



# Ealing Council Draft Statement of Accounts 2022/23





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# 1. Narrative Report and Written Statements

# INTRODUCTION BY THE STRATEGIC DIRECTOR OF RESOURCES

The Statement of Accounts sets out the Council's financial results for 2022/23 and the position at 31 March 2023.

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

The Narrative Report provides some background and context to the Council's financial position in 2022/23; 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 2022/23.

**Emily Hill, CPFA**  
**Strategic Director, Resources**

**Date 5 June 2023**

# NARRATIVE REPORT

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

The operating environment of the Council during 2022/23 has remained highly uncertain. The financial challenges faced in year should be viewed in the context of inflationary rises of more than 10%, and the cost-of-living crisis hitting many households nationally increasing the demand for services, the continued significant challenge of setting budgets with uncertainty over future government funding reforms and plans. A particular example is the continuing increasing demand, complexity and costs of both Children's and Adults social care services and the uncertainty of the financial impact of implementing the Government's proposed Health and Social Care Plan.

Although external factors have made the process of setting a balanced budget extremely difficult, the Council has continued to ensure that both existing service demands are appropriately funded and where new demand is forecast, proportionate growth has been allocated.

An ambitious savings programme has been undertaken at Ealing which has supported the building of a balanced budget for future years despite the funding gap growing and pressures on existing services, a target of £16.3m was set for 2022/23 of which £9.6m was achieved in year, work to deliver the remaining savings will continue with additional savings programmes needing to be identified in the future years budget cycles.

Due to the national cost-of-living crisis, various additional support payments have been administered with over 119,000 households receiving their energy support payments during the year. Additional discretionary support payments have been made through various other routes at the Council, and on-going work to support the most vulnerable is on-going.

## 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 around 340,000 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 24 wards.

The opening of the five Elizabeth line (Crossrail) stations in the borough continues to strengthen the transport network and combine 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 18,200 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.

Economic recovery from the effects of the pandemic has been slow along with the on-going impact of the February 2022 Russian invasion of Ukraine which has produced economic disruptions not seen for decades within the UK and across the world. The turbulence of the British Government budget announcements during the first half of the financial year has further impacted economic disruption in the UK with the pound's value temporarily falling and the UK having faced inflationary rises not seen since the 1970s. Ealing is not immune to the effects and will continue to feel the impacts long into 2023/24 with inflation remaining stubbornly high.

## **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 and were reported, in 2022/23 as:

- **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)
- **Place** (including Community Development, Growth & Sustainability, Place Delivery and Housing Development).

During the year Ealing undertook a restructure of the Strategic Leadership Team expanding the existing five members to six. Using the Preparing for Change programme as a foundation for the reform, from October 2022, the structure was implemented and a recruitment campaign began, with the aim to:

- Strengthen the relationship between the Chief Executive and our public service delivery.
- Reduce the number of management tiers.
- Strengthen the line of sight for the Chief Executive to key services for vulnerable people.
- Align those services involved in leading change and transformation across the Council.
- Create a focused strategic leadership for support services.

## OUR WORKFORCE

The Council employed 2,829 people in 2022/23 (headcount on 31/03/2023). A breakdown of the make-up of the workforce is detailed below:

	22/23	21/22
<b>Gender</b>		
Male	34%	34%
Female	66%	66%
<b>Declared Disability</b>		
Yes	4.7%	4.7%
<b>Age</b>		
Under 25	2.7%	2.5%
25-39	24.0%	24.5%
40-49	24.9%	24.8%
50-64	42.8%	43.4%
65+	5.6%	4.9%
<b>Ethnicity</b>		
Black, Asian and Multi-Ethnic	48.7%	48.4%
White	35.6%	36.5%
Unknown	15.7%	15.1%

## POLITICAL STRUCTURE

Ealing has 24 wards and has 70 councillors and is Labour controlled. The election on 5 May 2022 returned a Labour Administration with Councillors being elected for a term of up to 4 years.

The political make-up of the Council is 59 (Labour), 6 (Liberal Democrat) and 5 (Conservative).

## THE COUNCIL PLAN 2022-26

Following the election of a new Administration in May 2022, the Council has developed a plan for the period 2022-26

The Council Plan along with the Medium-Term Financial Strategy (MTFS) comprise the Council's key strategic planning framework. The refreshed plan will continue to map out an ambitious vision for the borough while managing the challenges faced.

The Council Plan continues to follow three priorities as below.





These priorities are split over 9 resident-based outcomes and one organisational outcome that are illustrated below:

 <b>Tackling inequality and crime</b>	Relentlessly focusing on reducing poverty and inequality for those that most need support and promoting wellbeing and safety for all.	 <b>Inclusive economy</b>	Building wealth within the community by ensuring everything the council does increases social value and contributes to making Ealing a fairer place to live and work.
 <b>Climate Action</b>	Greening and keeping Ealing clean, achieving net zero carbon, and ensuring our parks, open spaces and nature are protected and enhanced.	 <b>Genuinely affordable homes</b>	Delivering our radical programme of social rent council house building, affordable homes and ensuring our tenants are empowered and have ownership of their communities.
 <b>Healthy lives</b>	Protecting and enhancing the physical and mental health of all, supporting our older residents to enable them to remain independent and resilient and dealing with the ongoing impact of COVID-19.	 <b>Good growth</b>	Making sure the growth that takes place in Ealing enhances its character, conserves its future and makes a great place, where people want to live.
 <b>A fairer start</b>	Ensuring all our children and young people get the best start in life, from their earliest years through to a great education.	 <b>Thriving communities</b>	Bringing people together to build strong neighbourhoods, empowering volunteers, encouraging community activism, engaging civic and faith leaders, and delivering well-loved community facilities and services.
 <b>Decent living incomes</b>	Bringing new and well-paid jobs back to Ealing and ensuring good businesses can thrive.	 <b>Organisational priorities</b>	Focusing relentlessly on getting the basics right, ensuring we are well run and make best use of resources. We will also drive change to deliver a new culture of public service where we engage and work in partnership with our communities.

## 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](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 Council's Internal Audit service carries out a comprehensive programme of review activity consistent with the Audit Strategy and the Public Sector Internal Audit Standards. The work is based around the core risks faced by the Council and includes significant work on the main financial and information management systems, corporate programmes and partnerships. Based upon the programme of work for 2022/23, the Assistant Director of Audit and Fraud's opinion on the Council's control environment, governance arrangements and risk management arrangements are that they are limited.

Limited assurance was given on the overall control framework for the Council. There is, however, reasonable assurance on the key financial systems. It's important to reflect that this is in the context of a transitional year with significant changes at the Strategic Leadership Team (SLT) level including periods of interim cover. This opinion also reflects that in year implementation rates for high rated audit recommendations were low, however, a revised focus by SLT since January 2023 has started to address this.

Further details on this can be found in the Annual Governance Statements (AGS) in Section 8 of the accounts.

## PERFORMANCE

This section provides a summary of performance at year end 2022/23 presenting the performance of the 67 indicators in the Corporate Health Check KPI set. Detailed performance information, including trends and analysis can be found on the website using the link towards the end of this section.

Out of the 67 indicators in the Corporate Health Check KPI set three indicators are contextual and therefore do not have specific targets these are shown below:

Council Plan Priority	Performance measures	Scale	Freq.	Year End Performance
Tackling Inequality and Crime	Percentage of ethnic minority residents among those supported into employment through Council schemes	Bigger is better	Quarterly	56%
Healthy Lives	Number of contacts to adult social care front door	Smaller is better	Quarterly	44,163
Healthy Lives	Number of referrals from the social care contact centre	Smaller is better	Quarterly	4,411

Nine indicators are unavailable at the publication date due to a reporting time-lag after 31 March 2023 therefore information below is presented as a total of 55.

Status	Number of PIs	Percent of total PIs	Percent of available PIs
Red	17	27%	31%
Amber	6	9%	11%
Green	32	50%	58%
<b>TOTAL</b>	<b>55</b>	<b>86%</b>	<b>100%</b>

Over a third (38 or 69%) of the 55 indicators have either met their target or were within tolerance at year end 2022/23, while 17 (31%) did not meet their target.

In terms of direction of travel of performance, comparable outturns are available for 43 of the 67 measures which could be monitored for direction of travel this year of which 51% have shown better performance than at the same point last year; the remaining 24 are either not comparable between the current and the previous year or have no data available.

Status	Number of PIs	Percent of available PIs
Better	22	51%
Same	5	12%
Worse	16	37%
<b>Total</b>	<b>43</b>	<b>100%</b>

Outcomes are reported under the nine outcome areas referenced in the Council Plan and the year-end performance for each area is illustrated below.

Outcome area	Year end Rating			Total
	Red	Amber	Green	
Tackling inequality and Crime	3	1	4	8
Climate Action	0	1	3	4
Healthy lives	0	1	7	8
Fairer start	6	1	7	14
Decent living incomes	1	0	3	4
Inclusive economy	6	2	2	10
Genuinely affordable homes	0	0	1	1
Good growth	1	0	1	2
Thriving communities	0	0	4	4
	<b>17</b>	<b>6</b>	<b>32</b>	<b>55</b>

Some of these performance outturns that did not meet targets at year end 2022/23 are summarised below:

### Pay gap within the Council

Performance on the three pay gap indicators has not met targets set for 2022/23. We have placed a great emphasis on diversity and inclusion in the latest senior recruitment campaigns and that is how we can begin to drive improvements in these figures. The work on equalities will help us boost career aspirations and increase the number of people from groups with protected characteristics applying for and being successful at appointment to more senior roles. While the targets set were highly ambitious, a period of change will be required to achieve the desired outcomes.

### Total number of businesses (local units) in the borough

Over the past 10 years Ealing's business base has grown year on year, with an overall 36% increase between 2012 and 2022. It was anticipated that the numbers would grow by another 150 units in the borough by year end 2022/23. However, the latest figures show a decrease in our business base by 265 units compared to the previous year. A key factor behind this reduction is the impact of the energy crisis on businesses due to the 130-180% increase in energy costs, particularly food manufacturing and other production businesses. While energy charges have been coming down, there is a long lag in energy companies passing on the reduction to businesses. The Council will continue actively supporting local businesses and foster conditions for growth within the borough.

### Digital access to Council services

Out of all Council services, 86% are available digitally, 4 percentage points off the target set for 2022/23. At year end, 62% of customers used digital to access services against 80% targeted. The use of digital services is currently low in some areas, but a targeted plan is in place to improve the take up. This includes digital support for residents; a continuous review of the digital experience; and reducing system errors experienced by residents which create failure demand and impact on customer confidence in the Council's digital services. The customer journey will be reviewed to ensure that the portal is the channel of choice and easy to use for simple transactions, freeing up telephone and face-to-face customer service advisors to deal with the more complex enquiries.

### Care leavers who were in Education, Employment or Training (17-18)

78.2% of care leavers aged 17-18 were in education, employment or training (EET) at the end of 2022/23, 3.8 percentage points off target for this age group. Performance in this area represents a very strong regional and national position. Young people currently unable to access EET have extremely complex needs, including disability, drug or mental health concerns. The service continues to robustly monitor care leavers activity and concentrated work is ongoing to support them into EET.

### Children looked after with more than 3 placements within a year

13.5% of Looked After Children had more than 3 placements this year. This is more than the targeted 12%, however a slight improvement on the previous year (13.7%). A full review of the placement sufficiency strategy and plan is underway and focused upon the needs of children who present with greater complexity of need, in order to build greater resilience into the wider placement offer.

### Child and family assessments following a referral to social care completed within 45 days

Percentage of assessments completed within timescales (84.9%) was below the target set of 90%, yet the highest in the five years to 2022/23. Close monitoring at team and management level, better reporting, reduced internal timescales have attributed to sustained improvements this year. The target set was very ambitious, but performance is in line with statistical neighbours.

## 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 [www.ealing.gov.uk/performance](http://www.ealing.gov.uk/performance).

The dashboard covers performance measures 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 2022/23

### GENERAL FUND

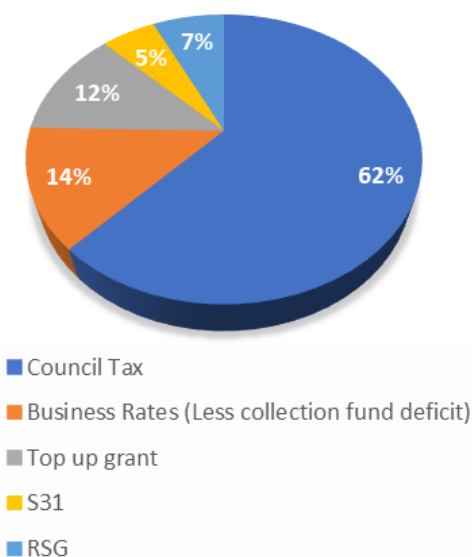
The 2022/23 budget was approved in March 2022 against a backdrop of government financial uncertainty and wide-reaching impacts of the legacy of the Covid-19 pandemic and the recent war in Ukraine giving rise to inflationary increases not seen in decades in the UK.

Significant savings planned to be delivered through the Future Ealing continued, building on the multiple benefits to date of the having a well-defined, Council wide change programme.

The Council utilised the local taxation powers granted by the Government within the Core Spending Power which makes the assumption councils would increase both Council Tax and the Social Care Precept by 1.99% and 1% respectively and to use additional one-off funding made available as part of the local government finance settlement to balance its budget for 2022/23.

	<b>2022/23 £m</b>
Childrens and Schools	62.969
Adults and Public Health	80.075
Place	9.363
Chief Executive	45.461
Cross cutting savings	(0.650)
<b>Net cost of services</b>	<b>197.218</b>
Centrally Held Budgets	55.870
Net transfer to/(from) reserves	3.500
<b>Subtotal</b>	<b>256.588</b>
Funding	(256.588)
<b>TOTAL GENERAL FUND</b>	<b>0.000</b>

The chart below shows how the Council planned on funding the total net revenue budget for 2022/23 of £256.588m.



## CAPITAL

The approved capital programme budget for 2022/23 to 2025/26 was £1,203.08m with a revised programme total of £1,223.55m as laid out in the table below:

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	TOTAL £m
General Fund	112.71	382.51	89.95	78.77	73.25	23.01	760.20
HRA	91.45	66.19	69.53	93.74	75.59	46.39	442.89
<b>Approved programme</b>	<b>204.16</b>	<b>448.70</b>	<b>159.48</b>	<b>172.51</b>	<b>148.83</b>	<b>69.41</b>	<b>1,203.08</b>
Revisions to previous programme	0.00	(51.52)	35.85	29.73	6.41	0.00	20.47
<b>Revised programme</b>	<b>204.16</b>	<b>397.18</b>	<b>195.32</b>	<b>202.24</b>	<b>155.25</b>	<b>69.41</b>	<b>1,223.55</b>
<b>Funding</b>							
Mainstream funding	106.13	310.24	146.91	151.89	120.19	6.57	841.92
Capital Receipts	38.36	14.09	12.57	25.57	13.92	45.88	150.39
Grant and Contributions	40.65	56.26	20.92	10.18	8.02	3.98	140.00
Direct Revenue Funding (incl reserves) GF	1.81	1.58	0.23	0.06	0.00	0.00	3.68
Direct Revenue Funding (incl reserves) HRA	2.74	0.81	0.92	0.94	0.00	0.00	5.41
Major Repairs Reserve (HRA)	14.47	14.21	13.78	13.60	13.12	12.98	82.15
<b>Total funding</b>	<b>204.16</b>	<b>397.18</b>	<b>195.32</b>	<b>202.24</b>	<b>155.25</b>	<b>69.41</b>	<b>1,223.55</b>

As part of the 2022/23 budget process, new General Fund capital proposals had been identified, taking into consideration the Council's priorities these are included in the additions to the capital programme from previous year which totalled £22.41m of which £21.75m was to be funded from borrowing.

The proposals have been assessed against the legislative requirements set out in the Treasury Management and Capital Strategy to ensure that the Council can afford to support the on-going revenue costs.



## HOUSING REVENUE ACCOUNT (HRA)

In February 2022, Cabinet approved the 2022/23 HRA budget summarised in the table below.

	2022/23 £m
Dwelling Rent	(61.801)
Service Charges	(8.749)
Other income	(3.074)
<b>Total Income</b>	<b>(73.624)</b>
Housing management	23.955
Repairs and Maintenance	14.328
Capital Charges	15.242
Other Costs	20.084
<b>Total Expenditure</b>	<b>73.609</b>
<b>Total Net (Surplus)/Deficit</b>	<b>(0.015)</b>
Transfer To/(From) HRA Balances	0.015
<b>HOUSING REVENUE ACCOUNT</b>	<b>0.000</b>

The budget was approved alongside the 5-year Capital programme and 30-year Business Plan which details long-term capital investment plans.

## FINANCIAL OUTTURN PERFORMANCE

### REVENUE

2022/23 was an extremely challenging year due to significant economic volatility and the Ukraine war leading to unforeseen high levels of inflation as the Council and its residents and businesses continued to recover from the COVID pandemic. Despite significant inflation and increasing demand and costs of demand led services, the Council has achieved a net General Fund underspend of (£1.813m) (0.71%) with ongoing pressures from COVID c£13m being fully funded from government grants.

The General Fund revenue outturn position for 2022/23 is £254.774m (£261.756m Quarter 3). This represents a net underspend of £1.813m (Quarter 3 pressure £5.169m) against a General Fund revenue budget of £256.578m, this is summarised below.

