Net Book Value 1 April 2019	143,638	25,286	168,924
Additions	11,631	-	11,631
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	-	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	-
Reclassification from Asset Under Construction	962	-	962
Depreciation	(8,293)	(639)	(8,932)
Net Book Value 31 March 2020	147,938	24,647	172,585

2c Reconciliation to Property Plant and Equipment	31 March 2020 £000s	31 March 2021 £000s
Infrastructure Assets	172,585	172,326
Property Plant and Equipment	1,916,548	2,033,115
Total	2,089,133	2,205,441

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets [Local Government Circular 09/2022 Statutory Override Accounting for Infrastructure Assets for Scottish Local Authorities] this note does not include disclosure of gross costs 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 statement.

The authority has chosen not to disclose the information as the previously reported practices and resultant information deficits mean that gross costs 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 the infrastructure assets.

The authority has determined in accordance with Regulation [30M England 24L Wales] of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

Note 3 – Financial Instruments

CATEGORIES OF FINANCIAL INSTRUMENTS

The following categories of financial instrument are carried in the Group Balance Sheet:

	31 March 2020					31 March 2021				
	Non-Current		Current		Total £000s	Non-Current		Current		Total £000s
Financial Assets	Investments £000s	Debtors £000s	Investments £000s	Debtors £000s		Investments £000s	Debtors £000s	Investments £000s	Debtors £000s	
Amortised Cost	859	16,538	239,302	65,525	322,224	820	19,827	264,259	75,250	360,155
Fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Fair value through Profit and Loss	-	-	-	-	-	-	-	-	-	-
Total Financial Assets	859	16,538	239,302	65,525	322,223	820	19,827	264,259	75,250	360,154
Non-Financial Assets	-	87	-	24,907	24,993	-	17	-	19,118	19,135
Total	859	16,625	239,302	90,431	347,217	820	19,844	264,259	94,368	379,290

	31 March 2020					31 March 2021				
	Non-Current		Current		Total £000s	Non-Current		Current		Total £000s
	Borrowings £000s	Creditors £000s	Borrowings £000s	Creditors £000s		Borrowings £000s	Creditors £000s	Borrowings £000s	Creditors £000s	
Financial Liabilities										
Financial liabilities at amortised cost	(619,407)	(106,078)	(42,836)	(87,449)	(855,770)	(621,644)	(101,586)	(44,206)	(98,105)	(865,541)
Financial liabilities at fair value through profit and loss	-	-	-	-	-	-	-	-	-	-
Total Financial Liabilities	(619,407)	(106,078)	(42,836)	(87,449)	(855,770)	(621,644)	(101,586)	(44,206)	(98,105)	(865,541)
Non-Financial Liabilities	-	(23,771)	-	(52,131)	(75,903)	-	(26,287)	-	(62,878)	(89,165)
Total	(619,407)	(129,849)	(42,836)	(139,580)	(931,673)	(621,644)	(127,873)	(44,206)	(160,983)	(954,706)

Note 4 – Cash Flow Statements

OPERATING ACTIVITIES (NOTE 4A)

	2019/20 £000s	2020/21 £000s
Interest Received	4,070	2,597
Interest Paid	(24,330)	(23,932)

The Surplus/(Deficit) on the Provision of Services has been Adjusted for the Following Non-Cash Movements:	2019/20 £000s	2020/21 £000s
Depreciation and Amortisation	44,492	46,673
Impairment and Downward Valuations	71,317	42,300
Increase/(Decrease) in Impairment for Bad Debts	3,760	16,379
Increase/(Decrease) in Creditors	6,065	53,356
(Increase)/Decrease in Debtors	(18,522)	(28,252)
Movement in Pension Liability	30,728	8,085
Carrying Amount of Non-Current Assets and Non-Current Assets Held for Sale, Sold or Derecognised	12,418	20,617
Other Non-Cash Items Charged to the Net (Surplus) or Deficit on the Provision of Services		
Increase/(Decrease) in Provisions	(6,143)	(615)
Increase/(Decrease) in Accumulated Absences	433	1,903
Net cash flows from operating activities	144,548	160,447

The Surplus/(Deficit) on the Provision of Services has been Adjusted for the Following Items that are Investing and Financing Activities:	2019/20 £000s	2020/21 £000s
Proceeds from Short-Term (Not Considered to be Cash Equivalents) and Long-Term Investments (Includes Investments in Associates, Joint Ventures and Subsidiaries)	-	-
Proceeds from the Sale of Property Plant and Equipment, Investment Property and Intangible Assets	(30,373)	(50,845)
Grant Receipts for the Financing of New Capital Expenditure	(34,617)	(29,481)
Net cash flows from operating activities	(64,990)	(80,326)

INVESTING ACTIVITIES (NOTE 4B)

Investing Activities	2019/20 £000s	2020/21 £000s
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(106,503)	(117,873)
Purchase of Short-Term and Long-Term Investments	(1,397,630)	(5,344,102)
Payments for Other Long Term Loans	(559)	(257)
Proceeds From the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	30,373	46,636
Proceeds from Short-Term and Long-Term Investments	1,413,830	5,374,151
Proceeds from Other Long-Term Loans	951	624
Grant Receipts for the Financing of New Capital Expenditure	36,803	38,196
Net cash flows from investing activities	(22,735)	(2,625)

FINANCING ACTIVITIES (NOTE 4C)

	2019/20	2020/21
Financing Activities	£000s	£000s
Cash Receipts of Short-Term and Long-Term Borrowing	53,648	20,375
Cash Receipts from Other Short-Term and Long-Term Liabilities	962	129
Cash Payments for the Reduction of Outstanding Liabilities Relating to Finance Leases and on-Balance Sheet PFI Contracts	(4,681)	(6,092)
Repayments of Short-Term and Long-Term Borrowing	(24,528)	(16,758)
Repayments of Other Short-Term and Long-Term Liabilities	(998)	(85)
Billing Authorities - Council Tax and NDR Adjustments	7,082	(9,344)
Net cash flows from financing activities	31,485	(11,775)

6. Accounting Policies

Accounting Policies

I. GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Council is required to prepare an annual statement of accounts in accordance with proper accounting practice, by the Accounts and Audit Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act).

The accounts have been prepared on a going concern basis, under the assumption that the Council will continue in existence for the foreseeable future.

II. ACCRUALS OF EXPENDITURE & INCOME

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

III. CASH AND CASH EQUIVALENTS – (SEE NOTE 14)

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

IV. 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.

V. CHARGES TO REVENUE FOR NON-CURRENT ASSETS

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision (MRP)) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

VI. COUNCIL TAX AND NON-DOMESTIC RATES

In its capacity as a billing authority the Council acts as agent; it collects and distributes council tax and NDR income on behalf of the preceptors (the Greater London Authority (GLA) and the Ministry of Housing, Communities and Local Government (MHCLG)) and itself. Billing authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and Non-Domestic Rate (NDR). Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

ACCOUNTING FOR COUNCIL TAX AND NDR

The Council Tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals. Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory

arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

VII. EMPLOYEE BENEFITS – (SEE NOTES 18G, 23, 31 AND 32)

BENEFITS PAYABLE DURING EMPLOYMENT

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and nonmonetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the short term accumulating compensated absences account so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

TERMINATION BENEFITS – (SEE NOTE 23)

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund or Housing Revenue Account balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

POST-EMPLOYMENT BENEFITS – (SEE NOTE 31 AND 32)

Employees of the Council may be members of three separate pension schemes:

- i) The Teachers' Pension Scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- ii) NHS Pension Scheme administered by NHS Pensions.
- iii) The Local Government Pensions Scheme administered by Ealing Council.

These schemes provide defined benefits to members (retirement lump sums and pensions), earned whilst employees worked for the Council.

However, the arrangements for the teachers' and NHS scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year. The Public Health line incurs the NHS Pension employer costs.

THE LOCAL GOVERNMENT PENSION SCHEME

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

- The liabilities of the Ealing Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.
- The assets of Ealing Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - (1) quoted securities – current bid price.
 - (2) unquoted securities – professional estimate.
 - (3) unitised securities – current bid price.
 - (4) property – market value.

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

- Service cost comprising:
 - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
 - net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Re-measurements 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 Ealing Council Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

DISCRETIONARY BENEFITS

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

VIII. EVENTS AFTER THE REPORTING PERIOD – (SEE NOTE 3)

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.

IX. FINANCIAL INSTRUMENTS – (SEE NOTES 12 AND 34)

FINANCIAL LIABILITIES

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective rate of interest is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest), and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it is repaid. When a premium or discount has been incurred and paid in full by a grant from an external body it is accounted for in full in the year that the grant was received. The reconciliation of the amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instrument Adjustment Account in the Movement in Reserves Statement.

FINANCIAL ASSETS

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss (FVPL), and
- Fair value through other comprehensive income (FVOCI).

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

FINANCIAL ASSETS MEASURED AT AMORTISED COST

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

EXPECTED CREDIT LOSS MODEL

The Council recognises expected credit losses on all of its financial assets held at amortised cost either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are accounted for through a reserve account and recognised in the Comprehensive Income and Expenditure Statement when the asset is disposed of.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can assess at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

X. GOVERNMENT GRANTS AND CONTRIBUTIONS – (SEE NOTE 26)

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 the conditions attached to the payments; and
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, 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-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

BUSINESS IMPROVEMENT DISTRICTS

A business improvement district (BID) scheme applies to three areas within the authority. The scheme is funded by a BID levy paid by non-domestic ratepayers. The authority acts as principal under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the comprehensive income and expenditure statement.

XI. INFRASTRUCTURE ASSETS

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (i.e. bridges), street lighting, street furniture (i.e. illuminated traffic signals, bollards), traffic management systems 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 Council and the cost of the item can be measured reliably.

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. Depreciation is charged on a straight-line basis. Annual depreciation is the depreciation amount allocated each year. Useful lives of the various parts of the highways network are assessed by the Chief Highways Engineer using industry standards where applicable as follows:

Part of the Highways Network	Useful Life
Carriageways/Roads	10 to 41 years
Community infrastructure	10 to 30 years
Drainage systems	20 to 75 years
Footways and cycle tracks	10 to 30 years
Street Furniture	10 to 30 years

Street Lighting	20 years
Structure (bridges and footbridge)	15 to 25 years
Traffic Management Systems	10 to 40 years

Disposals and derecognition

When a component of the network is disposed of or decommissioned, 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 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 are 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 in the Movement in Reserves Statement.

XII. HERITAGE ASSETS – (SEE NOTE 11)

Heritage assets are assets with historic, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture and this purpose is central to the objectives of the entity holding them.

Heritage assets (other than operational heritage assets) will be measured at valuation in accordance with FRS 30. Where this is not practicable, they will be valued at historical cost (less any accumulated depreciation, amortisation and impairment losses). Where possible the Council's heritage assets have been reported in the Balance Sheet at insurance valuation, which is based on market values. This is because to procure valuers to carry out detailed valuation work would involve a disproportionate cost in comparison to the benefits to the users of the Council's financial statements and consequently the Council uses the insurance valuation as its basis for estimating the carrying value. There is no requirement for valuations to be carried out or verified by external valuers, nor is there any prescribed minimum period between valuations. However, where heritage assets are measured at valuation, the carrying amounts have been reviewed with sufficient frequency to ensure the valuations remain current. The Council does not consider that reliable cost or valuation information can be obtained for some of its heritage assets, which are detailed in the disclosure notes. The cost of obtaining professional valuations is prohibitive due to the diverse nature of the assets held and the lack of comparable values on some collections. Consequently, the Council does not recognise all its heritage assets on the balance sheet.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

All the Council's heritage assets are considered to have an indefinite useful life and are not depreciated.

XIII. 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 (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from 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 cannot be capitalised).

Intangible Assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. No intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account of the Capital Receipts Reserve for any sale proceeds greater than £10,000.

XIV. JOINT OPERATIONS

Joint operations are arrangements where the parties that have joint control of the arrangements have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Council as a joint operator recognises:

- Its assets, including its share of any assets held jointly
- Its liabilities, including its share of any liabilities incurred jointly
- Its revenue from the sale of its share of the output arising from the joint operation
- Its share of the revenue from the sale of the output by the joint operation
- Its expense, including its share of any expenses incurred jointly.

XV. LEASES – (SEE NOTE 29)

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.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

THE AUTHORITY AS LESSEE

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount

of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement 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 (e.g. there is a rent-free period at the commencement of the lease).

THE AUTHORITY AS LESSOR

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, 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 Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is 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), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve. When future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value 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 therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

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 Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

XVI. OVERHEADS AND SUPPORT SERVICES

The cost of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

XVII. PROPERTY, PLANT AND EQUIPMENT – (SEE NOTE 9)

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

RECOGNITION

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.

MEASUREMENT

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

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income and Expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost
- Dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)

- School buildings – current value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV) or where there is no market because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value
- Surplus asset – the current value measurement base is fair value, estimated at highest and best use from a market participants perspective
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

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. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

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

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

IMPAIRMENT

Assets are assessed at each year-end as to whether there is any indication that an asset 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 by:

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

DEPRECIATION

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).

Depreciation is calculated on the following bases:

- Dwellings and other buildings - straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- Intangible assets - straight-line allocation over the useful life of the asset, as advised by a suitably qualified officer.

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately if they have different economic useful lives. The minimum value for separate components has been set at £1m as it is believed that anything below this would result in a trivial impact on the Council's accounts. However, the major components of land and buildings have already been separated for many years, with no depreciation being applied to the land element.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

DISPOSALS AND NON-CURRENT ASSETS HELD FOR SALE

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

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 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 of 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). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The receipt is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written off value of disposals is not a charge against council tax, as the cost of the non-current assets is fully provided for under separate arrangements for capital financing. Amounts are

appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

XVIII. PRIVATE FINANCE INITIATIVES (PFI) AND SIMILAR CONTRACTS

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the authority is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the authority at the end of the contracts for no additional charge, the authority carries the assets used under the contracts on its balance sheet as part of property, plant and equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the balance sheet are revalued and depreciated in the same way as property, plant and equipment owned by the authority.

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.
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).
- Lifecycle replacement costs – expensed in-year and debited to the relevant service in the Comprehensive Income and Expenditure Statement.

XVIX. PROVISIONS AND CONTINGENT LIABILITIES

PROVISIONS – (SEE NOTE 16)

Provisions are made 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. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council has an obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant

service if it is virtually certain that the reimbursement will be received if the Council settles the obligation.