	Revised Budget £m	Actual £m	Variance £m
Childrens and Schools	67.812	76.450	8.638
Adults and Public Health	85.785	89.937	4.152
Place	12.407	15.341	2.934
Chief Executive	49.531	48.416	(1.115)
<b>Net cost of services</b>	<b>215.535</b>	<b>230.144</b>	<b>14.609</b>
Corporate budgets	37.552	21.130	(16.422)
<b>Subtotal</b>	<b>253.087</b>	<b>251.274</b>	<b>(1.813)</b>
Net transfer to/(from) reserves	3.500	3.500	0.000
<b>TOTAL GENERAL FUND</b>	<b>256.587</b>	<b>254.774</b>	<b>(1.813)</b>

The main impacts on the general fund are detailed below.

### Children's and Schools

The service reported a significant gross budget pressure of £12.080m. The gross pressure is being reduced by the additional use of Dedicated Schools Grant (DSG) and in-year management actions, bringing the net overspend to £8.638m.

### Adults and Public Health

The service has reported a significant gross pressure of £28.191m which is off-set by significant in-year management actions leading to a net pressure of £4.152m. A number of in-year mitigations were one-off measures, including utilisation of the PFI reserve to meet inflationary pressures. Significant impacts from inflationary pressures are expected to continue in 2023/24, which are largely funded from growth (after ongoing mitigations) as approved by Cabinet in February 2023.

### Place

Place reported a significant gross pressure of £6.941m which is partly being off-set by in-year management actions reducing the pressure to £2.934m. The key drivers of the budget pressure are:

#### *Place Delivery and Management – £0.674m*

Reflects a variety of pressures, including GEL contract costs, increased energy costs in Highways, and street trading and commercial waste income pressures.

#### *Community Development – £0.717m*

Mainly driven by pressure relating to non-delivery of leisure savings in relation to the Gurnell development, under-achieved income across Arts, Heritage & Libraries service relating to community centres, and staff costs in customer access points, increased energy costs and staffing costs in Community Management.

#### *Growth and Sustainability – £0.730m*

Impacted mainly by additional Planning costs.

#### *Housing Development – £0.782m*

Pressure on budgets relating to project development costs.

### Chief Executive

The outturn position is a net underspend of £1.115m mainly driven by Housing Benefit (HB) subsidy £0.791m due to management of housing benefit overpayments, which has led to reduced subsidy cost and the income for overpayments, reducing the level of debt requiring to be provided, and £0.384m relating to reduced insurance claim costs required following a year-end review of provisions and reserves.

### Corporate budget

The Corporate budget is reporting a net underspend of £16.422m which is mainly driven by a one-off net underspend on levies of £0.601m, use of contingency £2m, underspend on treasury management due to higher than expected cash balances available to invest at current higher rates £7.366m and one-off underspend with the regards to pension fund contributions £1.035m.

### COVID-19

Final allocations of the remaining COVID grants were applied in 2022/23 with a reconciliation exercise to be undertaken for any balances to be repaid as a result of returned or overpaid discretionary grants to individual and businesses.

## 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 permitted to subsidise the account under the regulations.

At the end of 2022/23, the Council held a net surplus balance of £1.345m on its DSG account which includes a High Needs Block DSG deficit of £0.570m, offset by surpluses on the Schools Block (£0.321m) and the Early Years Block (£1.594m).

	<b>Schools Block £m</b>	<b>Early Years Block £m</b>	<b>High Needs Block £m</b>	<b>Total £m</b>
Opening balance as at 1 April 2022	(1.365)	(0.563)	1.147	(0.781)
in year movement 2021/22	1.044	(1.031)	(0.577)	(0.564)
Outturn (Surplus)/Deficit as at 31 March 2023	(0.321)	(1.594)	0.570	(1.345)

There are pressures within the High Needs Block as the number of Education, Health and Care Plans continue to rise, a trend seen nationally. The position includes a transfer of £1.799m between Early Years and School Block to High Needs as approved by the Schools Forum and other one-off mitigation measures. This continues to be subject to the High Needs Recovery Plan which has been developed between the Schools Forum and the Local Authority.

## RESERVES

### General Fund

The General Fund balance at 31 March 2023 was £17.732m, the balance is consistent with the risk-assessed target specified in the MTFs. The Strategic Director of Resources, as the Council's Section 151 Officer, considers that a balance of £17.732m is adequate given the risks the Council is facing and considering Ealing's spending history. The adequacy of reserves is reviewed annually.

### 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 £6.416m which includes the £3.5m budgeted contribution to the Economic Volatility Reserve and a £0.577m reduction in the DSG Deficit being carried forward, shown in the table below, further details on earmarked reserves can be found in Note 8.

	<b>31 March 2022 £m</b>	<b>Net Movement In- Year</b>	<b>31 March 2023 £m</b>
Corporate - Insurance Reserve	(5.721)	0.000	(5.721)
Parking Places Reserve Account	(7.756)	1.550	(6.205)
PFI Reserves	(25.159)	3.403	(21.756)
Dedicated Schools Grant Balance	(0.782)	(0.563)	(1.345)
<b>Sub-total Controllable Ringfenced Reserves</b>	<b>(39.418)</b>	<b>4.390</b>	<b>(35.028)</b>
Corporate - Ealing Civic Improvement Fund	(1.296)	0.356	(0.941)
Corporate - Invest to Save Reserve	(3.096)	0.131	(2.965)
Corporate - Social Care Transformation Reserve	(0.167)	0.000	(0.167)
Corporate - Economic Volatility Reserve	(13.139)	(3.500)	(16.639)
Service - Various	(14.482)	(6.837)	(21.318)
Corporate - Various	(7.422)	0.857	(6.565)
<b>Sub-total Controllable Non-Ringfenced Reserves</b>	<b>(39.603)</b>	<b>(8.993)</b>	<b>(48.595)</b>
General Fund Balance	(15.919)	(1.813)	(17.732)
<b>TOTAL GENERAL FUND RESERVES &amp; BALANCES</b>	<b>(94.939)</b>	<b>(6.416)</b>	<b>(101.355)</b>

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 Council is faced with an uncertain financial climate over the medium to long-term which presents a high risk to the Council 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.

## PENSION LIABILITIES

The Council has reported a net pension liability of £118.273m as at 31 March 2023 (£564.154m as at 31 March 2022) adjusted for the 2022/23 prepayment (£571.844m unadjusted as at 31 March 2022). Pension liabilities are based on the requirements of International Accounting Standard (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 agreed a strategy with the scheme's actuary to achieve a funding level of 100% by 31 March 2034, based on a 14-year recovery period at the 2019 actuarial valuation. This position was assessed as part of the 31 March 2022 valuation. Contribution levels have been set so as to target a solvency funding level of 100% by 2034, based on an 11-year recovery period.

## CAPITAL

The revised capital programme budget of £226.370m reflects the approved slippage by Cabinet February 2023, additions previously approved by Cabinet and new additions as approved by Cabinet for the General Fund and HRA in the 'Budget Strategy and MTFS 2023/24 to 2025/26' report and the 'Housing Revenue Account (HRA) Business Plan 2023-24' report.

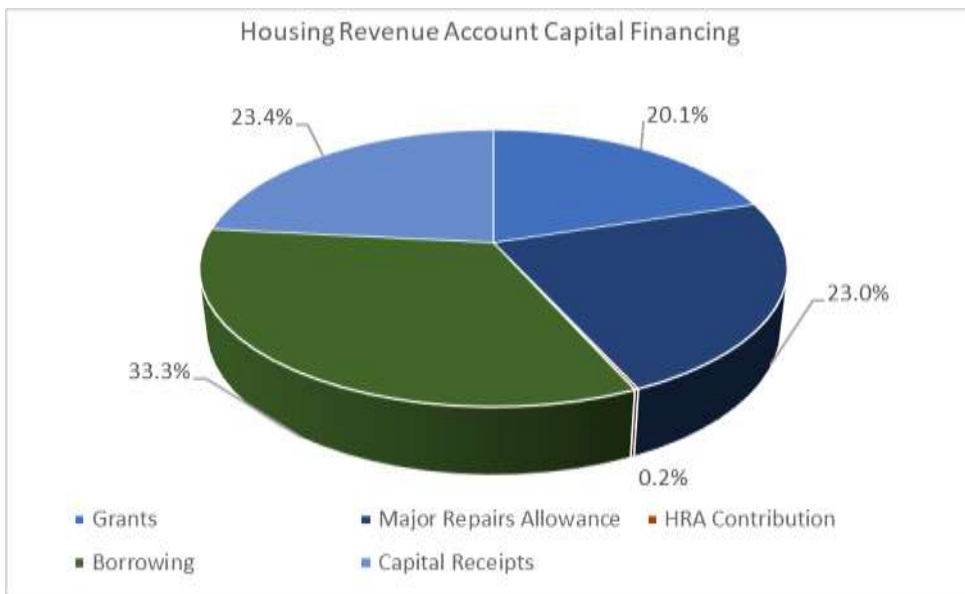
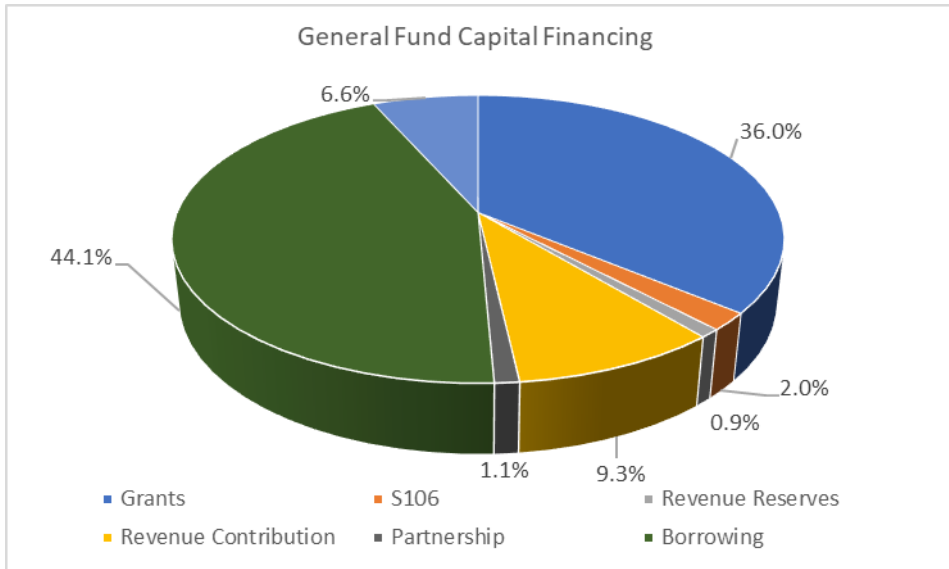
### Capital Outturn Summary

The capital programme for 2022/23 reported a net underspend of £5.844m against the approved programme budget, summarised in the table below.

	2022/23 Budget	Actual	Slippage/(Accelerated) Spend	Variance
	£m	£m	£m	£m
Childrens and Schools	12.114	10.940	1.173	(0.001)
Adults and Public Health	0.571	(2.459)	0.021	(3.009)
Place	87.627	65.445	20.031	(2.151)
Chief Executive	39.091	12.607	25.801	(0.683)
<b>Total General Fund</b>	<b>139.403</b>	<b>86.533</b>	<b>47.026</b>	<b>(5.844)</b>
Housing Revenue Account	86.967	78.326	8.641	0.000
<b>TOTAL GENERAL FUND</b>	<b>226.370</b>	<b>164.859</b>	<b>55.667</b>	<b>(5.844)</b>

### Capital Financing

The following charts show how the Council funded the 2022/23 capital programme spend for both the General Fund and the Housing Revenue Account, with direct revenue contributions to capital schemes totalling £8m in year and borrowing increasing by £27m for the General Fund and £26m for the HRA these are managed by a mixture of internal and external borrowing more details of this can be found in the Treasury section below.



## HOUSING REVENUE ACCOUNT

The HRA outturn variance is a net overspend of £3.309m. The main drivers of the pressure include void properties, delays in new-build properties coming into occupation and increased energy costs.



## COLLECTION FUND

The overall outturn position on the Collection Fund for 2022/23 is a £9.923m deficit (Ealing share £2.804m).

	2021/22			2022/23		
	Council Tax £m	NNDR £m	Total £m	Council Tax £m	NNDR £m	Total £m
Opening fund balance 1 April	7.027	77.604	84.631	2.572	57.691	60.263
Closing fund balance 31 March	2.572	57.691	60.263	(0.553)	10.476	9.923
<b>Movement on the fund balance</b>	<b>(4.455)</b>	<b>(19.913)</b>	<b>(24.368)</b>	<b>(3.125)</b>	<b>(47.215)</b>	<b>(50.340)</b>
<b>Closing fund balance analysis</b>						
- Ealing Council	2.039	17.307	19.346	(0.339)	3.143	2.804
- Central Government (DLUHC)	-	18.983	18.983		3.402	3.402
- Greater London Authority (GLA)	0.533	21.401	21.934	(0.214)	3.931	3.717
<b>CLOSING FUND BALANCE</b>	<b>2.572</b>	<b>57.691</b>	<b>60.263</b>	<b>(0.553)</b>	<b>10.476</b>	<b>9.923</b>

### Council Tax

The outturn Council Tax collection was 96.84% which was behind the target collection profile of 97.2% by 0.36% which equates to £0.766m. The outturn collection rate of 96.84% was an improvement on the 2021/22 figure of 95.83%. The net debit increased on the previous year's outturn figure by £13.44m and the cash collected increased by £15.057m.

### Business Rates

The outturn NNDR collection was 94.82% which was behind the target collection profile of 97.2% by 2.38% which equates to £3.515m. The outturn collection rate of 94.76% was an improvement by 2.11% on the 2021/22 figure of 92.71%. The net debit increased on the previous year's outturn figure by £14.457m and the cash collected increased by £16.442m.

## GROUP

The Council has three subsidiaries identified as material to the accounts and are included in the group accounts section, their performance is detailed below.

### Greener Ealing Limited

For the 2022/23 financial year Greener Ealing is reporting a draft operating profit before tax of £0.144m (2021/22 £0.472m), while holding assets to the value of £5.849m with £4.999m of long-term liabilities (2021/22 £6.487m assets and £4.238m long-term liabilities). The company reports holding £0.694m of reserves as at 31 March 2023 prior to the current year's profit being adjusted in (2021/22 £0.412m before adjustment).

An action plan was produced to support closing the budget gap identified for 2022/23 and estimated at £0.161m to bring the company into a better financial position. Scenario planning took place, and the following were identified as options to reduce the gap:

- Non-Refuse Collection Vehicle fleet lease refinancing
- Service optimisation
- Overtime costs efficiency

The financial position is monitored monthly, and options agreed will be aligned with the monthly reporting figures.

### Broadway Living Limited

For the 2022/23 financial year Broadway Living Ltd is reporting an operating loss of £0.365m (2021/22 loss £0.441m) while holding long-term assets to the value of £9.098m with long-term liabilities of £8.294m (2021/22 assets of £9.184m with £8.294m in long-term liabilities). The company has negative (positive last year) shareholder funds as at 31 March 2023 totalling (£0.320m) (2021/22 £0.063m).

Broadway Living's ultimate parent the London Borough of Ealing has confirmed in writing its intention to continue providing financial and other support to Broadway Living.

### Broadway Living Registered Provider Limited

For the 2022/23 financial year Broadway Living Registered Provider (RP) is reporting an operating deficit before tax of £0.356m (2021/22 operating deficit of £0.142m), while holding long term assets to the value of £28.652m with £16.235m of long-term liabilities (2021/22 £9.828m with £5.652m of long-term liabilities) and £9.935m of deferred grants (2021/22 £6.605m). The company is holding negative reserves of £0.497m (2021/22 £0.142m) as at 31 March 2023 which is expected at this stage of the company, and will be diminished as rents receipts increase as assets become live.

Broadway Living RP's ultimate parent the London Borough of Ealing has confirmed in writing its intention to continue providing financial and other support to Broadway Living RP.

## 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 2022/23 was approved on 1 March 2022 by Full Council. The strategy comprehensively outlined how the treasury function would operate throughout the financial year 2022/23 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 2023.

### Cash Flow

Over the 12 months to 31 March 2023, 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 2023 was £506.836m.

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

	<b>Investments £m</b>	<b>Borrowing £m</b>	<b>Net Position £m</b>
Outstanding 1 April 2022	528.725	-	528.725
Raised in year	2,051.683	-	2,051.683
Repayments in year	(2,073.571)	-	(2,073.571)
<b>Outstanding 31 March 2023</b>	<b>506.837</b>	<b>0.000</b>	<b>506.837</b>

### Investments

The Council maintained an average balance of £567.842m of internally managed funds and held an outstanding balance of £506.836m as at 31 March 2023. The internally managed funds earned an average rate of 1.907%. The comparable performance indicator is the average Sonia O/N rate, which returned 2.245%.

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, such as Debt Management Office (DMO).

The Treasury Investment Portfolio at 31 March 2023 is set out below:

Counterparty Name	Investments 31 March 2022 £m	Investments 31 March 2023 £m
Local authorities	-	-
Lloyds	30.000	30.000
Debt Management Office	492.000	443.500
Other	6.725	33.336
<b>TOTAL</b>	<b>528.725</b>	<b>506.836</b>

### Borrowing

The Council did not take out any new PWLB borrowing during 2022/23 as the Council still maintains an over-borrowing position of £38.113m and officers continue to monitor the position.

The total long-term borrowing at 31 March 2023 was £877.532m (including Mortlake Crematorium Board and WLWA). The following table shows the split between the General Fund and HRA borrowing, and that overall debt decreased by £10.248m from £887.780m the previous year.

Source	Debt 31 March 2021 £m	Loans Raised £m	Loan Repaid £m	Debt 31 March 2022 £m
PWLB	513.980	0.000	(11.204)	502.776
Market Loans	62.016			62.016
Mortlake Crematorium	3.650	0.650		4.300
WLWA	23.000	5.000		28.000
<b>TOTAL GENERAL FUND</b>	<b>602.646</b>	<b>5.650</b>	<b>(11.204)</b>	<b>597.092</b>
PWLB	168.167	0.000	(4.694)	163.473
Market Loans	25.984			25.984
<b>TOTAL HRA</b>	<b>194.151</b>	<b>0.000</b>	<b>(4.694)</b>	<b>189.457</b>
Broadway Living Registered Provider	90.983	0.000		90.983
<b>TOTAL LONG-TERM BORROWING</b>	<b>887.780</b>	<b>5.650</b>	<b>(15.898)</b>	<b>877.532</b>
<b>OTHER LONG-TERM LIABILITIES</b>	<b>100.968</b>	<b>0.000</b>	<b>(5.817)</b>	<b>95.151</b>

The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR). After available funding is applied the balance of the CFR at 31 March 2023 is £877.166m as illustrated below.

	2021/22 £m	2022/23 £m
Opening Balance 1 April	798.338	830.781
Capital Expenditure	124.764	165.960
Capital Financing	(92.321)	(119.575)
<b>Closing Balance 31 March</b>	<b>830.781</b>	<b>877.166</b>

## PENSION FUND

The Pension Fund (the Fund) revenue account shows an in-year deficit for 2022/23 of £73.986m (2021/22 surplus of £73.048m). In cash terms the Fund remains cash positive, returning a cash surplus for 2022/23 of £25.998m (2021/22 £24.751m) (excluding asset revaluations and disposal gains and losses). As a result of the in-year deficit, Pension Fund net assets decreased from £1,546.190m at 31 March 2022 to £1,472.203m at 31 March 2023, representing a decrease of 5.0%.

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 2022 to determine the contribution rates with effect from 1 April 2023 to 31 March 2026. The next valuation will be as at 31 March 2025.

On the basis of the assumptions adopted, the Fund's assets of £1,546m represented 96% of the Fund's past service liabilities of £1,617m (the "Solvency Funding Target") at the valuation date. The deficit at the valuation was therefore £71m.

The valuation also showed that a Primary contribution rate of 18.6% 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 11 years, and the total initial recovery payment (the "Secondary rate" for 2023-2026) is an addition of approximately £7.2m 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 Strategic 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.

Good risk management is a key contributor to successful delivery of the Council's objectives protecting its assets and resources to deliver value for money.

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 significant risks and issues identified in the Annual Governance Statement for 2022/23 are set out below.

Risk	Details	Actions
Financial	Financial pressures and uncertainty with regards to the wider economic context and local government funding (including future reform). Cost of living and high inflation.	Monitoring and planning continues.  Growth funding for pay awards included in budgets.  Liaison with social care on inflation pressures; growth allocations and other contracts
Health & Safety	Housing Health and Safety	The notice to the Regulator was received in May 2022. A voluntary agreement charting recovery was agreed in November 2022.  The work programme has been monitored at board and member level through out the year.  The initial recovery plan has now largely been implemented. A new system is due to be introduced by May 2023, which will encapsulate all of the strands into a single place and further help reporting, monitoring and governance moving forwards.  An internal audit has been scheduled for May 2023 to confirm the adequacy of arrangements moving forwards.
Recruitment and Retention	National and local pressures on the Council's workforce	Reinvigorating workforce planning, considering: - Succession - Talent Management - Workforce supply and value proposition - Consideration of internal resourcing and talent team

Further details on the above issues are included in the Annual Governance Statement.

## OUTLOOK

### MEDIUM-TERM FINANCIAL STRATEGY (MTFS) GENERAL FUND

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.

In broad terms although the final settlement for 2023/24 was better than had been feared for much of the year, there still is a high degree of uncertainty around levels of funding in future years. The postponement of funding reforms and the absence of future Government spending plans mean that there is significant funding uncertainty, making the preparation of medium-term financial plans complicated and speculative.

By design the MTFS is agile and moves to reflect the changing circumstances faced by the Council, updated priorities and ambitions, the latest financial situation, and external factors such as national pay settlements. Members agreed the updated MTFS for 2023/24 and beyond as set out in table below, noting that the Council, in common with all local authorities, continues to face a challenging financial outlook. A more accurate forecast will need to be developed as and when further information is released by the Government, however initial estimates are prepared for following financial years based on prudent scenarios in the absence of such clarity.



Over the last MTFS period the Council's budget approach has focused on driving efficiencies to deliver a balanced budget in the face of real terms Government funding cuts. At the end of this period the Council has continued to be 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 demographic pressures and also the changing needs of its vulnerable residents particularly social care pressures, with the Council using its precept powers to raise additional council tax income.

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 and cost of living crisis, the table below summarises the MTFS forecast (including budget gap) for the period 2023/24 to 2026/27.

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Funding	(286.681)	(290.748)	(292.476)	(294.221)
Net Budget Requirement	283.181	315.661	349.094	377.450
Contribution to reserves	3.500	3.500	3.500	3.500
Net Budget requirement after reserves	286.681	319.161	352.594	380.950
<b>Cumulative Forecast budget gap</b>	<b>0.000</b>	<b>28.413</b>	<b>60.118</b>	<b>86.729</b>

The Council has continued to work on proposals to close the gap across a range of Council Plan priorities and specific service programmes. In total there are £14.729m of savings proposed in 2023/24, of which of £7.396m relate to General Fund. A summary of the saving proposals presented for approval are set out below, the net savings proposals are presented as incremental changes to the 2023/24 base budget. Each subsequent year's proposals are then shown as incremental changes to the preceding year.

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total MTFS Savings
General Fund Savings	(7.184)	1.169	(1.037)	(0.344)	<b>(7.396)</b>
Cost Avoidance Savings	(2.968)	(0.864)	(2.662)	(0.839)	<b>(7.333)</b>
<b>Total Gross Savings</b>	<b>(10.152)</b>	<b>0.305</b>	<b>(3.699)</b>	<b>(1.183)</b>	<b>(14.729)</b>

## BUDGET SENSITIVITIES

The following tables set out the risks and sensitivities that could have an impact on the budget and MTFS in 2023/24 and the medium term.

Factors	Impact
Delivery of agreed savings	The budget for 2023/24 and over the medium-term requires the Council to deliver on all the savings set out in this 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	As the National Joint Committee (NJC) is negotiating with representatives of public sector unions at the time of setting the budget for 2023/24 the pay awards are unknown. The MTFS has assumed an estimated pay increase cost of £9m for 2023/24. £9.5m has been estimated for price inflation of contracts and utilities, including £3.8m for adult social care.
School pay inflation and associated on-costs	This can result in additional pressures on schools' budgets that can lead to pressures manifesting through either an increase in school deficits and/or DSG overspend.
Contractual risks	For example, contractor viability, non-delivery of commissioned services, impact of national minimum wage increases from April 2023 to name a few.
Demographic and demand-led pressures	<p><b>Children and Adults</b> - The Children's and Adults' budgets are under pressure due to the demand led nature of these services. One of the main risks in the budget relates to demographic change:</p> <p><b>Adults</b> – Residents are living longer, and many have increasingly complex care needs, particularly following the pandemic. Residents are being discharged from hospital with more acute and complex needs leading to additional costs. 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.</p> <p><b>Children</b> – There are ongoing pressures in respect of expensive care placements due to the increased complexities of children in care and sufficiency of placements in the market. There also remain pressures in respect of SEN transport relating to the increased Education Health and Care Plan (EHCP) outcomes that results in more children requiring support.</p> <p><b>Homelessness</b> - There is a risk that levels of homelessness increase in the borough particularly due to the cost-of living crisis, increasing rents and landlords leaving the market with the subsequent requirement for the Council to support individuals in Temporary Accommodation at high cost.</p>
Income	<p>Levels of Council income are impacted by both businesses and individuals' responses to the pandemic, economic climate and as people may cut back on areas of discretionary spending in a cost of living crisis. This could impact on levels of rental (HRA and temporary accommodation), planning, property, leisure services and car park income.</p> <p>Increased risks of collection and bad debts including for significant funding sources of business rates and council tax.</p>
School SEN expansions	Due to the steep increase in the number of EHCPs, the service is experiencing pressures across SEN placement (DSG) and transport budgets (General Fund) due to the lack of adequate SEN places in the borough.
Academisation	Pressures caused by schools who are required to move to Academy status and the resultant financial liability upon transfer being the responsibility of the Council i.e.the Council having to fund any school deficit balances upon transfer.
Levies paid to external bodies	<p>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:</p> <ul style="list-style-type: none"> <li>· volume-led levy payments such as the West London Waste 'Pay as You Throw' (PAYT)</li> <li>· inflation and cost increases above inflation assumed within the MTFS.</li> </ul>

Factors	Impact
Pension Fund	Employer contributions into the Pension Fund can fluctuate depending on the net liability of the fund and an agreed deficit repayment plan. An actuarial review of the pension fund assets and liabilities is carried out every three years with the outcome feeding into the MTFS for the following three years. A valuation was undertaken during 2022 concluding no recommended change to Council's budgeted contribution.
Government grant income differing from assumptions	With the Local Government Finance Settlement only announcing a one-year funding announcement it is difficult to predict whether grants are to continue, at what level and its impact – a significant risk to the Council is the continuation of the new Home Bonus which will be consulted on during 2023/24.
Business rates revaluation	Previously, the revaluation cycle has varied from 6 to 7 years with the last business rates revaluation being 1 April 2017. The Government have introduced a shorter three-year revaluation cycle period which will look to align property valuations more closely with the current market rental values and will come into force on 1 April 2023. There remains a risk of an overall reduction to the Council's income from business rates due to the volatility of appeals and the impact of COVID-19, inflation and wider economic downturn on businesses. In parallel the Council may see a budget pressure for revised business rates liability for its own premises.
Local Government funding reform	Funding Fair Funding Review and Business Rates Baseline Reset – The Department of Levelling up, Housing and Communities (DLUHC) Local Government finance policy statement 2023/24 to 2024/25 indicated that in the longer-term it would seek to update Local Government funding with a review to be undertaken in the next Parliament. This causes significant uncertainty regarding Ealing's funding baselines for future years after 2024/25 and in undertaking any medium term financial planning. In the absence of implementation timeline and details of proposed funding reforms, the MTFS currently makes an assumption with regards to Fair Funding budgetary impact on the General Fund. The lack of details on the proposed change and an updated timeline for implementation causes considerable uncertainty when undertaking meaningful financial planning to determine future funding assumptions.
COVID 19 and economic downturn	The potential long-term impact on the local economy, particular in relation to council tax and business rates income and fees and charges can pose a considerable budget pressure. In addition, the medium and long term effect of Covid on demand for services is still unknown.
Health and Social Care Reforms	The Chancellor has deferred the implementation of the Health and Social care reforms for the next 2 years, especially changes proposed around charging and caps of care funding contributions.
New Waste Recycling Legislation	On 24 March 2021, the Government published the second round of the Resources and Waste Strategy consultation on the DRS (Deposit Return Scheme) and EPR (Extended Producer Responsibility). The impact of the schemes will have financial implications on the collection and separation of certain items, collections from difficult to reach properties etc. As details of the policy are released a financial implication assessment will need to be undertaken in collaboration with the West London Waste Authority to determine the impact on the Council's finances.
Children's Social Care Reform	As set out above on 2 February 2023 the Department for Education (DfE) published 'Stable Homes, Built on Love' its implementation strategy and consultation in response to three independent reviews.  The published strategy commits to additional investment over the next two years relating to Phase One of the Government's reforms, taking these to the end of the current Spending Review period. Phase One focuses on making immediate improvements with subsequent phases to follow subject to funding, outcome of consultation and parliamentary approval focussing on fundamental reforms everywhere.  Before the next spending review the Government is intending to publish and consult on a new Local Government funding formula distribution with regards to children and young people services aim of which is to improve support for vulnerable children and families, reduce the need for crisis response and providing more early support to families. As details of the funding reforms are known a financial implication assessment will need to be undertaken to determine the impact on the General Fund.

## MEDIUM-TERM FINANCIAL STRATEGY (MTFS) HOUSING REVENUE ACCOUNT

The budget for 2023/24 has been developed from a review of the baseline budget, factoring in current revenue expenditure on Housing Services and capital investment to maintain, improve and expand the housing stock. Housing Services are working within the financial parameters of the HRA to improve services to residents, and to ensure all homes are as safe as possible and meet the Council's responsibilities with regards to property safety.

The HRA supports the Council's ambitious programmes for estate regeneration and the delivery of new, genuinely affordable homes to meet the range of housing needs in the borough. Alongside the prudent use of HRA resources, Housing Services seek to maximise other available sources of funding to meet the Council's housing ambitions. The regeneration programme is supported by grant funding from the Greater London Authority (GLA). Sustainability initiatives such as retrofitting are creating opportunities to secure additional grant funding for improvements in the Council's stock, with matched funding from the HRA committed where necessary.

The MTFS for the years 2023 through to 2028 is shown below, the account is forecasting to start transferring to reserves by 2027/28 financial year.

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Dwelling Rent	(62.905)	(67.142)	(74.355)	(81.005)	(85.409)
Service Charges	(10.189)	(10.400)	(10.726)	(11.063)	(11.416)
Other income	(3.673)	(3.797)	(3.915)	(4.046)	(4.184)
<b>Total Income</b>	<b>(76.767)</b>	<b>(81.339)</b>	<b>(88.996)</b>	<b>(96.114)</b>	<b>(101.009)</b>
Housing management	23.957	23.996	24.244	24.477	24.718
Repairs and Maintenance	15.107	16.844	18.120	18.998	19.920
Capital Charges	15.874	15.814	16.395	18.490	18.225
Other Costs	24.037	28.187	32.071	34.376	35.793
<b>Total Expenditure</b>	<b>78.975</b>	<b>84.841</b>	<b>90.830</b>	<b>96.341</b>	<b>98.656</b>
<b>Total Net (Surplus)/Deficit</b>	<b>2.208</b>	<b>3.502</b>	<b>1.834</b>	<b>0.227</b>	<b>(2.353)</b>
Transfer To/(From) HRA Balances	(2.208)	(3.502)	(1.834)	(0.227)	2.353
<b>HOUSING REVENUE ACCOUNT</b>	<b>0.000</b>	<b>0.000</b>	<b>(0.000)</b>	<b>0.000</b>	<b>0.000</b>

## BUDGET SENSITIVITIES (HRA)

Key risks are highlighted throughout the budget report, found in the Cabinet agenda papers from 23 January 2023. In summary these include:

- Enhanced building safety standards and potential impact of new legal requirements.
- Costs associated with regeneration schemes; the cost of any delays, void and build costs impact the HRA as more borrowing is required.
- Financial implications of increased borrowing and the need for more units to increase revenue and support extra financing costs.
- Uncertainty on interest rates and implications on future cost of borrowing estimates
- Diminishing housing stock - due to Right To Buy sales and regeneration works, the amount of directly managed Council properties is steadily decreasing.
- On-going Covid impacts.
- Inflationary cost pressures against reducing revenue due to stock reduction and rent increases below the evolving cost of inflation.
- Potential changes flowing from the relationship with BLRP, including fees, charges for capital projects.
- Potentially abortive development costs where schemes are unviable or not taken forward.
- Potential delays in voids turnaround may affect dwelling income forecasted.
- Potential bad debt provision risk due to cost-of-living crisis and welfare reform impacts on collection of debt.

## RISK MANAGEMENT IN BUDGET SETTING

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 2023/24 and beyond as set out in the annual review of the Medium-Term Financial Strategy (MTFS).

Given the uncertainties of the economic environment, demand on services 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.

As explained in the budget report, the most immediate risks to the budget process are:

- Unfunded income loss pressures because of the long-term impact of the pandemic, inflation, increases in utilities costs and cost-of living particularly in relation to Council Tax and Business rates income.
- Non-delivery of the approved savings.
- Social care placement pressures, which continue to be partly mitigated by spend controls, cost reduction programmes and close monitoring by SLT and by the Leader and the portfolio holders for Inclusive Economy, A Fairer Start and Healthy Lives.

The Council is faced with an uncertain financial climate over the medium to long term which presents a high risk 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 Strategic Director of Resources, 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 updated to reflect financial environment the Council is operating in are. 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, DLUHC laid before Parliament the Accounts and Audit (Amendment) Regulations 2022 returns the statutory deadline for the for the publication of the unaudited Statement of Accounts to 31 May and 30 September for the audited Statement of Accounts for the financial year 2022/23.

The Statement of Accounts provide an overview of the Council's financial position for 2022/23. The 2022/23 set of accounts conform to the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), which is based on International Financial Reporting Standards (IFRSs).

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 Council, 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 Council'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 Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories as below.

- Usable reserves, i.e., those reserves that the Council 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).
- Unusable reserves i.e., those that the Council is not able to use to provide services. This category of reserves includes reserves that hold accounting 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 regulation'.

**Cash Flow Statement** – The cash flow statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council 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 Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council'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 Council.

## 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

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

**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.

**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 Pension Fund.

## GROUP ACCOUNTS

Group accounts are prepared where an authority (the Parent) holds majority interest in a subsidiary, associates and/or joint ventures. The main Council statements are consolidated with the identified ventures and presented based on materiality. Intra-group transactions and balances are removed on a line-by-line basis. For 2022/23 the Council has identified 3 subsidiary companies, Broadway Living Limited, Broadway Living RP Limited and Greener Ealing Limited, which were included in the group accounts following an assessment of materiality.

## 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](mailto:finalaccounts@ealing.gov.uk) or write to the Strategic Director of Resources, 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 Strategic Director of Resources (Chief Financial Officer);
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- To approve the Statement of Accounts.

## THE STRATEGIC DIRECTOR'S RESPONSIBILITIES

The Strategic Director of Resources 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 2023.