CONTINGENT LIABILITIES – (SEE NOTE 33)

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

XX. RESERVES

The Council sets aside specific amounts as reserves for future policy purposes or to cover future contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

XXI. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

XXII. SCHOOLS

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements (and not the Group Accounts). Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

XXIII. VALUE ADDED TAX

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

XXIV. FAIR VALUE MEASUREMENT

The Council's accounting policy for fair value measurement of financial assets is set out in note x. The Council measures some of its non-financial assets such as surplus assets and some of its financial instruments such as equity shareholdings at fair value at the end of the reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which suitable data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

7. Glossary

Glossary of Terms

ACCOUNTING PERIOD

The period of time covered by the accounts, 12 months commencing on 1 April and ending on 31 March (the balance sheet date).

ACCRUAL

The concept is that income and expenditure are recognised as they are earned or incurred and not as money is received or paid.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

AGENCY SERVICES

Services provided by the Council, as an agent on behalf of the responsible body, where that body reimburses the Council for the cost of the work carried out.

ANNUAL GOVERNANCE STATEMENT (AGS)

The formal statement that recognises, records and publishes a local Authority's governance arrangements.

ASSET

A resource controlled by the Authority as a result of past events and from which future economic or service potential is expected to flow to the Authority.

AUDITOR'S OPINION

The opinion required by statute, from the Council's external auditors, indicating whether the statement of accounts give a true & fair view of the financial position of the Authority.

BALANCE SHEET

A statement of recorded assets, liabilities and other balances at the end of the accounting period.

BALANCES

The capital or revenue reserves of the Council made up of the accumulated surplus of income over expenditure on the General Fund or any other fund.

BUDGET

A statement of the Council's spending plans for revenue and capital expenditure over a specified period of time.

CAPITAL ADJUSTMENT ACCOUNT

Represents the amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets or to make repayments relating to external loans or other types of capital finance.

CAPITAL CHARGE

A charge to revenue accounts to reflect the cost of fixed assets used in the provision of services.

CAPITAL EXPENDITURE

Spending on the acquisition and substantial renovation of assets either directly by the Council or indirectly in the form of grants to other persons or bodies. The Code of Practice on Local Authority Accounting in the UK defines “expenditure for capital purposes”. Expenditure which does not fall within the definition must be charged to a revenue account.

CAPITAL FINANCING COSTS

The annual cost of borrowing (principal repayments and interest charges), leasing charges and other costs of funding capital expenditure.

CAPITAL GRANTS UNAPPLIED

Government grants and other contributions are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with. This reserve holds the balance of grants unapplied at year-end.

CAPITAL RECEIPTS

Income from the sale of capital assets. Such income may only be used for purposes authorised by regulations under Local Government Act 2003, for example to repay loan debt and to finance new capital expenditure.

CAPITAL RECEIPTS - DEFERRED

These represent amounts derived from the sale of assets, which will be received in instalments over agreed periods of time.

CARRYING AMOUNT

Is the amount at which an asset is recognised after deducting any accumulated depreciation and impairment losses.

CIPFA

The Chartered Institute of Public Finance and Accountants is the accountancy body which recommends accounting practice for the preparation of local authority accounts.

CIPFA PRUDENTIAL CODE

This Code was introduced from 1 April 2004. The basic principle of the Code is that local authorities will be free to invest so long as their capital spending plans are affordable, prudent and sustainable. The Code sets out indicators that the Authority must use and factors that they must take into account to demonstrate that they have fulfilled this objective.

CODE OF PRACTICE

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) specifies the principles and practices of accounting required to give a ‘true and fair’ view of the financial position and transactions of a local Authority.

The Code sets out the proper accounting practices required by section 21(2) of the Local Government Act 2003. These proper practices apply to:

- Statements of Accounts prepared in accordance with the statutory framework established for England by the Accounts and Audit Regulations 2015 & 2020.

- The audit of those accounts undertaken in accordance with the statutory framework established by section 5 of the Audit Commission Act 1998 for England.

The Code prescribes the accounting treatment and disclosures for all normal transactions of a local Authority, and is based on the following hierarchy of standards:

- International Financial Reporting Standards (IFRSs) (including International Accounting Standards (IASs) and International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC) interpretations) as adopted by the European Union (i.e. EU-adopted IFRS).
- International Public Sector Accounting Standards (IPSASs).
- UK Generally Accepted Accounting Practice (GAAP) (Financial Reporting Standards (FRSs), Statements of Standard Accounting Practice (SSAPs) and Urgent Issues Task Force (UITF) Abstracts).

The Code has effect for financial years commencing on or after 1 April 2010.

COLLECTION FUND

The Collection Fund shows the transactions of the Council in relation to the collection from taxpayers and distribution to precepting authorities, the Council and the Government of Council Tax and Non-Domestic Rates. The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing Authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and Non-Domestic Rates.

COMMUNITY ASSETS

Assets that the Council intends to hold in perpetuity that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

CONSISTENCY

The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.

CONSOLIDATED BALANCE SHEET

The combined fund balance sheets of the Council.

CONTINGENCY SUM

A sum set aside to provide for foreseen but unquantifiable future commitments or for unforeseen expenditure which may become necessary during the year.

CONTINGENT LIABILITY

A contingent liability is either:

- (a) A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control, or
- (b) A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CORPORATE GOVERNANCE

The authoritative rules and controls in place within the Council required to promote openness, inclusivity, integrity and accountability.

COST OF MANAGEMENT AND ADMINISTRATION

An allocation to service accounts of the net cost of the administrative and professional departments which support all of the Council's services.

CREDITORS

Are financial liabilities arising from the contractual obligation to pay cash in the future for goods or services or other benefits that have been received or supplied and have been invoiced or formally agreed with the supplier.

CURRENT ASSET

Is an asset that is intended to be sold within the normal operating cycle; the asset is held primarily for the purpose of trading or the Authority expects to realise the asset within 12 months after the reporting date.

CURRENT LIABILITY

An amount which will become payable or could be called in within the next accounting period e.g. creditors or cash overdrawn.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

DEBT REDEMPTION

The repayment of external loans previously raised to finance capital expenditure.

DEBTOR

Are financial assets not traded in an active market with fixed or determinable payments that are contractual rights to receive cash or cash equivalents.

DEFERRED CHARGES

Expenditure which does not result in, or remain matched with, tangible assets. An example of a deferred charge is expenditure on items such as improvement grants. Deferred charges are written off to the revenue account in the year of account.

DEFERRED DEBTORS

Debts of a capital nature repayable over a period of time in excess of one accounting period e.g. mortgages.

DEPRECIATION

The measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, passage of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

EXCEPTIONAL ITEMS

Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give a fair presentation of the accounts.

EXPECTED RATE OF RETURN ON PENSIONS ASSETS

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

EXPENSES

Are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or increases of liabilities that result in decreases in reserves. Expenses include expenses that arise in the course of the ordinary activities and losses such as revaluation of fixed assets.

FAIR VALUE

Is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms-length transaction.

FINANCE LEASE

A finance lease is one that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. It should be presumed that such a transfer of risks and rewards occurs if at the inception of a lease the present value of the minimum lease payments including any initial payment amounts to substantially all (normally 90% or more) of the fair value of the leased asset.

FINANCIAL YEAR

In the context of a local Authority this means the period from 1 April to the following 31 March inclusive.

FIXED ASSETS

Tangible assets that yield benefits to the Council and the services it provides for a period of more than one year.