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; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

## APPROVAL OF STATEMENT OF ACCOUNTS

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 2023 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 2023 and its income and expenditure for the year then ended.

**Emily Hill, CPFA**

Strategic Director, Resources (Chief Financial Officer)

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Date signed 5 June 2023

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

The Independent Auditor's Report will follow upon the conclusions of opinions and completion of the audit.

# **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**

The Independent Auditor's Report will follow upon the conclusions of opinions and completion of the audit.

# 2. Core Financial Statements



# Core Financial Statements

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

		2021/22	2021/22	2021/22	2022/23	2022/23	2022/23
	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Continuing Services							
Chief Executive Directorate		71,954	(18,364)	53,590	78,615	(19,240)	59,375
Children & Schools		451,938	(379,302)	72,636	490,878	(396,198)	94,680
Adults & Public Health		154,637	(71,692)	82,945	170,610	(76,593)	94,017
Place		259,031	(196,529)	62,502	298,111	(191,526)	106,585
Housing Benefits		189,186	(185,018)	4,168	178,353	(173,846)	4,507
Council Wide Other		36,852	(22,033)	14,819	20,351	(14,827)	5,524
<b>Cost of Services</b>		<b>1,163,598</b>	<b>(872,938)</b>	<b>290,660</b>	<b>1,236,918</b>	<b>(872,230)</b>	<b>364,688</b>
Other Operating Expenditure & Income							
Precepts and Levies				14,463			14,015
Payments to the Government Housing Capital Receipts Pool				1,520			1,520
(Gains)/Losses on Disposal of Non-Current Assets				(13,045)			(3,849)
				<b>2,938</b>			<b>11,686</b>
Financing and Investment Income & Expenditure							
Interest Payable and Similar Charges				38,440			42,519
Net Interest on the Net Defined Benefit Liability (Asset)				12,023			15,536
Interest Receivable and Similar Income				(2,776)			(13,541)
Impairment Losses				10,303			7,513
				<b>57,990</b>			<b>52,027</b>
Taxation and Non-Specific Grants							
Council Tax Income				(152,940)			(161,617)
Non-Domestic Rates Income and Expenditure				(33,358)			(37,807)
Business Rates Top-Up				(31,499)			(31,499)
Non-Ringfenced Government Grants	26			(80,568)			(74,353)
Capital Grants and Contributions	26			(20,331)			(55,689)
				<b>(318,696)</b>			<b>(360,965)</b>
<b>(Surplus) / Deficit on Provision of Services</b>				<b>32,892</b>			<b>67,436</b>
(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets	9			(153,930)			(63,152)
Impairment Losses on Non-Current Assets Charged to the Revaluation Reserve				-			-
(Surplus)/Deficit on Revaluation of Available for Sale Financial Assets				-			-
Remeasurement of the Net Defined Benefit Liability/(Asset)	31			(55,252)			(502,270)
<b>Other Comprehensive Income and Expenditure</b>				<b>(209,182)</b>			<b>(565,422)</b>
<b>Total Comprehensive (Income) / Expenditure</b>				<b>(176,290)</b>			<b>(497,986)</b>

## MOVEMENT IN RESERVES STATEMENT

	Housing Revenue								Collection							Financial		
	General	Fund	Housing	Account	Major	Capital	Capital	Total		Capital	Deferred	Fund	Instruments	Accumulated				
	Fund	Earmarked	Revenue	Earmarked	Repairs	Receipts	Grants	Usable	Revaluation	Adjustment	Capital	Adjustment	Adjustment	Absences	Pensions			
	£000	Reserves	Account	Reserves	Reserve	Reserve	Unapplied	Reserves	Reserve	Account	Receipts	Account	Account	Account	Reserve	Total		
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		
Balance at 31 March 2021	15,919	118,188	4,925	15,249	-	37,865	26,272	218,418	616,044	798,287	5,200	(28,799)	(1,449)	(8,070)	(593,078)	788,135	1,006,553	
Movement in reserves during 2021/22																		
Total Comprehensive Income and Expenditure	(12,799)	-	(20,093)	-	-	-	-	(32,892)	153,930	-	-	-	-	-	55,252	209,182	176,290	
Adjustments Between Accounting Basis & Funding Basis Under Regulations (Note 8)	18,477	-	20,093	-	-	11,148	1,671	51,389	-	(27,245)	(136)	9,453	31	526	(34,018)	(51,389)	-	
Net Increase/(Decrease) before Transfers to Earmarked Reserves	5,678	-	-	-	-	11,148	1,671	18,497	153,930	(27,245)	(136)	9,453	31	526	21,234	157,793	176,290	
Transfers To/From Reserves	(5,678)	5,678	-	-	-	-	-	-	(16,113)	16,113	-	-	-	-	-	-	-	
Increase/(Decrease) in Year 2021/22	-	5,678	-	-	-	11,148	1,671	18,497	137,817	(11,132)	(136)	9,453	31	526	21,234	157,793	176,290	
Balance at 31 March 2022 Carried Forward	15,919	123,866	4,925	15,249	-	49,013	27,943	236,915	753,861	787,155	5,064	(19,346)	(1,418)	(7,544)	(571,844)	945,928	1,182,843	
Movement in reserves during 2022/23																		
Total Comprehensive Income and Expenditure	(49,900)	-	(17,536)	-	-	-	-	(67,436)	63,152	-	-	-	-	-	502,270	565,422	497,986	
Adjustments Between Accounting Basis & Funding Basis Under Regulations (Note 8)	39,859	-	14,228	-	-	22,895	11,842	88,824	-	(56,822)	(196)	16,543	32	318	(48,699)	(88,824)	-	
Net Increase/(Decrease) before Transfers to Earmarked Reserves	(10,041)	-	(3,308)	-	-	22,895	11,842	21,388	63,152	(56,822)	(196)	16,543	32	318	453,571	476,598	497,986	
Transfers To/From Reserves	11,854	(11,854)	3,308	(3,308)	-	-	-	-	(24,784)	24,784	-	-	-	-	-	-	-	
Increase/(Decrease) in Year 2022/23	1,813	(11,854)	-	(3,308)	-	22,895	11,842	21,388	38,368	(32,038)	(196)	16,543	32	318	453,571	476,598	497,986	
Balance at 31 March 2023 Carried Forward	17,732	112,012	4,925	11,941	-	71,908	39,785	258,303	792,229	755,117	4,868	(2,803)	(1,386)	(7,226)	(118,273)	1,422,526	1,680,829	

## BALANCE SHEET

	Note	31 March 2022 £000	31 March 2023 £000
Property, Plant & Equipment	9	2,336,481	2,379,152
Intangible Assets	9	11,539	10,814
Heritage Assets	11	2,741	2,741
Financial Assets Held for Sale		-	-
Long-Term Investments	12a	34,869	46,160
Long-Term Debtors	12a	4,592	5,154
<b>Long-term Assets</b>		<b>2,390,222</b>	<b>2,444,021</b>
Short-Term Investments	12a	495,191	447,211
Current Assets Held for Sale		-	-
Short-Term Debtors	13	74,425	129,747
Cash and Cash Equivalents	14	68,362	46,449
<b>Current Assets</b>		<b>637,978</b>	<b>623,407</b>
Short-Term Borrowings	12a	(49,147)	(49,297)
Short-Term Creditors	15	(172,727)	(171,437)
Short-Term Provisions	16	(15,302)	(14,437)
Grants Receipts in Advance - Revenue	26	(34,594)	(5,186)
<b>Current Liabilities</b>		<b>(271,770)</b>	<b>(240,357)</b>
Long-Term Borrowings	12a	(846,698)	(836,076)
Long-Term Creditors	12a	(133,737)	(150,614)
Grants Receipts in Advance - Capital	26	(26,463)	(38,744)
Long-Term Provisions	16	(2,535)	(2,535)
Pensions Liability	31	(564,154)	(118,273)
<b>Long- term Liabilities</b>		<b>(1,573,587)</b>	<b>(1,146,242)</b>
<b>Net Assets</b>		<b>1,182,843</b>	<b>1,680,829</b>
<b>Represented by:</b>			
<b>Usable Reserves</b>			
General Fund		15,919	17,732
Earmarked Reserves	8	123,866	112,012
Housing Revenue Account		4,925	4,925
Capital Receipts Reserve	7	49,013	71,908
Capital Grants Unapplied	7	27,943	39,785
Housing Revenue Account Earmarked Reserves	8	15,249	11,941
Housing Revenue Account Major Repairs Reserve	8	-	-
		<b>236,915</b>	<b>258,303</b>
<b>Unusable Reserves</b>			
Revaluation Reserve	18a	753,861	792,229
Capital Adjustment Account	18b	787,155	755,117
Deferred Capital Receipts	18c	5,064	4,868
Collection Fund Adjustment Account	18d	(19,346)	(2,803)
Financial Instruments Adjustment Account	18e	(1,418)	(1,386)
Accumulated Absences Account	18f	(7,544)	(7,226)
Pension Reserve	18g	(571,844)	(118,273)
		<b>945,928</b>	<b>1,422,526</b>
<b>Total Reserves</b>		<b>1,182,843</b>	<b>1,680,829</b>

## CASH FLOW STATEMENT

		<b>2021/22</b>	<b>2022/23</b>
		<b>£000</b>	<b>£000</b>
Net Surplus / (Deficit) on the Provision of Services		(32,892)	(67,436)
Adjustments to Net Surplus / (Deficit) on the Provision of Services for Non-Cash Movements	19a	162,124	107,052
Adjustments for Items Included in Net Surplus / (Deficit) on the Provision of Services that are Investing or Financing Activities	19a	(61,665)	(104,109)
<b>Net Cash Inflows from Operating Activities</b>		<b>67,567</b>	<b>(64,493)</b>
Investing Activities	19b	(376,417)	55,660
Financing Activities	19c	248,681	(13,080)
<b>Net Increase or (Decrease) in Cash and Cash Equivalents</b>		<b>(60,169)</b>	<b>(21,913)</b>
Cash and Cash Equivalents at the Beginning of the Reporting Period		128,531	68,362
<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	<b>14</b>	<b>68,362</b>	<b>46,449</b>

# 3. Notes to the Accounts

# Notes to Core Financial Statements

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## Note 1 Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (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:

- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:
  - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
  - IAS 37 (Onerous contracts) – clarifies the intention of the standard
  - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
  - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

None of the matters covered in the annual improvements are dealt with in detail in the 2022/23 Code. During the consultation process on the 2022/23 Code CIPFA/LASAAC did not envisage them having a significant effect on local authority financial statements and no such effect has been identified.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- IFRS 16 Leases has been deferred to the 2024/25 Code and will apply to reporting periods beginning on or after 1 January 2024.

## 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 Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council 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 assets and 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 Ealing Pension Fund to make prepayments towards the cost of post-employment benefits for the three-year period 2023/24– 2025/26. For further details see Note 31 Defined Benefit Pension Schemes.

## 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 Strategic Director Resources (Chief Financial Officer) on 5 June 2023. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. 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 2023 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 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £109.359m. However, the assumptions interact in complex ways.

Property, Plant and Equipment	The Council employs Royal Institute of Chartered Surveyors (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 RICS. 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 £23.8m.
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## 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.

Table 5a 2022/23	Outturn as Reported to Cabinet £000	Adjustments to Management Reporting (EFA Note 1) £000	Net Expenditure Chargeable to the general Fund Balance £000	Net Change for			Adjustments between Funding and Accounting Basis (see Note 7) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement
				Adjustments for Capital Purposes (EFA Note 2) £000	Pension Adjustment (EFA Note 3) £000	Other Statutory Differences (EFA Note 4) £000		
Continuing Services								
Chief Executive Directorate	43,910	(193)	43,717	5,293	10,615	(250)	15,658	59,375
Children & Schools	76,450	(10,382)	66,068	20,463	7,971	178	28,612	94,680
Adults & Public Health	89,937	(1,015)	88,922	1,260	3,949	(114)	5,095	94,017
Place	15,341	(5,098)	10,243	85,847	10,628	(132)	96,343	106,586
Housing Benefits	4,507	-	4,507	-	-	-	-	4,507
Council Wide Other	-	5,523	5,523	-	-	-	-	5,523
<b>Net Cost of Services</b>	<b>230,145</b>	<b>(11,165)</b>	<b>218,980</b>	<b>112,863</b>	<b>33,163</b>	<b>(318)</b>	<b>145,708</b>	<b>364,688</b>
Other Income and Expenditure	21,129	(226,760)	(205,631)	(90,582)	15,536	(16,575)	(91,621)	(297,252)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>251,274</b>	<b>(237,925)</b>	<b>13,349</b>	<b>22,281</b>	<b>48,699</b>	<b>(16,893)</b>	<b>54,087</b>	<b>67,436</b>
<b>Opening General Fund and HRA Balance 1 April 2022</b>			<b>159,959</b>					
Less: (Surplus) or Deficit on General Fund and HRA Balance In-Year			13,349					
Reserve Transfers			-					
<b>Closing General Fund and HRA Balance at 31 March 2023</b>			<b>146,610</b>					

Table 5b 2021/22	Adjustments to		Net Expenditure Chargeable to the general Fund Balance £000	Net Change for		Other Statutory Differences (EFA Note 4) £000	Adjustments between Funding and Accounting Basis (see Note 7) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
	Outturn as Reported to Cabinet £000	Management Reporting (EFA Note 1) £000		Adjustments for Capital Purposes (EFA Note 2) £000	Pension Adjustment (EFA Note 3) £000			
Continuing Services								
Chief Executive Directorate	42,255	(2,218)	40,037	6,973	6,823	(243)	13,553	53,590
Children & Schools	66,793	(13,867)	52,926	14,979	4,745	(14)	19,710	72,636
Adults & Public Health	84,157	(5,581)	78,576	1,569	2,843	(43)	4,369	82,945
Place	15,110	(9,499)	5,611	49,532	7,584	(225)	56,891	62,502
Housing Benefits	4,168 -		4,168 -	-	-	-	-	4,168
Council Wide Other	7,744	7,075	14,819 -	-	-	-	-	14,819
<b>Net Cost of Services</b>	<b>220,227</b>	<b>(24,090)</b>	<b>196,137</b>	<b>73,053</b>	<b>21,995</b>	<b>(525)</b>	<b>94,523</b>	<b>290,660</b>
Other Income and Expenditure	29,744	(231,559)	(201,815)	(58,491)	12,023	(9,485)	(55,953)	(257,768)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>249,971</b>	<b>(255,649)</b>	<b>(5,678)</b>	<b>14,562</b>	<b>34,018</b>	<b>(10,010)</b>	<b>38,570</b>	<b>32,892</b>
<b>Opening General Fund and HRA Balance 1 April 2021</b>			<b>154,281</b>					
Less: (Surplus) or Deficit on General Fund and HRA Balance In-Year			(5,678)					
Reserve Transfers			-					
<b>Closing General Fund and HRA Balance at 31 March 2022</b>			<b>159,959</b>					

## 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 Non-Domestic Rates (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

Table 6a 2022/23	Chief Executive Directorate £000	Children & Schools £000	Adults & Public Health £000	Place £000	Housing Benefits £000	Council Wide Other £000	Other Income and Expenditure £000	Outturn as Reported to the Executive £000	Adjustments to Management Reporting (EFA Note 1) £000	Net Expenditure Chargeable to the General Fund Balance £000	Adjustments Between Funding and Accounting Basis (see Note 7) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement
Fees, Charges and Other Service Income	(12,483)	(18,310)	(44,291)	(103,955)	-	1,117	(5,831)	(183,753)	(92,717)	(276,470)	-	(276,470)
Interest and Investment Income	-	-	-	-	-	-	(11,780)	(11,780)	(1,761)	(13,541)	-	(13,541)
Government Grants and Contributions	(6,757)	(100,384)	(31,850)	(18,576)	(173,846)	(10,147)	(38,886)	(380,446)	(321,167)	(701,613)	(55,689)	(757,302)
Income from Council Tax	-	-	-	-	-	-	-	-	(159,239)	(159,239)	(2,378)	(161,617)
Income from Business Rates	-	-	-	-	-	-	-	-	(23,642)	(23,642)	(14,165)	(37,807)
Support Service Recharges	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Income</b>	<b>(19,240)</b>	<b>(118,694)</b>	<b>(76,141)</b>	<b>(122,531)</b>	<b>(173,846)</b>	<b>(9,030)</b>	<b>(56,497)</b>	<b>(575,979)</b>	<b>(598,526)</b>	<b>(1,174,505)</b>	<b>(72,232)</b>	<b>(1,246,737)</b>
Employee Benefits Expenses	44,785	49,197	23,019	34,001	-	1,389	1,999	154,390	257,647	412,037	48,381	460,418
Other Service Expenses	18,171	146,058	145,366	100,366	178,353	15,661	13,105	617,080	44,854	661,934	-	661,934
Support Service Charges	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation, Amortisation and Impairment	-	-	-	-	-	-	-	-	-	-	103,118	103,118
Capital Expenditure Financed from Revenue												
Balances	404	-	-	17	-	813	7,594	8,828	-	8,828	(8,828)	-
Revenue Expenditure Funded from Capital												
Under Statute & De-minimis	-	-	-	-	-	-	-	-	-	-	27,794	27,794
Interest & MRP Payments	-	-	200	-	-	-	38,822	39,022	33,969	72,991	(23,768)	49,223
Precepts and Levies	-	-	-	-	-	-	14,015	14,015	-	14,015	-	14,015
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	-	-	-	-	1,520	1,520
(Gain) or Loss on Disposal of Non-Current												
Assets	-	-	-	-	-	-	-	-	-	-	(3,849)	(3,849)
Posting of HRA Resources from Revenue to												
the MRR	-	-	-	-	-	-	-	-	18,049	18,049	(18,049)	-
<b>Total Expenditure</b>	<b>63,360</b>	<b>195,255</b>	<b>168,585</b>	<b>134,384</b>	<b>178,353</b>	<b>17,863</b>	<b>75,535</b>	<b>833,335</b>	<b>354,519</b>	<b>1,187,854</b>	<b>126,319</b>	<b>1,314,173</b>
Contributions to/from Reserves	(210)	(111)	(2,507)	3,488	-	(8,833)	2,091	(6,082)	6,082	-	-	-
<b>(Surplus) or Deficit on the Provision of</b>												
<b>Services</b>	<b>43,910</b>	<b>76,450</b>	<b>89,937</b>	<b>15,341</b>	<b>4,507</b>	<b>-</b>	<b>21,129</b>	<b>251,274</b>	<b>(237,925)</b>	<b>13,349</b>	<b>54,087</b>	<b>67,436</b>