FORMULA GRANT

General Government Grant towards the Councils net revenue budget; and which comprises entitlements of Revenue Support Grant and the Council's business rates retained.

GENERAL FUND

The main revenue fund of the Council. Day-to-day spending on services is met from the fund.

GOING CONCERN

The Authority's financial statements have been prepared on a going concern basis; that is, the accounts have been prepared on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future.

GROSS EXPENDITURE

The cost of service provision before allowing for Government grants, council taxes and other income.

HISTORICAL COST

Is deemed to be the carrying amount of an asset as at 1 April 2007 (i.e. b/f from 31 March 2007) or at the date of acquisition, whichever date is the later, and adjusted for subsequent depreciation or impairment (if applicable).

IMPAIRMENT

This is where the useful working life of an asset is significantly reduced – for example, because of damage to a piece of equipment or changes in technology which mean that a service can be provided more efficiently in other ways.

INCOME

Is the gross inflow of economic benefits or service potential during the reporting period when those inflows or enhancements of assets or decreases of liabilities result in an increase in reserves. Income includes both revenue arising in the course of ordinary activities and gains such as the revaluation of fixed assets.

INFRASTRUCTURE ASSETS

Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

INTANGIBLE ASSET

An intangible asset is an identifiable non-monetary asset without physical substance. It must be controlled by the Authority as a result of past events, and future economic or service benefits must be expected to flow from the intangible asset to the Authority. The most common class of intangible asset in local authorities is computer software.

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

INVESTMENT PROPERTY

An investment property is one that is used solely to earn rentals or for capital appreciation or both.

LEASING

A method of utilising assets where a rental charge is paid for a specified period of time, instead of outright purchase.

LIABILITIES

Are present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential.

LOANS OUTSTANDING

The total amounts borrowed from external lenders for capital and temporary revenue purposes but not repaid at the balance sheet date.

MATERIALITY

The relevance of information contained in the financial statements is affected by its nature and materiality. Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor. Therefore, materiality provides a threshold or cut-off point rather than a primary qualitative characteristic which information must have if it is to be useful. An Authority need not

comply with the Code, as to both disclosure and accounting principles, if the information is not material to the true and fair view of the financial statements and to the understanding of users.

MINIMUM REVENUE PROVISION

The minimum amount that the Council must charge to the income and expenditure account to provide for the repayment of debt.

NON-DOMESTIC RATES (NDR)

With effect from April 1990 all non-domestic properties were revalued and the Government determines a national non-domestic rating multiplier every year which is applicable to all local authorities. The rateable values are set by the Valuation Office Agency of HM Revenue & Customs, and there is a statutory revaluation every 5 years. The proceeds of the business rates are partly retained by the Council and the balance is redistributed to the Government and Greater London Authority.

NET EXPENDITURE

Gross expenditure less specific Government grants and other income.

NET BOOK VALUE

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost of current value, less the cumulative amounts provided for depreciation.

NON-OPERATIONAL ASSETS

Fixed assets held by the Council but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment property and assets that are surplus to requirements, pending sale or redevelopment.

OPERATING LEASE

A lease under which the ownership of the asset remains with the lessor; for practical purposes it is equivalent to contract hiring.

OPERATIONAL ASSETS

Fixed assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST SERVICE COST

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

PRECEPT

The levy made by precepting authorities (Greater London Authority) on the Council, requiring the Council to collect income from Council taxpayers on behalf of the precepting authorities and paying over the cash collected to them.

PROVISION

An amount set aside in the accounts for liabilities which are certain to be incurred in the future but cannot be quantified accurately at the balance sheet date.

PRUDENCE

Accounts should be prepared in accordance with the concept of prudence. Income should only be anticipated to the extent that it will be received, as cash or other assets,

with reasonable certainty and full and proper allowance should be made for all known and foreseeable losses and liabilities.

PRUDENTIAL FRAMEWORK

One of the principal features of the Local Government Act 2003 was to provide the primary legislative requirements to introduce a new prudential regime for the control of Local Authority capital expenditure. The regime relies upon both secondary legislation in the form of regulations, and a prudential code which has been published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Under the prudential framework local authorities are free to borrow without specific Government consent if they can afford to service the debt without extra Government support. The basic principle is that authorities will be free to invest as long as their capital spending plans are affordable, sustainable and prudent. As a control mechanism to ensure this occurs all authorities must follow the prudential code published by CIPFA. This involves setting various prudential limits and indicators that must be approved by the Council.

PUBLIC WORKS LOAN BOARD (PWLB)

A body, now part of the Debt Management Office (a Government agency), which lends money to public bodies for capital purposes. At present nearly all borrowers are local authorities. Monies are drawn from the National Loans Fund and rates of interest are determined by the Treasury.

RELATED PARTIES

Two or more parties are related parties when at any time during the financial period:

- One party has direct or indirect control of the other party; or
- The parties are subject to common control from the same source; or
- One party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

RELATED PARTY TRANSACTIONS

A related party transaction is the transfer of assets or liabilities or the performance of services by, to, or for, a related party irrespective of whether a charge is made. The materiality of related party transactions should be judged not only in terms of their significance to the Authority, but also in relation to its related party.

RENT ALLOWANCE

A subsidy payable by the Council to low-income tenants in private rented accommodation.

RESERVE

The residual interest in the assets of the Authority after deducting all its liabilities. The Movement in Reserves Statement shows the true economic cost of providing the Authority's services, represented by the line 'Surplus or (deficit) on the provision of services. Some income and expenditure is required to be recognised on a different basis or in a different accounting period (i.e. in accordance with legislation) in the

General Fund. These differences are shown in the line 'Adjustments between accounting basis and funding basis under regulations'. Voluntary transfers to or from the General Fund Balance also affect the amount to be funded from Council Tax; these are shown in the line 'Transfers to or from reserves available to fund services'. The Movement in Reserves Statement also shows Other Comprehensive Income and Expenditure, for example revaluation gains.

RESIDUAL VALUE

Of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

REVALUATION RESERVE

From April 2007, this replaced the former Fixed Asset Restatement Account. The Revaluation Reserve will, like the Fixed Asset Restatement Account, measure the gains or losses on assets where a revaluation has taken place.

REVENUE ACCOUNT

An account that records an Authority's day-to-day expenditure and income on such items as salaries and wages and other running costs of services.

REVENUE EXPENDITURE FINANCED FROM CAPITAL UNDER STATUTE (REFFCUS)

Expenditure to be classified as capital for funding purposes when it does not result in it being carried on the balance sheet as a fixed asset.

REVENUE SUPPORT GRANT (RSG)

A grant paid by Central Government to every Local Authority to help to finance its expenditure generally and not specific services. It is based on the Government's assessment of how much the Council needs to spend in order to provide a standard level of service.

STOCKS AND WORK IN PROGRESS

Items of stores and raw materials which have been procured for use on an on-going basis and which have not yet been used at the end of the accounting period.

TEMPORARY LOANS

Loans where repayment is due to be made or repayment can be demanded, within one year from the date of advance.

TREASURY MANAGEMENT

This relates to Borrowing and Cash activities (including Investment) of the Authority, and the effective management of any associated risks. Local authorities' treasury management activities are prescribed by statute – in England & Wales the source of such powers is the Local Government Act 2003, which simplified past complexities and gave further clarification. A local Authority may borrow or invest for any purpose relevant to its functions, under any enactment (law) for the purpose of the prudent management of its financial affairs. The Council also applies the CIPFA code of practice on treasury management in public services.