<b>Table 6b 2021/22</b>	<b>Chief Executive Directorate £000</b>	<b>Children &amp; Schools £000</b>	<b>Adults &amp; Public Health £000</b>	<b>Place £000</b>	<b>Housing Benefits £000</b>	<b>Council Wide Other £000</b>	<b>Other Income and Expenditure £000</b>	<b>Outturn as Reported to the Executive £000</b>	<b>Adjustments to Management Reporting (EFA Note 1) £000</b>	<b>Net Expenditure Chargeable to the General Fund Balance £000</b>	<b>Adjustments Between Funding and Accounting Basis (see Note 7) £000</b>	<b>Net Expenditure in the Comprehensive Income and Expenditure Statement £000</b>
Fees, Charges and Other Service Income	(13,550)	(22,918)	(37,027)	(106,298)	-	(6,676)	(1,727)	(188,196)	(73,457)	(261,653)	-	(261,653)
Interest and Investment Income	-	-	-	-	-	-	(2,650)	(2,650)	(126)	(2,776)	-	(2,776)
Government Grants and Contributions	(4,814)	(122,312)	(28,445)	(11,925)	(185,018)	(13)	(29,966)	(382,493)	(332,247)	(714,740)	(28,999)	(743,739)
Income from Council Tax	-	-	-	-	-	-	-	-	(149,426)	(149,426)	(3,514)	(152,940)
Income from Business Rates	-	-	-	-	-	-	-	-	(27,419)	(27,419)	(5,939)	(33,358)
Support Service Recharges	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Income</b>	<b>(18,364)</b>	<b>(145,230)</b>	<b>(65,472)</b>	<b>(118,223)</b>	<b>(185,018)</b>	<b>(6,689)</b>	<b>(34,343)</b>	<b>(573,339)</b>	<b>(582,675)</b>	<b>(1,156,014)</b>	<b>(38,452)</b>	<b>(1,194,466)</b>
Employee Benefits Expenses	39,928	49,321	20,563	28,963	-	3,567	-	142,342	243,400	385,742	33,492	419,234
Other Service Expenses	18,472	160,568	128,908	98,534	189,186	5,296	14,524	615,488	42,395	657,883	-	657,883
Support Service Charges	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation, Amortisation and Impairment	-	-	-	-	-	-	-	-	-	-	81,640	81,640
Capital Expenditure Financed from Revenue Balances	17	-	-	109	-	5,329	-	5,455	1,012	6,467	(6,467)	-
Revenue Expenditure Funded from Capital Under Statute & De-minimis	-	-	-	-	-	-	-	-	-	-	16,922	16,922
Interest & MRP Payments	-	-	-	-	-	-	35,100	35,100	34,855	69,955	(21,214)	48,741
Precepts and Levies	-	-	-	-	-	-	14,463	14,463	-	14,463	-	14,463
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	-	-	-	-	1,520	1,520
(Gain) or Loss on Disposal of Non-Current Assets	-	-	-	-	-	-	-	-	-	-	(13,045)	(13,045)
<b>Posting of HRA Resources from Revenue to the MRR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,826</b>	<b>15,826</b>	<b>(15,826)</b>	<b>-</b>
Total Expenditure	58,417	209,889	149,471	127,606	189,186	14,192	64,087	812,848	337,488	1,150,336	77,022	1,227,358
Contributions to/from Reserves	2,202	2,134	158	5,727	-	241	-	10,462	(10,462)	-	-	-
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>42,255</b>	<b>66,793</b>	<b>84,157</b>	<b>15,110</b>	<b>4,168</b>	<b>7,744</b>	<b>29,744</b>	<b>249,971</b>	<b>(255,649)</b>	<b>(5,678)</b>	<b>38,570</b>	<b>32,892</b>

## 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 Council 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 (nil in 2023/24 and 2022/23).

### 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								
	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Usable Reserves £'000	Revaluation Reserve £'000	Capital Adjustment Account £'000	Deferred Capital Receipts £'000	Collection Fund Adjustment Account £'000	Financial Instruments Adjustment Account £'000	Accumulated Absences Account £'000	Pensions Reserve £'000	Movement in Unusable Reserves £'000	Total Movement in Reserves £'000
Table 7a - 2022/23															
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)	44,615	4,084	-	-	-	48,699	-	-	-	-	-	-	(48,699)	(48,699)	-
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	(32)	-	-	-	-	(32)	-	-	-	-	32	-	-	32	-
Council Tax & NDR (transfers to (or from) the Collection Fund Adjustment Account)	(16,543)	-	-	-	-	(16,543)	-	-	-	16,543	-	-	-	16,543	-
Holiday Pay (transferred to the Accumulated Absences Reserve)	(306)	(12)	-	-	-	(318)	-	-	-	-	-	318	-	318	-
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)	47,772	72,022	-	-	11,301	131,095	-	(131,095)	-	-	-	-	-	(131,095)	-
Total Adjustments to Revenue Resources	75,506	76,094	-	-	11,301	162,901	-	(131,095)	-	16,543	32	318	(48,699)	(162,901)	-
Adjustments between Revenue and Capital Resources															
Transfer of Non-Current Asset Sale Proceeds from Revenue to the Capital Receipts Reserve	(2,948)	(45,337)	-	48,346	-	61	-	-	(61)	-	-	-	-	(61)	-
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	-	(18,049)	18,049	-	-	-	-	-	-	-	-	-	-	-	-
Statutory Provision for the Repayment of Debt transfer from the Capital Adjustment Account	(23,871)	-	-	-	-	(23,871)	-	23,871	-	-	-	-	-	23,871	-
Capital Expenditure Financed from Revenue Balances (transfer to the Capital Adjustment Account)	(8,828)	-	-	-	-	(8,828)	-	8,828	-	-	-	-	-	8,828	-
Total Adjustments between Revenue and Capital Resources	(35,647)	(61,866)	18,049	46,826	-	(32,638)	-	32,699	(61)	-	-	-	-	32,638	-
Adjustments to Capital Resources															
Use of the Capital Receipts Reserve to Finance New Capital Expenditure	-	-	-	(24,980)	-	(24,980)	-	24,980	-	-	-	-	-	24,980	-
Use of the Major Repairs Reserve to Finance New Capital Expenditure	-	-	(18,049)	-	-	(18,049)	-	18,049	-	-	-	-	-	18,049	-
Application of Unapplied Capital Grants to Finance New Capital Expenditure	-	-	-	-	541	541	-	(541)	-	-	-	-	-	(541)	-
Cash Payments in Relation to Deferred Capital Receipts	-	-	-	135	-	135	-	-	(135)	-	-	-	-	(135)	-
Cash Payments in Relation to Long-Term Debtor Loans	-	-	-	914	-	914	-	(914)	-	-	-	-	-	(914)	-
Total Adjustments to Capital Resources	-	-	(18,049)	(23,931)	541	(41,439)	-	41,574	(135)	-	-	-	-	41,439	-
Total Adjustments	39,859	14,228	-	22,895	11,842	88,824	-	(56,822)	(196)	16,543	32	318	(48,699)	(88,824)	-

	Usable Reserves						Unusable Reserves									
	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Usable Reserves £'000	Revaluation Reserve £'000	Capital Adjustment Account £'000	Deferred Capital Receipts £'000	Collection Fund Adjustment Account £'000	Financial Instruments Adjustment Account £'000	Accumulated Absences Account £'000	Pensions Reserve £'000	Movement in Unusable Reserves £'000	Total Movement in Reserves £'000	
Table 7b - 2021/22																
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)	30,944	3,074	-	-	-	34,018	-	-	-	-	-	-	(34,018)	(34,018)	-	
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	(31)	-	-	-	-	(31)	-	-	-	-	31	-	-	31	-	
Council Tax & NDR (transfers to (or from) the Collection Fund Adjustment Account)	(9,453)	-	-	-	-	(9,453)	-	-	-	9,453	-	-	-	9,453	-	
Holiday Pay (transferred to the Accumulated Absences Reserve)	(499)	(27)	-	-	-	(526)	-	-	-	-	-	526	-	526	-	
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)	27,103	62,081	-	-	8,470	97,654	-	(97,654)	-	-	-	-	-	(97,654)	-	
Total Adjustments to Revenue Resources	48,064	65,128	-	-	8,470	121,662	-	(97,654)	-	9,453	31	526	(34,018)	(121,662)	-	
Adjustments between Revenue and Capital Resources																
Transfer of Non-Current Asset Sale Proceeds from Revenue to the Capital Receipts Reserve	(2,949)	(29,717)	-	32,666	-	-	-	-	-	-	-	-	-	-	-	
Administrative Costs of Non-Current Asset Disposals (funded by a contribution from the Capital Receipts Reserve)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
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	-	(15,826)	15,826	-	-	-	-	-	-	-	-	-	-	-	-	
Statutory Provision for the Repayment of Debt transfer from the Capital Adjustment Account	(21,183)	-	-	-	-	(21,183)	-	21,183	-	-	-	-	-	21,183	-	
Capital Expenditure Financed from Revenue Balances (transfer to the Capital Adjustment Account)	(5,455)	(1,012)	-	-	-	(6,467)	-	6,467	-	-	-	-	-	6,467	-	
Total Adjustments between Revenue and Capital Resources	(29,587)	(45,035)	15,826	31,146	-	(27,650)	-	27,650	-	-	-	-	-	27,650	-	
Adjustments to Capital Resources																
Use of the Capital Receipts Reserve to Finance New Capital Expenditure	-	-	-	(20,457)	-	(20,457)	-	20,457	-	-	-	-	-	20,457	-	
Use of the Major Repairs Reserve to Finance New Capital Expenditure	-	-	(15,826)	-	-	(15,826)	-	15,826	-	-	-	-	-	15,826	-	
Application of Unapplied Capital Grants to Finance New Capital Expenditure	-	-	-	-	(6,799)	(6,799)	-	6,799	-	-	-	-	-	6,799	-	
Cash Payments in Relation to Deferred Capital Receipts	-	-	-	136	-	136	-	-	(136)	-	-	-	-	(136)	-	
Cash Payments in Relation to Long-Term Debtor Loans	-	-	-	323	-	323	-	(323)	-	-	-	-	-	(323)	-	
Total Adjustments to Capital Resources	-	-	(15,826)	(19,998)	(6,799)	(42,623)	-	42,759	(136)	-	-	-	-	42,623	-	
Total Adjustments	18,477	20,093	-	11,148	1,671	51,389	-	(27,245)	(136)	9,453	31	526	(34,018)	(51,389)		

## Note 8 Movements In Earmarked Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover risks and 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 2021 £'000	2021/22			Balance at 31 March 2022 £'000	2022/23			Balance at 31 March 2023 £'000
		Transfers In £'000	Transfers Between £'000	Transfers Out £'000		Transfers In £'000	Transfers Between £'000	Transfers Out £'000	
<b>Specific Reserves</b>									
Corporate - Ealing Civic Improvement Fund	1,298	5	-	(6)	1,297	-	-	(356)	941
Corporate - Insurance Reserve	5,721	-	-	-	5,721	-	-	-	5,721
Corporate - Covid-19 Grant	10,930	1,227	-	(1,267)	10,890	369	-	(8,388)	2,871
Corporate - Invest to Save Reserve	2,817	279	-	-	3,096	234	-	(365)	2,965
Corporate - Collection Fund Equalisation Fund	23,091	10,870	-	(20,300)	13,661	5,153	-	(10,455)	8,359
Corporate - Other Reserves	8,982	140	(1,700)	-	7,422	180	-	(1,037)	6,565
Corporate - Economic Volatility Reserve	6,962	6,178	-	-	13,140	3,499	-	-	16,639
Social Care Transformation Reserve	167	-	-	-	167	-	-	-	167
Service - Dedicated Schools Grant	370	2,846	-	(2,435)	781	3,881	-	(3,317)	1,345
Service - Others Reserves	8,627	5,571	1,700	(1,416)	14,482	10,238	-	(3,400)	21,320
Parking Places Reserve Account	3,172	5,781	-	(1,197)	7,756	-	-	(1,551)	6,205
PFI Reserves	24,647	512	-	-	25,159	762	-	(4,165)	21,756
	96,784	33,409	-	(26,621)	103,572	24,316	-	(33,034)	94,854
School Balances (ring-fenced)	21,405	4,742	-	(5,853)	20,294	953	-	(4,089)	17,158
<b>Total General Fund</b>	<b>118,189</b>	<b>38,151</b>	<b>-</b>	<b>(32,474)</b>	<b>123,866</b>	<b>25,269</b>	<b>-</b>	<b>(37,123)</b>	<b>112,012</b>
<b>HRA Reserves</b>									
Major Repairs Reserve	-	15,826	-	(15,826)	-	18,049	-	(18,049)	-
Estate Regeneration Delivery Service	15,249	-	-	-	15,249	-	-	(3,308)	11,941
<b>Total HRA</b>	<b>15,249</b>	<b>15,826</b>	<b>-</b>	<b>(15,826)</b>	<b>15,249</b>	<b>18,049</b>	<b>-</b>	<b>(21,357)</b>	<b>11,941</b>

### 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 and are carried forward due to permitted use to fund future Covid pressures.

The **Invest to Save reserve** 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 decrease in 2022/23 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.
- Change in government legislation required 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.
- The Council has received section 31 grant monies to cover the additional cost of the relief paid out in 2022/23 but due to the timing differences with regards to accounting for these the Council has



carried these forward through an earmarked reserve to be used over the next three years to fund the deficit payments.

**Corporate Other 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 and manage risks arising from the wider economic context such as the impact of inflation and the cost of living crisis.

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

The **Dedicated Schools Grant (DSG) 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** 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

[illegible]

Property, Plant & Equipment Movements in 2021/22	Council Dwellings £'000	Other Land & Buildings £'000	Other Land & Buildings (PFI) £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Infrastructure Assets (PFI) £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000	Intangible Assets £'000
<b>Cost or Valuation</b>											
<b>At 1 April 2021</b>	<b>880,712</b>	<b>820,282</b>	<b>176,541</b>	<b>114,699</b>	<b>272,748</b>	<b>31,977</b>	<b>43,857</b>	<b>2,804</b>	<b>85,441</b>	<b>2,429,061</b>	<b>5,647</b>
Additions	39,098	22,518	108	3,265	7,806	-	1,331	63	29,999	<b>104,188</b>	672
* Revaluation increases/(decreases) recognised in the Revaluation Reserve	54,853	56,752	7,082	-	-	-	85	(82)	-	<b>118,690</b>	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(28,406)	(10,903)	-	-	-	-	4,674	(119)	-	<b>(34,754)</b>	-
Derecognition - disposals	(7,785)	-	-	-	-	-	-	-	(3,970)	<b>(11,755)</b>	-
Derecognition - other	(4,693)	(4,289)	-	-	-	-	-	-	-	<b>(8,982)</b>	-
Other Reclassifications	12,325	683	-	-	88	-	1,137	-	(23,302)	<b>(9,069)</b>	9,069
<b>At 31 March 2022</b>	<b>946,104</b>	<b>885,043</b>	<b>183,731</b>	<b>117,964</b>	<b>280,642</b>	<b>31,977</b>	<b>51,084</b>	<b>2,666</b>	<b>88,168</b>	<b>2,587,379</b>	<b>15,388</b>
<b>Accumulated Depreciation and Impairment</b>											
<b>At 1 April 2021</b>	<b>(1,555)</b>	<b>(4,223)</b>	<b>-</b>	<b>(101,538)</b>	<b>(124,430)</b>	<b>(7,969)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(239,715)</b>	<b>(3,445)</b>
Depreciation/Amortisation charge	(14,845)	(18,712)	3,917	(3,117)	(8,821)	(639)	(333)	(51)	-	<b>(42,601)</b>	(406)
* Depreciation written out to the Revaluation Reserve	13,543	17,719	(3,917)	-	-	-	12	49	-	<b>27,406</b>	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,300	1,867	-	-	-	-	321	2	-	<b>3,490</b>	-
Impairment losses/reversals to Surplus/Deficit on Provision of Services	465	-	-	-	-	-	-	-	-	<b>465</b>	-
Derecognition - disposals	-	-	-	-	-	-	-	-	-	<b>-</b>	-
Derecognition - other	-	57	-	-	-	-	-	-	-	<b>57</b>	-
Other movements in depreciation and impairment	-	1	-	(1)	-	-	-	-	-	<b>-</b>	-
<b>At 31 March 2022</b>	<b>(1,092)</b>	<b>(3,291)</b>	<b>-</b>	<b>(104,656)</b>	<b>(133,251)</b>	<b>(8,608)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(250,898)</b>	<b>(3,851)</b>
<b>Net Book Value</b>											
At 31 March 2022	<b>945,012</b>	<b>881,752</b>	<b>183,731</b>	<b>13,308</b>	<b>147,391</b>	<b>23,369</b>	<b>51,084</b>	<b>2,666</b>	<b>88,168</b>	<b>2,336,481</b>	<b>11,537</b>
At 31 March 2021	<b>879,157</b>	<b>816,059</b>	<b>176,541</b>	<b>13,161</b>	<b>148,318</b>	<b>24,008</b>	<b>43,857</b>	<b>2,804</b>	<b>85,441</b>	<b>2,189,346</b>	<b>2,202</b>