8. Annual Governance Statement

Annual Governance Statement

1. Scope of Responsibility

- 1.1** Ealing Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2** In discharging this overall responsibility, the council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3** The council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA / SOLACE Framework Delivering Good Governance in Local Government 2016 Edition. A copy of the code can be located on Ealing Council's Internet website at https://www.ealing.gov.uk/download/downloads/id/2550/corporate_code_of_governance.doc , or can be obtained from the Monitoring Officer.
- 1.4** This statement explains how the council has complied with the code and also meets the requirements of regulation 6(2) Accounts and Audit Regulations 2015, in relation to the approval of the Annual Governance Statement. It also highlights how the council's financial management arrangements conform to the governance requirements of CIPFA's Statement on the Role of the Chief Finance officer in Local Government (2016).

2. The Purpose of the Governance Framework

- 2.1** The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled for the direction and control of the authority and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2** 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 not fully achieving policies, aims and objectives and, therefore, provides a

reasonable rather than absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

- 2.3** Ealing Council has interests in a number of entities ranging from sole ownership to representation on Community Interest Companies. Group companies are assessed as part of the risk based internal audit planning process to ensure adequate assurance can be provided to the Council regarding the control environment these bodies operate in.
- 2.4** Governance arrangements for Council Owned Companies are monitored by the Council Owned Companies Advisory Board, chaired by the Director of Legal and Democratic Services.
- 2.5** The normal governance oversight arrangements have been in place at Ealing Council for the year ended 31 March 2021 and up to the date of approval of the statement of accounts. It is noted that a section resulting from the Covid pandemic has been incorporated to reflect necessary changes.

Creating and Implementing a Vision for the Local Area

- 2.6** Ealing Council has put in place arrangements regarding the key systems and processes that comprise its governance framework. The administration's three priorities form the basis of the Council's Plan 2018 – 22 and provides focus for improvement. The Council Plan specifies three priorities for Ealing:
- Good, genuinely affordable homes
 - Opportunities and living incomes
 - A healthy and great place
- 2.7** All Cabinet and Committee reports are required to be referenced to one or more of these three priorities. The Council Plan and any amendments or updates to it are considered and approved by Full Council.
- 2.8** The council has moved to an outcome led approach to strategic planning and budget setting better align resources with priorities and meet the challenges the Council faces. This work is being delivered through a programme called Future Ealing which was agreed by Cabinet in March 2017 with specific proposals incorporated into the programme through the annual budget setting process.

Roles and Responsibilities of Members and Officers

- 2.9** A Scheme of Delegation sets out the powers delegated to officers, at part 8 of the Constitution. The Financial Regulations and the Budget and Policy Framework Rules are also part of the Constitution, together with the Code of Corporate Governance and the Contract Procedure Rules. The Constitution is reviewed regularly, with all changes approved by the Council and published on the external website.
- 2.10** The Code of Conduct for Councillors is contained within the Constitution. All councillors receive training on the requirements of the Code of Conduct and related issues. The council also has a Planning Code of Conduct and a Licensing Code of Conduct for members. Both of these codes are subject to ongoing revision and training is provided (and compulsory) for all members working in these areas.
- 2.11** The Employee Code of Conduct is also contained within the Constitution and a copy of this is provided to all new employees when they start work for the council.
- 2.12** The New Starters Induction Programme requires all new joiners, whether Council employees or agency staff, to undertake a corporate induction on their first day of work for the Council. This induction is led by an officer from the HR directorate and entails an introduction to the Council, and the completion of council policies including the employee code of conduct, data protection and health and safety in addition to a number of e-learn modules.
- 2.13** The statutory Forward Plan is published monthly on the internet, and details all key decisions proposed to be made by the council during the relevant period. Any key decision which is not on the Forward Plan may not be taken within that period, unless the report author is able to demonstrate to the Monitoring Officer and relevant members that urgency procedure requirements are met. All urgent decisions taken are monitored by the Monitoring Officer and regular reports taken to Full Council.
- 2.14** Cabinet and Full Council reports, and other committee reports which have significant financial or legal implications, must be 'signed off' by a finance and a legal services officer, as well as by the responsible service director, before they are accepted onto a meeting agenda. Where draft reports fail to address key requirements, they are either amended or rejected and removed from the agenda as part of the approval process. Both reports and minutes of all decisions taken are published on the internet, including the reason for the decision.

2.15 Responsibilities of the council's decision making bodies are set out in Part 3 of the constitution.

Standards of Conduct and Behaviour

2.16 Good governance means promoting appropriate values for the council and demonstrating the values of good governance by upholding high standards of conduct and behaviour. The following describes how the council achieve this:

All members and chief officers are required to complete statements relating to third party transactions and a register of members' interests, which is updated by members, is maintained and published on the Council's website.

The Local Council Code of Conduct for Councillors (Constitution Part 5), which was most recently revised in April 2019, defines the standards of conduct expected of elected representatives including a requirement for members to declare any interests at the start of every meeting, which are recorded in a public register. That Code has recently been reviewed by the council's Standards Committee.

In addition, the following codes, protocols and systems are well established within the council. All are regularly reviewed and updated to account for developments in governance arrangements and changes in local government.

These include:

- A declaration of interest process for members and senior officers as described above;
- Rules and protocols are in place and are being further developed for all partnership working;
- Organisation-wide performance appraisal conversations and employee development schemes are in operation;
- Organisational values and behaviours to demonstrate expectations with regards approach, attitude and underpinning of our people processes and training interventions.
- There is a corporate complaints procedure in place in line with Ombudsman good practice requirements;
- Whistle-blowing, anti-fraud and anti-corruption / bribery policies are in place and publicised in compliance with the national transparency agenda; senior officers' remuneration is published on the council website.

Decision Making, Scrutiny and Risk Management

2.17 Good governance means taking informed and transparent decisions that are effectively scrutinised and which manage risk. The following describes how the Council achieves this:

The Leader and Cabinet are responsible both individually and collectively for all 'executive' decisions, as set out in Part 3 of the constitution – "Responsibility for Functions". Some executive decisions are delegated to council officers as outlined in Part 8 of the Constitution – "Delegations to Officers"

All forthcoming 'Key' decisions are publicised on the Cabinet's Forward plan, which is published every month on the Council's website.

Reports and minutes of formal meetings are also published on the council's website. This includes delegated decisions made by individual Cabinet Members, and key decisions by officers. Where decisions were made using urgency provisions, this is shown on the agenda front sheet, together with the reasons for urgency and the provision used. Where appropriate, urgent decisions are subsequently reported to the next meeting of either cabinet or full council.

2.18 The council has an Audit Committee with clear terms of reference and an annual work programme for internal audit and risk management.

2.19 The Council maintains an Internal Audit and Risk Management service that operates in accordance with the published internal audit standards expected of a local authority in the United Kingdom. The Assistant Director Internal Audit and Investigation has direct access to the Chief Executive, the Chief Finance Officer (Section 151 Officer) and the Chair of the Audit Committee.

2.20 An embedded Risk Management Framework is in place, with each Directorate maintaining a risk register. The risk management framework was approved by the then Corporate Board (now Strategic Leadership Team) and the Audit Committee.

2.21 Robust business continuity management arrangements exist within the council, with all critical services having business continuity plans in place. The Interim Resilience Standards have been used as the guide to measure council emergency planning and business continuity arrangements. We have been assessed via a peer challenge against these standards which established that the arrangements have been implemented and are effective.