## 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
- 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).

	Council Dwellings £'000	Other Land & Buildings £'000	Other Land & Buildings (PFI) £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Infrastructure Assets (PFI) £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
<b>Revaluations</b>										
Carried at historical cost	61	10,843	-	15,310	153,487	22,730	16,089	-	67,621	286,141
Valued at current value as at:										
31 March 2023	959,227	218,058	204,101	-	-	-	32,250	30	-	1,413,666
31 March 2022	-	136,688	-	-	-	-	-	1,180	-	137,868
31 March 2021	116	200,298	-	-	-	-	73	106	-	200,593
31 March 2020	-	195,184	-	-	-	-	-	656	-	195,840
31 March 2019	-	144,639	-	-	-	-	-	405	-	145,044
<b>Total Cost or Valuation</b>	<b>959,404</b>	<b>905,710</b>	<b>204,101</b>	<b>15,310</b>	<b>153,487</b>	<b>22,730</b>	<b>48,412</b>	<b>2,377</b>	<b>67,621</b>	<b>2,379,152</b>

## Note 10 Capital Commitments

At 31 March 2023, the Council has significant commitments for future capital expenditure in 2023/24 and future years, budgeted to cost £117.324m. Similar commitments at 31 March 2022 were £99.284m. The commitments are:

	Commitments at 31 March 2023 £'000
<b>Council Housing - Spend on existing Council housing</b>	
External Refurbishment	9,110
Health & Safety	8,991
Internal Refurbishment	4,384
Housing Stock Improvement	1,513
Mechanical & Electrical works	1,304
<b>Building New Affordable Housing</b>	
High Lane Estate Regeneration	28,298
Copley Close Regeneration	20,952
Genuinely Affordable Homes	5,792
Providing Grant to Registered Providers	4,097
Council House New build round 3	3,217
<b>Improving Buildings' Energy Efficiency</b>	
Green Homes Grant	23,469
<b>Energy - Retrofits on Council housing</b>	
	1,559
<b>Grants to adapt private homes (Disabled Facilities Grant)</b>	
	2,121
School Building Improvements	2,519
<b>Total Commitments</b>	<b>117,324</b>

## Note 11 Heritage Assets

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

Heritage Assets Movements in 2022/23	Martinware £'000	Mace and Badge £'000	Furniture £'000	Art collections £'000	Others £'000	Total Property, Plant & Equipment £'000
Cost or Valuation						
At 1 April 2022	1,288	632	315	155	351	2,741
<b>At 31 March 2023</b>	<b>1,288</b>	<b>632</b>	<b>315</b>	<b>155</b>	<b>351</b>	<b>2,741</b>
Heritage Assets Movements in 2021/22	Martinware £000s	Mace and Badge £000s	Furniture £000s	Art collections £000s	Others £000s	Total Property, Plant & Equipment £000s
Cost or Valuation						
At 1 April 2021	1,288	632	315	155	351	2,741
<b>At 31 March 2022</b>	<b>1,288</b>	<b>632</b>	<b>315</b>	<b>155</b>	<b>351</b>	<b>2,741</b>

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.

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 2022					31 March 2023				
	Non-Current		Current		Total £'000	Non-Current		Current		Total £'000
Financial Assets	Investments £'000	Debtors £'000	Investments £'000	Debtors £'000		Investments £'000	Debtors £'000	Investments £'000	Debtors £'000	
Amortised Cost	32,733	4,576	563,553	64,812	665,674	44,024	5,138	493,660	77,096	619,918
Fair value through other comprehensive income	2,136	-	-	-	2,136	2,136	-	-	-	2,136
Fair value through Profit and Loss	-	-	-	-	-	-	-	-	-	-
<b>Total Financial Assets</b>	<b>34,869</b>	<b>4,576</b>	<b>563,553</b>	<b>64,812</b>	<b>667,810</b>	<b>46,160</b>	<b>5,138</b>	<b>493,660</b>	<b>77,096</b>	<b>622,054</b>
Non-Financial Assets	-	16	-	9,613	-	-	16	-	52,651	52,667
<b>Total</b>	<b>34,869</b>	<b>4,592</b>	<b>563,553</b>	<b>74,425</b>	<b>667,810</b>	<b>46,160</b>	<b>5,154</b>	<b>493,660</b>	<b>129,747</b>	<b>674,721</b>

	31 March 2022					31 March 2023				
	Non-Current		Current		Total £'000	Non-Current		Current		Total £'000
Financial Liabilities	Borrowings £'000	Creditors £'000	Borrowings £'000	Creditors £'000		Borrowings £'000	Creditors £'000	Borrowings £'000	Creditors £'000	
Financial liabilities at amortised cost	(846,698)	(96,042)	(49,147)	(98,295)	(1,090,182)	(836,076)	(89,954)	(49,297)	(102,870)	(1,078,197)
Fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
<b>Total Financial Liabilities</b>	<b>(846,698)</b>	<b>(96,042)</b>	<b>(49,147)</b>	<b>(98,295)</b>	<b>(1,090,182)</b>	<b>(836,076)</b>	<b>(89,954)</b>	<b>(49,297)</b>	<b>(102,870)</b>	<b>(1,078,197)</b>
Non-Financial Liabilities	-	(37,695)	-	(74,432)	(112,127)	-	(60,660)	-	(68,567)	(129,227)
<b>Total</b>	<b>(846,698)</b>	<b>(133,737)</b>	<b>(49,147)</b>	<b>(172,727)</b>	<b>(1,202,309)</b>	<b>(836,076)</b>	<b>(150,614)</b>	<b>(49,297)</b>	<b>(171,437)</b>	<b>(1,207,424)</b>



## 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)

The Council has designated the following equity at 31 March 2023 as fair value through other comprehensive income:

Fair Value Through Other Comprehensive Income and Expenditure	Nominal £'000	Fair Value £'000	Change in fair value during 2022/23	Dividends £'000
Broadway Living Ltd Shares	2,136	2,136	0	0

The Council 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 and are not considered to be material. There are no established companies with similar aims in the Council's area whose shares are traded, and which might provide comparable market data. The Council 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:

	2021/22		2022/23	
	Surplus or Deficit on the Provision of services £'000	Other Comprehens ive Income and Expenditure £'000	Surplus or Deficit on the Provision of services £'000	Other Comprehens ive Income and Expenditure £'000
<b>Income, Expenses, Gains &amp; Losses</b>				
<b>Net gains/losses on:</b>				
Financial liabilities measured at amortised cost	-	10,303	-	7,513
<b>Total net gains/losses</b>	-	<b>10,303</b>	-	<b>7,513</b>
<b>Interest Revenue:</b>				
Financial Assets Measured at Amortised Cost	(2,776)	-	(13,541)	-
<b>Total Interest Revenue</b>	<b>(2,776)</b>	-	<b>(13,541)</b>	-
<b>Interest Expense</b>	<b>38,440</b>	-	<b>42,519</b>	-

## 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 Council'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.

Financial Assets Measured as Fair Value	Input Level in Fair Value Hierarchy	Valuation Technique Used to Measure Fair Value	31 March 2022 £'000	31 March 2023 £'000
<b>Fair value through Other Comprehensive Income</b>				
Equity Shareholding in Broadway Living Ltd	Level 3	Acquisition amount	2,136	2,136
<b>Total</b>			<b>2,136</b>	<b>2,136</b>

## 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 value is not expected to be materially different.

## 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 premature repayment rates have been applied to provide the fair value under PWLB debt redemption procedures;
- For non-PWLB loans payable, PWLB premature repayment 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 2022		31 March 2023	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
<b>Financial Liabilities - Fair Value</b>				
PWLB debt	(778,357)	(961,514)	(763,673)	(573,792)
Non-PWLB debt	(90,787)	(142,842)	(89,400)	(84,919)
Short term borrowing	(26,702)	(26,650)	(32,300)	(31,486)
<b>Total Borrowings</b>	<b>(895,845)</b>	<b>(1,131,006)</b>	<b>(885,373)</b>	<b>(690,197)</b>
PFI, service concessions and finance lease liabilities	(100,929)	(105,463)	(95,127)	(95,127)
Trade Creditors	(93,408)	(88,875)	(97,697)	(97,697)
<b>Financial Liabilities</b>	<b>(1,090,181)</b>	<b>(1,325,343)</b>	<b>(1,078,197)</b>	<b>(883,021)</b>

The fair value of the liabilities is lower than the carrying amount in 2022/23 because the discount rates applied by Link Group are calculated directly from the Gilt/ PWLB rates. Due to the rise in Gilt rates (and subsequently PWLB rates) this year compared to previous years, the discount rates applied and therefore the Discounts (Premiums) applied to each loan respectively, are different from previous years. The relatively elevated Gilt rates of the 2022/23 financial year (compared to previous years) have led to a different valuation from the previous year's Fair Valuation. This shows a notional future profit (based on economic conditions at 31 March 2023) arising from a commitment to pay interest to lenders below current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £573.792m 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 2023. The difference between the carrying amount and the fair value measures the 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.

	31 March 2022		31 March 2023	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
<b>Financial Assets - Fair Value</b>				
Cash and cash equivalents	68,152	68,152	46,260	46,260
Short term investments	495,191	495,191	495,211	495,211
Long term investments	2,852	2,852	44,024	47,327
Long term debtors	36,593	54,008	5,138	5,138
Short term debtors	64,812	64,812	77,096	77,096
<b>Total Assets</b>	<b>667,600</b>	<b>685,015</b>	<b>667,729</b>	<b>671,032</b>

Short-term investments & borrowing, 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 2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1) £'000	Other Significant Observable Inputs (Level 2) £'000	Significant Unobservable Inputs (Level 3) £'000	TOTAL £'000
<b>Financial Liabilities</b>				
<i>Financial Liabilities Held at Amortised Cost:</i>				
PWLB	-	(573,792)	-	(573,792)
Non-PWLB	-	(84,919)	-	(84,919)
Short term debt	-	(31,486)	-	(31,486)
<b>Total</b>	-	<b>(690,197)</b>	-	<b>(690,197)</b>
<b>Financial assets</b>				
Financial assets held at amortised	-	533,289	-	533,289
<b>Total</b>	-	<b>533,289</b>	-	<b>533,289</b>

Recurring Fair Value Measurements Using:	31 March 2022			
	Quoted Prices in Active Markets for Identical Assets (Level 1) £'000	Other Significant Observable Inputs (Level 2) £'000	Significant Unobservable Inputs (Level 3) £'000	TOTAL £'000
<b>Financial Liabilities</b>				
<i>Financial Liabilities Held at Amortised Cost:</i>				
PWLB	-	(961,514)	-	(961,514)
Non-PWLB	-	(142,842)	-	(142,842)
Short term debt	-	(26,650)	-	(26,650)
<b>Total</b>	-	<b>(1,131,006)</b>	-	<b>(1,131,006)</b>
<b>Financial assets</b>				
Financial assets held at amortised	-	541,018	-	541,018
<b>Total</b>	-	<b>541,018</b>	-	<b>541,018</b>

## Note 13 Debtors

The short-term debtors shown in the table below are net of impairment allowance for doubtful debts. Overall debt has risen due in the year 2022/23 due to a school prepayment for an amount of £26.284m paid in advance in April 2023.

	31 March 2022 £'000	31 March 2023 £'000
<b>Short-Term Debtors</b>		
Gross Trade Receivables	91,551	97,420
less Trade Receivables Impairment Allowance	(38,923)	(29,583)
<b>Net Trade Receivables</b>	<b>52,628</b>	<b>67,837</b>
<b>Pre-Payments</b>	<b>3,952</b>	<b>28,762</b>
Gross NNDR Payers	9,912	8,195
less NNDR Payers Impairment Allowance	(7,264)	(6,036)
<b>Net NNDR Payers</b>	<b>2,648</b>	<b>2,159</b>
Gross Council Tax Payers	23,325	23,747
less Council Tax Payers Impairment Allowance	(16,926)	(17,281)
<b>Net Council Tax Payers</b>	<b>6,399</b>	<b>6,466</b>
Gross Rent Arrears (including Housing Benefit overpayments)	46,775	41,908
less Rent Arrears Impairment Allowance	(42,800)	(39,447)
<b>Net Housing Benefit</b>	<b>3,975</b>	<b>2,461</b>
<b>Ealing Pension Fund</b>	<b>-</b>	<b>196</b>
Gross Other Receivables	6,650	23,943
less Other Receivables Impairment Allowance	(1,827)	(2,077)
<b>Net Receivables</b>	<b>4,823</b>	<b>21,866</b>
<b>Total Short-Term Debtors</b>	<b>74,425</b>	<b>129,747</b>

The gross total of the short-term debtors as at the 31 March 2023 is £223.829m (31 March 2022 was £182.165m).

## Note 14 Cash and Cash Equivalents

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

	31 March 2022 £'000	31 March 2023 £'000
<b>Cash and Cash Equivalents</b>		
Bank Current Accounts	1,141	(35,613)
Short-Term Deposits	30,000	48,000
Cash Held by the Council	210	190
School Bank Accounts	37,011	33,872
<b>Total Cash and Cash Equivalents</b>	<b>68,362</b>	<b>46,449</b>

The year-end overdraft reflects the bank position including all outstanding and unrepresented items, the Council does not operate a physical overdraft to this value and this is part of its cash management policy. The presentation is a technical requirement under IFRS.

## Note 15 Creditors

	31 March 2022 £'000	31 March 2023 £'000
<b>Short-Term Creditors</b>		
Trade Payables	(86,039)	(90,262)
Receipts in Advance	(4,712)	(5,382)
NNDR Payers	(3,658)	(3,867)
Council Tax Payers	(12,016)	(13,683)
Collection Fund Preceptors	(33,914)	(34,800)
Ealing Pension Fund	(1,624)	-
Other Payables	(30,764)	(23,443)
<b>Total</b>	<b>(172,727)</b>	<b>(171,437)</b>

## Note 16 Provisions

	Insurance Provision £'000	Non- Domestic Rate Appeals	Other Provisions £'000	Total £'000
<b>Current Provisions</b>				
<b>Balance at 1 April 2022</b>	<b>(1,131)</b>	<b>(10,203)</b>	<b>(3,968)</b>	<b>(15,302)</b>
Additional provisions made in 2022/23	(58)	(1,780)	(123)	(1,961)
Amounts used in 2022/23	-	1,953	873	2,826
Unused amounts reversed in 2022/23	-	-	-	-
Transferred from Long-Term Provisions	-	-	-	-
<b>Balance at 31 March 2023</b>	<b>(1,189)</b>	<b>(10,030)</b>	<b>(3,218)</b>	<b>(14,437)</b>

	Insurance Provision £'000	Non- Domestic Rate Appeals £'000	Other Provisions £'000	Total £'000
<b>Long-Term Provisions</b>				
<b>Balance at 1 April 2022</b>	<b>(1,505)</b>	<b>-</b>	<b>(1,030)</b>	<b>(2,535)</b>
Additional provisions made in 2022/23	-	-	-	-
Amounts used in 2022/23	-	-	-	-
Unused amounts reversed in 2022/23	-	-	-	-
Transferred from Long-Term Provisions	-	-	-	-
<b>Balance at 31 March 2023</b>	<b>(1,505)</b>	<b>-</b>	<b>(1,030)</b>	<b>(2,535)</b>

	Insurance Provision £'000	Non- Domestic Rate Appeals	Other Provisions £'000	Total £'000
<b>Current Provisions</b>				
<b>Balance at 1 April 2021</b>	<b>(1,133)</b>	<b>(8,580)</b>	<b>(3,724)</b>	<b>(13,437)</b>
Additional provisions made in 2021/22	(25)	(3,086)	(1,456)	<b>(4,567)</b>
Amounts used in 2021/22	27	1,463	1,140	<b>2,630</b>
Unused amounts reversed in 2021/22	-	-	72	<b>72</b>
Transferred from Long-Term Provisions	-	-	-	-
<b>Balance at 31 March 2022</b>	<b>(1,131)</b>	<b>(10,203)</b>	<b>(3,968)</b>	<b>(15,302)</b>

	Insurance Provision £'000	Non- Domestic Rate Appeals £'000	Other Provisions £'000	Total £'000
<b>Long-Term Provisions</b>				
<b>Balance at 1 April 2021</b>	<b>(1,505)</b>	<b>-</b>	<b>(1,630)</b>	<b>(3,135)</b>
Additional provisions made in 2021/22	-	-	-	-
Amounts used in 2021/22	-	-	600	<b>600</b>
Unused amounts reversed in 2021/22	-	-	-	-
Transferred from Long-Term Provisions	-	-	-	-
<b>Balance at 31 March 2022</b>	<b>(1,505)</b>	<b>-</b>	<b>(1,030)</b>	<b>(2,535)</b>

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 Council'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

<b>Unusable Reserves</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>
Revaluation reserve	753,861	792,229
Capital Adjustment Account	787,155	755,117
Deferred Capital Receipts Reserve	5,064	4,868
Collection Fund Adjustment Account	(19,346)	(2,803)
Financial Instruments Adjustment Account	(1,418)	(1,386)
Accumulated Absences Account	(7,544)	(7,226)
Pensions Reserve	(571,844)	(118,273)
<b>Total Unusable Reserves</b>	<b>945,928</b>	<b>1,422,526</b>

### 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.

<b>Revaluation Reserve</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>
<b>Balance at 1 April</b>	<b>616,044</b>	<b>753,861</b>
Upward revaluation of assets	153,930	109,983
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-	(46,831)
<b>Surplus or (deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>153,930</b>	<b>63,152</b>
Difference between fair value depreciation and historical cost depreciation	(12,885)	(16,207)
Accumulated gains on assets sold or scrapped	(3,228)	(8,577)
<b>Amounts written off to the Capital Adjustment Account</b>	<b>(16,113)</b>	<b>(24,784)</b>
<b>Balance at 31 March</b>	<b>753,861</b>	<b>792,229</b>

### 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.

<b>Capital Adjustment Account</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>
<b>Balance at 1 April</b>	<b>798,287</b>	<b>787,155</b>
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	(49,970)	(56,332)
Revaluation losses on property, plant and equipment	(31,263)	(45,710)
Amortisation of intangible assets	(406)	(1,076)
Revenue expenditure funded from capital under statute	(16,726)	(26,897)
De-minimis Capital Expenditure	(197)	(897)
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	(19,621)	(44,571)
<b>Sub-total</b>	<b>(118,183)</b>	<b>(175,483)</b>
Adjusting amounts written out of the Revaluation Reserve	16,113	24,784
<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>(102,070)</b>	<b>(150,699)</b>
Capital financing applied in the year:		
Use of Capital Receipts Reserve to finance new capital expenditure	20,457	24,980
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	20,529	44,388
Application of grants to capital financing from the Capital Grants Unapplied Account	6,799	(541)
Use of the Major Repairs Reserve to Finance New Capital	15,826	18,049
Statutory provision for the financing of capital investment charged against the General Fund Balance	21,183	23,871
Capital expenditure charged against the General Fund Balance	6,467	8,828
<b>Capital financing applied in the year</b>	<b>91,261</b>	<b>119,575</b>
Cash Payments in Relation to Long-Term Debtor Loans	(323)	(914)
<b>Balance at 31 March</b>	<b>787,155</b>	<b>755,117</b>

## 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.

	2021/22 £'000	2022/23 £'000
<b>Deferred Capital Receipts Reserve</b>		
<b>Balance at 1 April</b>	<b>5,200</b>	<b>5,064</b>
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	(61)
Transfer to the Capital Receipts Reserve upon receipt of cash	(136)	(135)
Transfers between reserves	-	-
<b>Balance at 31 March</b>	<b>5,064</b>	<b>4,868</b>

## 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 taxpayers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2021/22 £'000	2022/23 £'000
<b>Collection Fund Adjustment Account</b>		
<b>Balance at 1 April</b>	<b>(28,799)</b>	<b>(19,346)</b>
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	9,453	16,543
<b>Balance at 31 March</b>	<b>(19,346)</b>	<b>(2,803)</b>

## 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.

	2021/22 £'000	2022/23 £'000
<b>Financial Instruments Adjustment Account</b>		
<b>Balance at 1 April</b>	<b>(1,449)</b>	<b>(1,418)</b>
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	31	32
<b>Balance at 31 March</b>	<b>(1,418)</b>	<b>(1,386)</b>

## 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.

	2021/22 £'000	2022/23 £'000
<b>Accumulated Absences Account</b>		
<b>Balance at 1 April</b>	<b>(8,070)</b>	<b>(7,544)</b>
Settlement or cancellation of accrual made at the end of the preceding year	8,070	7,544
Amounts accrued at the end of the current year	(7,544)	(7,226)
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	526	318
<b>Balance at 31 March</b>	<b>(7,544)</b>	<b>(7,226)</b>

## 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.

	2021/22 £'000	2022/23 £'000
<b>Pensions Benefit</b>		
<b>Balance at 1 April</b>	<b>(593,078)</b>	<b>(571,844)</b>
Remeasurements of the net defined benefit liability / (asset)	55,252	502,270
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	(67,628)	(82,695)
Employer's pensions contributions and direct payments to pensioners payable in year	33,610	33,996
<b>Balance at 31 March</b>	<b>(571,844)</b>	<b>(118,273)</b>

## Note 19 Cash Flow Statements

### OPERATING ACTIVITIES (NOTE 19A)

The cash flows for operating activities include the following items:

	2021/22 £'000	2022/23 £'000
Interest Received	2,622	13,470
Interest Paid	(24,852)	(33,999)

<b>The Surplus/(Deficit) on the Provision of Services has been Adjusted for the Following Non-Cash Movements:</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>
Depreciation and Amortisations	50,841	57,242
Impairment and Downward Valuations	30,798	45,876
Increase/(Decrease) in Impairment for Bad Debts	11,425	(4,267)
Increase/(Decrease) in Creditors	23,447	(28,963)
(Increase)/Decrease in Debtors	(2,133)	(54,923)
(Increase)/Decrease in Inventories	-	-
Movement in Pension Liability	26,328	48,699
Carrying Amount of Non-Current Assets and Non-Current Assets Held for Sale, Sold or Derecognised	20,679	44,571
<b>Other Non-Cash Items Charged to the Net (Surplus) or Deficit on the Provision of Services</b>		
Increase/(Decrease) in Provisions	1,265	(865)
Increase/(Decrease) in Accumulated Absences	(526)	(318)
<b>Net cash flows from operating activities</b>	<b>162,124</b>	<b>107,052</b>

<b>The Surplus/(Deficit) on the Provision of Services has been Adjusted for the Following Items that are Investing and Financing Activities:</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>
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	(32,666)	(48,420)
Grant Receipts for the Financing of New Capital Expenditure	(28,999)	(55,689)
<b>Net cash flows from operating activities</b>	<b>(61,665)</b>	<b>(104,109)</b>

## INVESTING ACTIVITIES (NOTE 19B)

The cash flows for investing activities include the following items:

<b>Investing Activities</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(102,913)	(119,978)
Purchase of Short-Term and Long-Term Investments	(2,719,700)	(2,014,000)
Payments for Other Long Term Loans	(3,778)	(20,211)
Proceeds From the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	32,666	48,420
Proceeds from Short-Term and Long-Term Investments	2,357,052	2,065,552
Proceeds from Other Long-Term Loans	1,285	8,150
Grant Receipts for the Financing of New Capital Expenditure	58,971	87,727
<b>Net cash flows from investing activities</b>	<b>(376,417)</b>	<b>55,660</b>

## FINANCING ACTIVITIES (NOTE 19C)

The cash flows for financing activities include the following items:

	2021/22 £'000	2022/23 £'000
<b>Financing Activities</b>		
Cash Receipts of Short-Term and Long-Term Borrowing	247,015	5,739
Cash Receipts from Other Short-Term and Long-Term Liabilities	530	503
Cash Payments for the Reduction of Outstanding Liabilities Relating to Finance Leases and on-Balance Sheet PFI Contracts	(4,942)	(5,664)
Repayments of Short-Term and Long-Term Borrowing	(17,765)	(15,930)
Repayments of Other Short-Term and Long-Term Liabilities	(555)	(486)
Billing Authorities - Council Tax and NDR Adjustments	24,398	2,758
<b>Net cash flows from financing activities</b>	<b>248,681</b>	<b>(13,080)</b>

## Note 20 Reconciliation of liabilities arising from Financing Activities

			Non-Cash Changes		
	1 April 2022 £'000	Financing Cash Flows £'000	Acquisition £'000	Other £'000	31 March 2023 £'000
Long-Term Borrowings - PWLB	(757,232)	10,556	-	-	(746,676)
Long-Term Borrowings - Other	(89,466)	66	-	-	(89,400)
Short-Term Borrowings - PWLB	(15,898)	5,342	-	-	(10,556)
Short-Term Borrowings - Other *	(33,249)	(5,492)	-	-	(38,741)
<b>Total Liabilities from Financing Activities</b>	<b>(895,845)</b>	<b>10,472</b>	<b>-</b>	<b>-</b>	<b>(885,373)</b>

			Non-Cash Changes		
	1 April 2021 £'000	Financing Cash Flows £'000	Acquisition £'000	Other £'000	31 March 2022 £'000
Long-Term Borrowings - PWLB	(532,147)	(225,085)	-	-	(757,232)
Long-Term Borrowings - Other	(89,497)	31	-	-	(89,466)
Short-Term Borrowings - PWLB	(17,734)	1,836	-	-	(15,898)
Short-Term Borrowings - Other	(26,471)	(6,778)	-	-	(33,249)
<b>Total Liabilities from Financing Activities</b>	<b>(665,849)</b>	<b>(229,996)</b>	<b>-</b>	<b>-</b>	<b>(895,845)</b>

## Note 21 Members' Allowances

The total of the allowances paid to the Members of the Council in 2022/23 was £1.227m (£1.050m in 2021/22)

## 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 in either year.

2022/23 Post	Salary (including fees and allowances)	Benefits in kind & expense allowances	Compensation for loss of office	Total remuneration (excluding pension contributions)	Pension contributions	Total
Chief Executive (a)	147,953	11	-	147,953	28,999	176,952
Chief Executive (b)	101,244			101,244	-	101,244
Executive Director for Children and Adults (c)	99,334	-	80,281	179,615	19,470	199,085
Strategic Director - Children (d)	73,516	-	-	73,516	14,409	87,925
Strategic Director - Adults and Public Health(e)	148,293	-	-	148,293	15,879	164,172
Executive Director Place (f)	70,920	30	89,753	160,673	13,900	174,573
Strategic Director - Housing and Environment (g)	111,435			111,435	-	111,435
Strategic Director - Strategy and Change (h)	20,167	-	-	20,167	3,953	24,120
Strategic Director - Strategy and Change (i)	68,450	-	-	68,450	13,416	81,866
Chief Finance Officer (j)	52,512	-	83,588	136,100	-	136,100
Strategic Director - Resources (k)	135,900	-	-	135,900	26,636	162,536
Director of Strategy and Engagement (l)	129,227	-	-	129,227	25,328	154,556
Director of HR and OD (m)	30,389	-	3,050	33,439	5,956	39,395
Director of HR and OD (n)	165,600			165,600	-	165,600
Strategic Director - Economy and Sustainability (o)	103,500			103,500	-	103,500
Director of ICT (CIO) and Property Services	126,480	-	-	126,480	24,790	151,270
Director of Legal and Democratic Services	123,480	-	-	123,480	24,202	147,682
Director of Public Health	111,132	-	-	111,132	21,782	132,914

A restructure of the Strategic Leadership Team was undertaken during 2022/23 with a new structure in place from 1 October 2022 with a number of posts filled on an interim or acting up basis until permanent recruitment to the roles was completed.



- (a) The postholder, Tony Clements, started this role on 27 June 2022.
- (b) This postholder, Paul Martin, covered the role on an interim basis from 1 February 2022 to 30 June 2022, the amount disclosed was paid to the agency.
- (c) This postholder stood down on 30 November 2022.
- (d) This postholder acted up as the role on an interim basis from 3 October 2022 to 31 March 2023
- (e) This postholder was the Director of Adult Social Services throughout 2022/23 and acted up as the role on an interim basis from 3 October 2022.
- (f) This postholder stood down on 30 September 2022.
- (g) This postholder, Darren Henaghan, acted up as the role on an interim basis from 1 October 2022, the amount disclosed was paid to the agency.
- (h) This postholder started this role on 13 February 2023.
- (i) This postholder acted up as the role on an interim basis from 3 October 2022 to 31 March 2023.
- (j) This postholder stood down on 14 August 2022 and was covered on an interim basis from 4 July 2022.
- (k) This postholder, Emily Hill, started the role on an interim basis on 4 July 2022.
- (l) This postholder stood down as the role on 2 October 2022 to take up the post of Acting Strategic Director - Strategy and Change (j).
- (m) The postholder stood down on 30 June 2022.
- (n) The postholder started the role on an interim basis from 7 July 2022 and was paid via agency.
- (o) The postholder, Sandra Fryer, acted up as the role as an interim basis from 1 October 2022 and was paid via agency.

2021/22 Post	Salary (including fees and allowances)	Benefits in kind & expense allowances	Compensation for loss of office	Total remuneration (excluding pension contributions)	Pension contributions	Total
Chief Executive (a)	192,465		94,859	287,324	37,723	325,047
Chief Executive (b)	59,826			59,826	-	59,826
Executive Director for Children and Adults (c)	151,697			151,697	29,733	181,430
Executive Director Place (d)	111,477			111,477	21,850	133,327
Executive Director Place (G Alderson) (e)	68,400			68,400	-	68,400
Chief Finance Officer	141,554			141,554	27,745	169,299
Director of HR and OD	121,554			121,554	23,825	145,379
Director of ICT (CIO) and Property Services	121,554			121,554	23,825	145,379
Director of Legal and Democratic Services	121,554			121,554	23,825	145,379
Director of Strategy and Engagement	121,554			121,554	23,825	145,379
Director of Public Health	106,094			106,094	20,794	126,888

- (a) The postholder, Paul Najsarek, stood down as Head of Paid Service on 17 December 2021.
- (b) The postholder, Paul Martin, covered the role on an interim basis from 1 February 2022.
- (c) The postholder, Judith Finlay, was the acting head of paid services for the period 18 December 2021 to 31 January 2022.
- (d) The postholder started this role on 7 June 2021, prior to this the postholder filled a director post at the Council. The above note only includes remuneration for the above role.
- (e) The postholder was interim and covered the role from 1 April to 6 June 2022.

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	2021/22		2022/23	
	Employee Count Schools	Employee Count Corporate	Employee Count Schools	Employee Count Corporate
£50,000 - £54,999	267	148	203	274
£55,000 - £59,999	158	95	121	233
£60,000 - £64,999	105	39	57	108
£65,000 - £69,999	67	32	27	86
£70,000 - £74,999	32	27	33	46
£75,000 - £79,999	19	16	23	26
£80,000 - £84,999	23	7	18	19
£85,000 - £89,999	21	10	8	23
£90,000 - £94,999	9	18	20	12
£95,000 - £99,999	12	3	8	11
£100,000 - £104,999	4	-	1	4
£105,000 - £109,999	1	2	-	4
£110,000 - £114,999	5	-	1	2
£115,000 - £119,999	1	-	1	2
£120,000 - £124,999	-	-	3	2
£125,000 - £129,999	2	-	3	3
£130,000 - £134,999	-	1	1	1
£135,000 - £139,999	1	1	2	1
£140,000 - £144,999	-	2	-	2
£145,000 - £149,999	1	-	2	-
Greater Than £150,000	-	2	-	-
<b>Total</b>	<b>728</b>	<b>403</b>	<b>532</b>	<b>859</b>

## 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)	2021/22				2022/23			
	Number of compulsory departures	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages £'000	Number of compulsory departures	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages £'000
£0 - £20,000	18	33	51	347	17	23	40	279
£20,001 - £40,000	6	10	16	449	-	7	7	210
£40,001 - £60,000	2	2	4	181	1	-	1	56
£60,001 - £80,000	-	-	-	-	-	2	2	146
£80,001 - £100,000	1	1	2	176	-	2	2	195
£100,001 - £150,000	-	1	1	119	-	-	-	-
Greater Than £150,001	1	-	1	221	-	2	2	675
<b>Total</b>	<b>28</b>	<b>47</b>	<b>75</b>	<b>1,494</b>	<b>18</b>	<b>36</b>	<b>54</b>	<b>1,560</b>

Termination benefits consist of redundancy payments to employees and pension strain costs payable to the 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:

<b>External Audit Costs</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>
Fees payable to Deloitte LLP with regard to external audit services carried out by the appointed auditor for the year	236	145
Fees payable to KPMG for the certification of grant claims and returns for the year	39	39
<b>Total</b>	<b>275</b>	<b>184</b>

The external audit fees disclosed for Deloitte LLP for the financial year FY 2022/23, are solely the reported baseline figures. This is due to not receiving the customary audit plan with the accompanying fees, in year.

## Note 25 Dedicated Schools Grant

	<b>2021/22 Total £'000</b>	<b>Central Expenditure £'000</b>	<b>Individual Schools Budget £'000</b>	<b>2022/23 Total £'000</b>
<b>Dedicated Schools Grant</b>				
Final DSG for the year before Academy Recoupment	(361,173)			(374,878)
Academy Figure Recouped	76,277			80,377
Total DSG After Academy Recoupment	(284,896)			(294,501)
Brought forward from previous year	(370)			(781)
Carry forward agreed in advance	-			-
Agreed initial budgeted distribution in year	(285,266)	48,998	246,286	(295,283)
In year adjustments	136	-	(3,171)	3,171
Final budgeted distribution	(285,130)	48,998	243,115	(292,113)
Less actual central expenditure	44,115	(49,224)		49,224
Less Actual ISB deployed to schools	240,234		(241,544)	241,544
Plus Local Authority Contribution	-			
<b>Carry Forward</b>	<b>(781)</b>	<b>(227)</b>	<b>1,572</b>	<b>(1,344)</b>

## Note 26 Grant Income

The following grants and contributions (over £500,000) were credited to the Comprehensive Income and Expenditure Statement.

In accordance with The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 capital grants which are used to finance capital expenditure are recognised in the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement.