- 2.22** The council has a four year Medium Term Financial Strategy, which is reviewed and updated annually as part of the budget setting process to support the achievement of the council's corporate priorities. The budget and policy framework outlines the process and timetable to be followed each year when setting the council's budget. The financial management framework includes bi-monthly budget monitoring reports to the Financial Strategy Group, departmental management teams, Strategic Leadership Team and regular reports to Cabinet.
- 2.23** The budgeting process requires departments to submit budget proposals that are aligned to the council's objectives, and which are based on a required savings target. Throughout the year, Cabinet Members receive regular updates on the Finance Monitor which shows the financial position for each department and what is being done to address potential overspends. In addition, a budget monitoring which includes the delivery of agreed savings is also presented.

Developing the Capacity & Capability of Members and Officers

- 2.24** Good governance means developing the capacity and capability of members and officers to be effective. The following describes how the council achieves this:

A full member training and development programme is in place and there is a comprehensive induction programme for all councillors within the first few weeks of their election to office. Training on the Council's Code of Conduct for Councillors is compulsory. The council has adopted specific codes of conduct for councillors involved in planning or licensing decision-making and these councillors receive additional training in these areas as a pre-condition of their participation.

All new directors and executive directors meet with the Director of Legal and Democratic Services for a one to one induction briefing on governance issues.

There is a corporate learning programme which consists of a variety of learning interventions and is delivered using a blend of approaches i.e. face to face workshops, e-learn modules and books. The programme typically includes corporate activities such as New Starter Induction (key information and policies for Health & Safety, Data Protection, Equality, Diversity & Inclusion, Appraisal and Recruitment), personal development (Resilience, Presentation, Apprenticeship Qualifications) and management development and their responsibilities. We continue to run a number of development interventions in relation to Values and Behaviours and New Ways of Working (incorporating support on building digital skills and inclusion) to ensure our staff have the right skills and capabilities to enable the achievement of the council's future vision.

Engaging with Local people and Stakeholders

- 2.25** The council's strategic planning priorities are directly aligned with those of the Local Strategic Partnership (LSP), through the LSP Borough Plan 2018-22. The council is therefore better able to relate its own performance to the outcomes it seeks for the borough. This also facilitates greater alignment of priorities between the council and other key partners and service delivery agencies, such as NHS Ealing and the Police.
- 2.26** The council includes a definition of a partnership within its Constitution. Work has been undertaken to identify and assess key partners and ensure that robust protocols are in place for partnership working. In conjunction with performance, legal, and procurement a list of significant partners has been agreed. Evidence has been gathered to support good governance arrangements for these significant contractors. Assurance is gained through the Joint Contract Board.
- 2.27** Commitments to deliver against our responsibilities in relation to equality and diversity feature strongly in the council's Council Plan. During 20/21 the council's objectives under its Public Service Equality Duty were updated. Regard to equality, diversity and human rights duties is embedded in the budget setting and business planning process, and templates for each require that officers and members take into consideration in an appropriate manner the equality, diversity and human rights impacts of proposed decisions. The council's approach is to embed equality diversity and inclusion within all of its work so that equality considerations are part of day-to-day management. This incorporates feedback from 'deep dive' engagement interventions to ensure that the right attention is afforded to protected characteristic groups. Strategic Leadership Team takes regular updates on progress and developments in relation to implementation of the Equality Act, the council's equality action plan and the Cabinet report process and pro-forma have been amended to ensure that service directors sign off on service related equality impact assessments before any dependent Cabinet decision. During 20/21 the Chief Executive has chaired a tackling inequalities working group who has overseen a number of internal workstreams and support to the independent Race Equality Commission appointed by members All salient points from equality impact assessments carried out on Cabinet reports are included in the body of the report. Proposals that impact on staffing/workforce are signed off by HR Business Partners and service directors.

3. Review of Effectiveness

- 3.1** The council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control.
- 3.2** The council's review of the effectiveness of its system of internal control is informed by:
- Annual Assurance Opinion of the Head of Internal Audit.
 - Performance against targets;
 - Annual Assurance Statement; and
 - A review of the previous year's Annual Governance Statement.
- 3.3** The review of effectiveness of the council's governance framework is informed by the work of the Executive Directors who have responsibility for the development and maintenance of the governance environment, the Head of Audit and Investigations' Annual Report, and by comments made by the external auditors and other review agencies and inspectorates. The Annual Governance Statement Working Group (AGSWG) considers these sources of information and informs the creation of the Annual Governance Statement.
- 3.4** The AGSWG consists of senior officers from multi-disciplines with responsibility for the preparation of the AGS and relevant supporting evidence. The AGSWG meets on a targeted engagement cycle during the year to ensure compliance with the corporate timetable. The AGSWG also undertook a review of the 2020/21 AGS, in particular the disposition of the significant governance issues identified. The key evidence to support the review of effectiveness is outlined below:
- 3.5 Planning** – The Strategy and Engagement Department monitors delivery of the Council Plan, working closely with directorates to oversee.
- 3.6 Performance Management** – The Strategy and Engagement Department works with all directorates to monitor performance against the agreed corporate performance indicator suite. Regular performance reports are taken to the Strategic Leadership Team and (quarterly) to Cabinet. In addition, a number of governance mechanisms are in place to support performance management across the council, including: monitoring the delivery of the; Budget Monitoring; and, the Budget Steering Group.
- 3.7** Council projects are run in line with an appropriate control framework that defines the control processes needed in consideration of risk profile and other factors. Within this framework, individual departments develop their own detailed

processes that reflect their different needs, risk profile and working practices. The key governance control is that each project in the council reports into an appropriate project board or managerial group. The Project Management Office oversees core projects as agreed through the Future Ealing Framework with progress reported to the Future Ealing Delivery Board and SLT.

- 3.8** The council continues to implement an extensive efficiency/value for money programme to improve services and identify significant on-going savings in both the current and future years. This is achieved through financial management and budget proposal scrutiny, including on-going line-by-line analysis of individual budgets.
- 3.9** A quarterly stock take report incorporating risk management, performance and key areas for assurance is reported to the Strategic Leadership Team. There is also a comprehensive revisit of the Strategic Risk Register undertaken annually ahead of the March reporting round.
- 3.10** Members play a regular role in performance management, providing challenge to officers. Cabinet receives a report on performance each quarter. Cabinet portfolio holders have monthly meetings with Executive Director Team and review finance and performance indicators each month.
- 3.11 The Cabinet** – The council operates a Leader and Cabinet model of local government. Cabinet has nine members; each member has a specific area of responsibility known as a ‘portfolio’ and is accountable for the council’s decisions. Cabinet carries out all the local authority’s functions which are not the responsibility of any other part of the local authority.
- 3.12 Opposition** – The Opposition comprises members of the largest opposition party. The Opposition has access to all relevant documents and officer advice.
- 3.13 General Purposes Committee** – This committee takes an overview of regulatory functions such as development control, parliamentary proceedings, election, registration and inspection of homes and member training. It also exercises any other functions referred to it.
- 3.14 Licencing Panel and Licensing Committee** exercise the council’s various licensing functions.
- 3.15 Overview and Scrutiny Committee** – There is a respected and active scrutiny function managed by the Overview and Scrutiny Committee (OSC) to discharge the functions conferred by section 21 of the Local Government Act 2000. In addition to the Health and Adult Social Services Standing Scrutiny, the council

has four scrutiny panels that select new topics of focus every year in response to circumstances.

3.16 The Standards Committee – The Standards Committee has ten members, including an independent (non-voting) chair. In line with regulatory requirements, the committee is supported by two independent people. The committee carries out the council’s statutory responsibility to promote and maintain high standards of conduct by councillors and co-opted members and deals with complaints. The committee also reviews and oversees member development, freedom of information work and the council’s Whistle-blowing Policy. The committee submits an annual report on its work to Full Council. Twelve complaints were made concerning Councillors in 2019-20, none have been referred for full investigation. No councillors were found to have acted in breach of the council’s Local Code of Conduct for Councillors. All have been reviewed by the Director of Legal and Democratic Services.

3.17 The Audit Committee – The council has an Audit Committee that provides independent, effective assurance on the adequacy of the council’s governance environment. All major political parties are represented on the committee, in addition there is an independent member.

3.18 The Audit Committee met regularly during 2020/21, considering reports (including the Annual Internal Audit Report) from the Assistant Director Audit & Investigation and the External Auditor. This also includes other key financial information for example Treasury Management.

3.19 The remit of the Audit Committee is to:

- Provide independent assurance of the adequacy of the risk management framework and the associated control environment;
- Provide independent scrutiny of the authority’s financial and non-financial performance to the extent that it affects the authority exposure to risk and weakens the control environment; and
- Oversee the financial reporting process.

3.20 The Audit Committee also reviews Internal Audit performance against targets and quality assurance results.

3.21 Audit Board comprises of the Chief Finance Officer, Assistant Director Audit with invites to PWC Management, The Audit and Risk Manager and Reactive Fraud Manager as required. The Audit Board meets quarterly and seeks to strengthen the assurance framework of the Council. Internal Audit and Investigation provides progress reports on internal control and counter fraud to the Audit Board. As and when required, officers are held to account by the Audit Board

through the use of challenge sessions to focus on any areas of weakness or non-compliance.

3.22 Statutory Officers – The Constitution sets out how the council operates, how decisions are made and the policies which are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by law, while others are a matter for the council to choose. The Constitution comprises eight parts which sets out the basic rules for governing the council's business, as well as detailed procedures and codes of practice.

3.23 The Constitution is regularly reviewed by the Monitoring Officer and any significant change proposals are considered by the Constitutional Review Group (an informal group of senior councillors) and advertised on the web prior to adoption by full council on the presentation of a detailed report. The Constitution sets out the responsibilities of both members and officers. In particular the council has identified the following six statutory posts.

- Head of Paid Service – Chief Executive
- Chief Financial Officer (Section 151) – Chief Finance Officer
- Monitoring Officer – Director of Legal and Democratic Services
- Director of Children's Services – Executive Director, Children, Adults and Public Health.
- Director of Adult Social Services – Director of Adult Services
- Director of Public Health – Director of Public Health

The council's chief executive, s.151 officer, and monitoring officer meetings are scheduled for every six weeks for a "statutory officers meeting" where issues of particular governance concern are raised, and approaches agreed

3.24 Management – The Chief Executive, each Executive Director/Director has provided a self-assurance statement in respect of 2020/21, confirming that:

- They fully understand their roles and responsibilities;
- They are aware of the principal statutory obligations and key priorities of the Council which impact on their services;
- They have made an assessment of the significant risks to the successful discharge of the Council's key priorities; and
- They acknowledge the need to develop, maintain and operate effective control systems to manage risks.

3.25 All staff, in particular managers, are responsible for ensuring that laws and regulations are complied with and that the authority's policies are implemented in practice. The Monitoring Officer and the Legal Services Team monitor compliance with, and awareness of, key laws and regulations. Executive

Directors, Directors, Assistant Directors, and service heads are responsible for monitoring implementation of the council's policies.

- 3.26** One of the key elements in obtaining the required internal controls assurance for the Annual Governance Statement is the completion of the Annual Assurance Statement by senior officers. The Statement noted that for the year ended 31 March 2021, senior officers were aware of their responsibilities and had complied with the council's policies and procedures.
- 3.27** Executive Directors were asked to compile their statement after reviewing the statements from their direct reports. Direct reports were asked to compile their statement after taking assurance from their senior management teams.
- 3.28 Internal Audit** – The council takes assurance about the effectiveness of the governance environment from the work of Internal Audit which provides independent and objective assurance across the whole range of the Council's activities. It is the duty of the Head of Audit and Investigations to give an opinion, at least annually, on the adequacy and effectiveness of internal control within the Council. This opinion has been used to inform the Annual Governance Statement.
- 3.29** The Assistant Director Audit & Investigations provided his annual report to the Audit Committee in July 2021. This report outlined the key findings of the audit work undertaken during 2020/21, including areas of significant weakness in the internal control environment.
- 3.30** An assurance mechanism is used to reflect the effectiveness of the council's internal control environment. The table below details the four levels of assurance provided:

Level	Definition
Substantial	There is a sound system of internal control designed to achieve the client's objectives. The control processes tested are being consistently applied.
Reasonable	While there is a basically sound system of internal control, there are weaknesses, which put some of the client's objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the client's objectives at risk.
Limited	Weaknesses in the system of internal controls are such as to put the client's objectives at risk. The level of non-compliance puts the client's objectives at risk.

None	Control processes are generally weak leaving the processes / systems open to significant error or abuse. Significant non-compliance with basic control processes leaves the processes / systems open to error or abuse.
------	---

3.31 It is the opinion of the Head of Audit and Investigations that, taking into account all available evidence, there is limited assurance on the overall control framework for the Council. There is, however, also reasonable assurance on the key financial systems. These opinions are based on the audit work and consider how the system of internal control within the Council are designed to meet the organisation’s objectives and whether controls are applied consistently. For information, this compares with 2019/20 where the overall opinion was reasonable.

3.32 It is important to note that the decision to provide an overall audit opinion of limited assurance, was based upon 45% of reports receiving limited assurance, against 55% of reports which received positive assurance, as such the decision was marginal.

3.33 In forming this opinion, it does not necessarily mean that all Council controls have diminished significantly in 2020/21. It is important to also frame this decision with a number of other factors:

- Changes to audit planning over recent years has encouraged senior management to be open about risks and concerns to help target towards key risks to optimise value of the audit work.
- A global pandemic requiring an almost overnight shift to remote working, along with additional pressures to deliver new services to support the community.
- Advisory work ongoing around new systems (particularly prevalent during the pandemic) which provides ongoing assurance but does not receive a formal opinion.

3.34 External Audit – Deloitte is currently the council’s appointed external auditor. As well as an examination of the council’s financial statements, the work of the council’s external auditor includes an assessment of whether significant weaknesses in the arrangements to secure economy, efficiency and effectiveness from the use of resources has come to their attention.

3.35 Risk Management – The council managed its risks during 2020/21 in accordance with the approved Risk Management Policy. The Strategic Leadership Team formally considers risks, with quarterly reports also being presented to the Audit Committee.

3.36 The indicative Internal Audit Plan for 2020/21, presented to the Audit Committee in March 2019, is chiefly based upon the key risks faced by the council as identified in the corporate and directorate risk registers, such that Internal Audit will provide assurance on the effectiveness of the internal control framework during 2020/21.

3.37 Developing Capacity – The council has operated procedures during the period covered by this statement to ensure the training needs of staff are assessed against core competencies and any key training needs are met. Line managers are primarily responsible for identifying individual and service needs and sharing their requirements with the corporate learning team in order to ensure that commissioning arrangements are effective and cost efficient; key areas of development have included digital skills, team/leadership development and building resilience. This also includes exploring opportunities to resource needs through external funding arrangements i.e. Apprenticeship Levy and access free of charge opportunities through our partners (Microsoft, Solace, LGA etc) Additionally, the council has provided and makes available ongoing training opportunities to councillors to enable them to effectively fulfil their duties as councillors of the council.

3.38 Engagement – Regular consultation on formal decisions is also undertaken with residents to ensure that the authority makes decisions based on resident requirements and feedback regarding general provision and quality of service.

4. Covid Pandemic Response

- 4.1 During the Covid Pandemic it has been essential to make adjustments to ways of working. The governance framework has been maintained to ensure compliance with overarching governance requirements and the Constitution.
- 4.2 Committee meetings – it was necessary to cancel some early meetings due to lockdown. Central Government then amended regulations to allow virtual meetings and standardised processes were reintroduced.
- 4.3 In the immediate aftermath of the first lockdown, decision making was minimal and focused on necessary response and support decisions for the Community. Council Gold made decisions support by emergency decision powers. The increased number of late and urgent key decisions for e.g. payment of grants was well documented and recorded and published in the normal way.

5. Update to matters raised in 2019/20.

Table 1 2019/20 Governance Issues		
Issue	Actions	Update
<p>1. Financial Pressures</p> <p>An overall net financial pressure of £440k for the Council due to external demand driven pressures saw an improved overall position. Sat within that, however, are areas of significant pressures notably Children’s services spend on Children with Disabilities (CWD).</p>	<p>An internal audit was undertaken of CWD to look at spending and commitments position.</p>	<p>Work to address recommendations from the internal audit has been undertaken. Additional funding has been provided for next year to help manage this pressure. This has been closed.</p>
<p>2. Brexit</p> <p>The Council continues to monitor potential issues from Brexit and planning contingency arrangements for different scenarios.</p>	<p>The Brexit working group continues has been established to monitor and consider scenarios. This will continue until and then after agreement to monitor any pressures resulting on the Council.</p> <p>Regular discussions at Strategic Leadership Team on the Brexit.</p>	<p>Following a Brexit with negotiated trade deal, the risk has been reduced. Although tracking of some areas of potential impact has been maintained. Overall this issue was substantially reduced and can be closed for the purposes of the governance statement.</p>

**Table 1
2019/20 Governance Issues**

Issue	Actions	Update
<p>Covid pressures are also included, which although not specific to 19/20 in any great quantum do represent material issues known after year end.</p> <p>3. Covid 19 Financial – the spend related to Covid 19 will have put significant pressures on the 20/21 financial position estimated at £30m.</p>	<p>Contingency and scenario planning for different scenarios and options.</p> <p>Cost Control measures including:</p> <ul style="list-style-type: none"> - Introduction of a Council wide spend freeze. - Stepping service provision to statutory basic delivery levels. - Discreet standalone measures designed to release funds e.g. asset sales. <p>Lobbying Central Government on an individual and supporting London Council’s Central to help ensure London and Ealing get a fair deal.</p>	<p>Significant work has been undertaken during the year to manage the Council’s response and recovery processes resulting from the Covid pandemic. Financial pressures were experienced during the year, but a balanced budget was delivered with minimum use of reserves. Ongoing work is being undertaken to consider funding pressures for 2022/23. This work continues and is reflected through an updated issue.</p>
<p>4. Covid 19 Impact on Community – the ongoing need to manage the impact on the residents and customers during lockdown and in to recovery phases.</p>	<p>Initial daily gold meetings were held to manage the response phase and measures necessary to support the community.</p> <p>Work was undertaken in key areas including:</p> <ul style="list-style-type: none"> • PPE • Food distribution • Shielding support • Test and trace <p>Moving towards recovery a detailed plan has been developed to support workforce, suppliers and the community,</p>	<p>Significant work was undertaken to manage a number of areas of Covid response work during 2021/22. Work will continue to support the Community.</p>

6. Significant Governance Issues 2020/21

6.1 Based on the Council’s established risk management approach, the issue detailed below have been assessed as being significant for the purpose of the 2020/21 Annual Governance Statement. The Council propose over the coming year to take steps to address these matters to further enhance our governance arrangements and are satisfied that the actions will address the issues raised. Progress will be monitored throughout the year.

Table 1 2020/21 Governance Issues			
Issue	Actions	Officer Responsible	Timescale
<p>Financial Uncertainty</p> <p>The council has continued to manage financial pressures and uncertainty and 21/22 funding has been set with a balance budget. There are, however, expected to be changes to the funding regime and business rates, resulting in uncertainty for 2022/23 which could have a material negative impact on future funding for the Council. Work also continues to manage demographic and government policy changes that have led to service demand pressures and resultant budget pressures in recent years.</p>	<p>Monitoring, benchmarking is taking place to plan for funding scenarios and help mitigate future funding pressures.</p> <p>Trying to ensure that Council reserves are sufficient to mitigate an adverse and material change.</p> <p>Demand management programmes in Children and Adult services continue.</p> <p>Work in temporary accommodation to switch to affordable housing, including the development of Broadway Living to progress these works.</p>	<p>Ross Brown, Chief Finance Officer</p>	<p>Ongoing</p>

Table 1 2020/21 Governance Issues			
Issue	Actions	Officer Responsible	Timescale
<p>Covid</p> <p>The Council has continued to manage response to the global pandemic. Work continues to consider the risk of subsequent waves or variants as well as to support the community in their recovery.</p>	<p>SLT Gold continue to oversee arrangements.</p> <p>Contingency planning arrangements have been in place throughout the pandemic with Council Gold structure taking responsibility/The council has supported through local partnerships, dynamic risk assessments.</p> <p>Process during response have include support process such as Covid grants payments, self-isolation payments, test, track and trace.</p> <p>A recovery plan is in place to support the community.</p>	<p>Paul Najsarek, Chief Executive</p>	<p>Ongoing</p>
<p>Health and Safety (H&S)</p> <p>A programme of work to support the ongoing monitoring arrangements to ensure that all health and safety inspections and action programmes are implemented across the staff/service occupied, leased, tenanted Council properties.</p>	<p>A board level H&S Committee to monitor inspections and action programmes.</p> <p>Ongoing internal audit coverage to consider H&S risk management and the supporting control environment.</p> <p>Recruitment and retention arrangements for key H&S posts.</p>	<p>Liz Chiles, Director of HR and OD; Dipti Patel, Director Place Delivery, Mark Wiltshire, Director Community Development Ed Axe, Director of ICT and Property</p>	<p>Ongoing</p>

Conclusion and Evaluation

As Leader and Chief Executive, we have been advised of the implications of the results of the review of the effectiveness of the Council's governance framework.

Our overall assessment is that this Annual Governance Statement is a balanced reflection of the governance environment and that an adequate framework exists within the London Borough of Ealing to ensure effective internal control is maintained.

We are also satisfied that there are appropriate plans in place to address the weaknesses and ensure continuous improvement in the system of internal control.

Signed.....

Chief Executive – Ealing Council
Tony Clements
24 April 2024

Signed.....

Leader of the Council
Cllr. Peter Mason
24 April 2024