<b>Table a - Grant Income Credited to Services</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>
Dedicated Schools Grant	(284,760)	(292,582)
Housing Benefit Subsidy	(185,145)	(173,846)
Public Health Grant	(25,583)	(27,697)
Private Finance Initiative Grant	(15,806)	(15,806)
Other Grants	(16,518)	(17,122)
Sixth Form Funding Grant	(10,683)	(12,800)
Pupil Premium	(11,929)	(12,646)
WLA Work & Health and Digital Programme	-	(10,238)
Other Covid Grants		(10,204)
ESFA funding for young people	(14,723)	(9,415)
Homes for Ukraine		(7,491)
16-19 Bursary Grant		(2,879)
Flexible Homelessness Support Grant	(138)	(2,799)
Universal Free School Meals	(2,947)	(2,519)
Housing Benefit Admin Grant	(3,540)	(2,496)
OPPD Placements	(2,436)	(2,113)
Rough Sleepers Initiative		(1,888)
Energy Rebate Scheme	(2,199)	(1,866)
Child Services Leaving Care Placements		(1,511)
Unaccompanied Asylum Seeking Children		(1,510)
Troubled Families	(2,556)	(1,452)
Holiday Activities and Food Programme	(1,122)	(1,391)
Let's Go Southall	(1,198)	(1,059)
War Pensions Disregard Grant		(988)
Community Safety Fund		(867)
Syrian Refugee support		(820)
Physical Disability Placements		(819)
NNDR Business Rates Grants		(753)
S106 Contribution	-	(686)
'What Works for Children' Social Care Services		(628)
Improvement Grants Administration		(600)
Local Community Grant Funding for Music		(597)
Adoption Support Placements		(557)
Private Sector Supply		(549)
Youth Offending Support Services		(506)
Discretionary Housing Payment	(3,645)	-
Covid - Contain Outbreak Management Fund	(4,284)	-
Covid - Cold Winter Fund Grant	(20)	-
Covid - Additional Restrictions Grant	(12,563)	-
Covid - Community Testing Programme	(2,887)	-
Covid - Adults Social Care Workforce Grant	(2,702)	-
Covid - Local Council Tax Support	(3,916)	-
Covid - Self Isolation Payments	(1,224)	-
Covid - Adults Social Care Workforce Grant	(2,702)	-
Covid - Test & Trace	(1,750)	-
Covid - Local Council Tax Support	(3,916)	-
<b>Total</b>	<b>(620,892)</b>	<b>(621,700)</b>

<b>Table b - Grant Income Credited to Taxation and Non-Specific Grant Income</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>
<b>Business Rates Top-Up</b>	(31,499)	(31,499)
<b>Non-ringfenced Government Grants</b>		
Business Rates Compensation Grant (S31)	(17,186)	(18,173)
Revenue Support Grant	(17,543)	(18,086)
Adult Social Care Support	(10,240)	(14,003)
Improved Better Care Fund	(12,307)	(12,680)
Lower Tier Services Grant		(6,919)
New Homes Bonus		(4,492)
Other	-	-
Covid - Sales, Fees and Charges Compensation	(6,694)	-
Covid - Taxation Income Guarantee	(725)	-
Covid 19 New Burdens	-	-
Other	(725)	-
<b>Subtotal Non-ringfenced Government Grants</b>	<b>(65,420)</b>	<b>(74,353)</b>
<b>Capital Grants and Contributions</b>		
Capital Grants & Contributions	(8,839)	(28,725)
Public Sector Decarbonisation Scheme Grant	(3,908)	(7,222)
Schools Capital Grants (DfE)	(2,738)	(5,361)
Flexible Homelessness Support Grant - Capital	(1,557)	(3,806)
Disabled Facilities Grant (Capital)	(1,543)	(3,569)
Other Contributions	-	(3,494)
Other Capital Grants	(1,746)	(2,311)
TfL Grant	(5,664)	(836)
Green Homes Grant (Capital)	(3,004)	(563)
<b>Subtotal Capital Grants and Contributions</b>	<b>(28,999)</b>	<b>(55,886)</b>
<b>Total</b>	<b>(125,918)</b>	<b>(161,738)</b>

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

<b>Table c - Revenue Grants Receipts in Advance</b>	<b>Balance 31 March 2021 £'000</b>	<b>Reclassified from debtors 1 April 2021 £'000</b>	<b>Receipts 2021/22 £'000</b>	<b>Applied 2021/22 £'000</b>	<b>Balance 31 March 2022 £'000</b>	<b>Reclassified from debtors 1 April 2022 £'000</b>	<b>Receipts 2022/23 £000</b>	<b>Reclassified from debtors 31st March £'000</b>	<b>Applied 2022/23 £000</b>	<b>Balance 31 March 2023 £000</b>
Housing Benefit Subsidy	-	5,489	(177,504)	164,351	(7,664)	-	(167,766)	-	175,244	(187)
Dedicated Schools Grant	(394)	-	(283,968)	284,362	(0)	-	(291,044)	-	291,044	(0)
Pupil Premium	(390)	-	(11,634)	11,929	(95)	-	(10,130)	-	9,445	(780)
6th Form Funding	(236)	-	(16,187)	15,848	(575)	-	(8,566)	-	8,546	(596)
Flexible Homelessness Support Grant	(630)	-	-	-	(630)	-	(6,655)	-	6,655	(630)
Homes for Ukraine Grants						266	399	(509)	(157)	(1)
DEFRA - Air Quality Grant						-	(238)	-	151	(87)
Alternative Fuel Payment Scheme Alternative Fund Grant						-	(93)	-	-	(93)
Covid Grants Receipts in Advance	(17,709)	-	-	11,767	(5,942)	220	-	-	5,685	(37)
Other	(7,495)	-	(25,483)	13,290	(19,688)	-	(4,664)	(57)	21,633	(2,776)
<b>Total</b>	<b>(26,854)</b>	<b>5,489</b>	<b>(514,779)</b>	<b>501,547</b>	<b>(34,595)</b>	<b>486</b>	<b>(488,757)</b>	<b>(566)</b>	<b>518,245</b>	<b>(5,187)</b>



## LONG-TERM LIABILITIES

<b>Table d - Capital Grants Receipts in Advance</b>	<b>Balance 31 March 2021 £'0002</b>	<b>Receipts 2021/22 £'000</b>	<b>Applied 2021/22 £'000</b>	<b>Balance 31 March 2022 £'000</b>	<b>Receipts 2022/2 £'000</b>	<b>Applied 2022/23 £'000</b>	<b>Balance 31 March 2023 £'000</b>
Disabled Facilities Grant	(1,426)	(3,724)	3,003	(2,147)	(3,724)	3,880	(1,992)
Local Implementation Plan	(284)	(2,371)	2,179	(476)	(4,146)	3,770	(852)
Council New Build	-	(664)	-	(664)	(22,256)	11,520	(11,400)
Schools Capital Grants	(2,804)	(720)	415	(3,109)	(715)	716	(3,108)
Green Homes Grant	(2,336)	(15,036)	178	(17,194)	(10,830)	10,267	(17,757)
Public Sector Decarbonisation Scheme	(1,056)	-	963	(93)	(7,222)	7,357	41
General Parks Community Grants					-	-	-
Energy Bills Support Scheme Alternative Funding					-	-	-
Covid19 Local Restrictions Grants					-	-	-
Energy Rebate Scheme					-	-	-
Reserves - Invest to Save					-	-	-
Southall Capital Grants					-	-	-
Other	(1,428)	(4,113)	2,761	(2,780)	(2,474)	1,577	(3,676)
<b>Total</b>	<b>(9,334)</b>	<b>(26,628)</b>	<b>9,499</b>	<b>(26,463)</b>	<b>(51,368)</b>	<b>39,087</b>	<b>(38,744)</b>

<b>Table e - S106 Receipts in Advance</b>	<b>Balance 31 March 2021 £'0002</b>	<b>Receipts 2021/22 £'000</b>	<b>Applied 2021/22 £'000</b>	<b>Balance 31 March 2022 £'000</b>	<b>Receipts 2022/2 £'000</b>	<b>Applied 2022/23 £'000</b>	<b>Balance 31 March 2023 £'000</b>
S106 Agreements	(26,287)	(13,192)	1,784	(37,695)	(22,965)	-	(60,660)
<b>Total</b>	<b>(26,287)</b>	<b>(13,192)</b>	<b>1,784</b>	<b>(37,695)</b>	<b>(22,965)</b>	<b>-</b>	<b>(60,660)</b>

## 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.

Significant transactions with Government Departments, precepting and levying bodies, joint arrangements with other bodies, local authorities and the Council's Pension Fund are shown and declared elsewhere in the financial statements. The Council charged the Pension Fund £0.979m (£0.964m in 2021/22) for expenses incurred in administering the fund. The Council owed the Pension Fund £0.816m at 31 March 2023 (the Pension Fund owed the Council £1.013m at 31 March 2023).

### ELECTED MEMBERS

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.

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowance paid in 2022/23 is shown above in Note 21. Information relating to Councillors has been obtained from their individual Declarations of Interest. The significant declarations are:

- Three Councillors are on the Mortlake Crematorium Board for the year ended 31 March 2023. The board has £4.300m (£3.650m at 31 March 2022) invested with the Council. Mortlake also purchased accountancy, internal audit and payroll services from the Council, at a total cost of £17k (£15k in 2021/22).
- One Councillor is on the West London Waste Authority (WLWA) Board for the year ended 31 March 2023. In 2022/23 the Council paid a levy of £12.744m (£13.204m in 2021/22) and loaned a total of £14.907m (£15.250m in 2021/22) to WLWA. As at 31 March 2023 Ealing held £28m (£20m in 2021/22) from WLWA to invest on their behalf.
- One Councillor is the Director of Finance at Villiers High School
- 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 OFFICERS 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 2022/23, the Assistant Director of Planning, Resources and Service Development acted as one of the directors of Broadway Living RP Limited one of the Council's subsidiaries.
- In 2022/23, the Assistant Director of Planning, Resources and Service Development and the Head of Corporate Health and Safety acted as directors of Broadway Living Limited one of the Council's wholly owned subsidiaries.
- In 2022/23, the Director of Customer Service and the Assistant Director of Financial Assessments acted as Directors of 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 multi agreement between them (noting that the CCG had a health successor body – the ICS- from 1 July 2022) to 2023 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 £111.762m in 2022/23 (LBE Contribution £76.644m and CCG Contribution £35.737m). 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.

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:

## POOLED FUND MEMORANDUM ACCOUNT FOR EALING COMMUNITY EQUIPMENT SERVICES

<b>Total Expenditure</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>
Community Equipment costs	3,102	3,102
<b>Funding:</b>		
Ealing Council	1,545	1,766
Ealing Clinical Commissioning Group	1,558	1,737
<b>Total Funding</b>	3,102	3,504

## 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 2022/23 and these can be found in the Group Accounts section of the accounts.

### 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. The Council had provided Broadway Living with loans amounting to £8.035m (2021/22: £8m) and a share premium of £2.136m from Broadway Living Ltd (in 2021/22: £2.136m). The Council have shareholdings to the value of £2.136m in Broadway Living Ltd and this Equity amount remains the same.

Broadway Living RP Limited earns income through renting its own residential properties. The Council provided Broadway Living RP Limited with loans amounting to £16.821m (2021/22: £6.8m).

Broadway Living Limited and Broadway Living RP Ltd are included in the Group Accounts section of this document.

### 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.

Greener Ealing received £24.3m income (2021/22: £22.5m) from the Council, which is reflected within the Limited company accounts but has been removed as part of the consolidation into the group accounts. The Council had provided Greener Ealing Limited with loans amounting to £1.1m in 2022/23 (Fixed Capital Loan £930k & Working Capital Loan £170k).

### 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 (of which £0.563m outstanding).

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.

## 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.

	2021/22 £'000	2022/23 £'000
<b>Capital Expenditure and Capital Financing</b>		
<b>Opening Capital Financing Requirement</b>	<b>798,338</b>	<b>830,781</b>
Capital Investment:		
Property, plant and equipment	104,186	126,131
Intangible Assets	672	352
Long Term Debtor Loans	2,984	11,683
Revenue expenditure funded from capital under statute	16,725	26,897
De minimis Capital Expenditure	197	897
Sources of finance:		
Capital receipts	(20,134)	(24,066)
Government grants and other contributions	(27,328)	(43,847)
Major Repairs Reserve	(15,826)	(18,049)
Repayment of loan principal	(323)	(914)
Sums set aside from revenue:		
Direct revenue contributions	(6,467)	(8,828)
Minimum Revenue Provision	(21,183)	(23,871)
Prudential Borrowing Re-alignment Adj	(1,058)	-
Rounding adjustment	(2)	-
<b>Closing Capital Financing Requirement</b>	<b>830,781</b>	<b>877,166</b>
Explanation of movements in year:		
(Decrease) / Increase in underlying need to borrow (unsupported by Government financial assistance)	32,443	46,385
<b>Increase / (decrease) in Capital Financing Requirement</b>	<b>32,443</b>	<b>46,385</b>

## Note 29 Leases

The Council holds leases for Vehicle, Plant and Equipment, but these values are immaterial to the statement of accounts.

### 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:

<b>Table a - Operating Lease - Other Land and Buildings</b>	<b>31 March 2022 £'000</b>	<b>31 March 2023 £'000</b>
Not later than one year	2,764	2,764
Later than one year and not later than five years	4,941	4,941
Later than five years	1,402	1,402
<b>Minimum lease payments</b>	<b>9,107</b>	<b>9,107</b>

## 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:

<b>Table f - Property</b>	<b>31 March 2022 £'000</b>	<b>31 March 2023 £'000</b>
Not later than one year	1,616	1,616
Later than one year and not later than five years	4,258	4,258
Later than five years	8,066	8,066
<b>Minimum lease payments</b>	<b>13,940</b>	<b>13,940</b>

### Finance Leases

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

The Council 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 Council in future years while the debtor remains outstanding.

## 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 2022/23 was £6.7m (2021/22 £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 2022/23 was £9.7m (2021/22 £9.6m).

### 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 2022/23 was £4.6m (2021/22 £4.4m).

### 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 2022/23 was £18.1m (2021/22 £16.4m).

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 2022/23 was £5.5m (2021/22 £5.2m).

### PRIVATE FINANCE INITIATIVE (PFI) PAYMENTS DUE

	2022/23					
To Write Down Liability	Schools 1 £'000	Schools 2 £'000	Street Lighting £'000	Care Homes £'000	BSF £'000	Total £'000
within 1 year	648	2,031	1,300	867	835	5,683
between 2 to 5 years	5,834	10,350	6,293	3,911	4,241	30,628
between 6 to 10 years	6,175	16,470	3,531	6,736	7,242	40,155
between 11 to 15 years	-	-	-	7,485	10,901	18,386
between 16 to 20 years	-	-	-	-	-	0
between 21 to 25 years	-	-	-	-	-	0
<b>Total</b>	<b>12,657</b>	<b>28,852</b>	<b>11,125</b>	<b>18,999</b>	<b>23,219</b>	<b>94,852</b>



To Write Down Liability	2021/22					
	Schools 1 £'000	Schools 2 £'000	Street Lighting £'000	Care Homes £'000	BSF £'000	Total £'000
within 1 year	1,254	2,021	1,202	400	790	5,667
between 2 to 5 years	4,829	9,480	5,804	3,658	3,914	27,685
between 6 to 10 years	7,829	17,764	5,320	6,212	6,748	43,873
between 11 to 15 years	-	1,608	-	9,130	9,762	20,500
between 16 to 20 years	-	-	-	-	2,794	2,794
between 21 to 25 years	-	-	-	-	-	0
<b>Total</b>	<b>13,912</b>	<b>30,873</b>	<b>12,326</b>	<b>19,400</b>	<b>24,008</b>	<b>100,519</b>

Interest Charges	2022/23					
	Schools 1 £'000	Schools 2 £'000	Street Lighting £'000	Care Homes £'000	BSF £'000	Total £'000
within 1 year	742	2,406	971	1,440	2,103	7,662
between 2 to 5 years	2,347	7,734	2,663	5,055	7,564	25,362
between 6 to 10 years	864	3,894	422	4,411	6,997	16,588
between 11 to 15 years	-	-	-	1,337	3,197	4,534
between 16 to 20 years	-	-	-	-	-	0
between 21 to 25 years	-	-	-	-	-	0
<b>Total</b>	<b>3,952</b>	<b>14,034</b>	<b>4,057</b>	<b>12,243</b>	<b>19,861</b>	<b>54,147</b>

Interest Charges	2021/22					
	Schools 1 £'000	Schools 2 £'000	Street Lighting £'000	Care Homes £'000	BSF £'000	Total £'000
within 1 year	816	2,574	1,076	1,471	2,174	8,111
between 2 to 5 years	2,630	8,523	3,170	5,332	7,919	27,574
between 6 to 10 years	1,323	5,376	887	4,882	7,608	20,076
between 11 to 15 years	-	134	-	2,029	4,081	6,244
between 16 to 20 years	-	-	-	-	253	253
between 21 to 25 years	-	-	-	-	-	0
<b>Total</b>	<b>4,769</b>	<b>16,607</b>	<b>5,133</b>	<b>13,714</b>	<b>22,035</b>	<b>62,258</b>

Service Charges & Lifecycle Costs	2022/23					
	Schools 1 £'000	Schools 2 £'000	Street Lighting £'000	Care Homes £'000	BSF £'000	Total £'000
within 1 year	1,894	2,567	1,747	6,803	1,257	14,268
between 2 to 5 years	4,955	9,933	7,120	27,477	4,975	54,460
between 6 to 10 years	4,191	9,986	4,084	34,407	6,736	59,404
between 11 to 15 years	-	-	-	23,066	6,877	29,943
between 16 to 20 years	-	-	-	-	-	0
between 21 to 25 years	-	-	-	-	-	0
<b>Total</b>	<b>11,040</b>	<b>22,486</b>	<b>12,951</b>	<b>91,753</b>	<b>19,844</b>	<b>158,075</b>

Service Charges & Lifecycle Costs	2021/22					
	Schools 1 £'000	Schools 2 £'000	Street Lighting £'000	Care Homes £'000	BSF £'000	Total £'000
within 1 year	1,215	2,409	1,741	7,240	1,230	13,835
between 2 to 5 years	5,678	10,012	7,102	27,453	4,947	55,192
between 6 to 10 years	5,362	11,882	5,849	34,460	6,618	64,171
between 11 to 15 years	-	592	-	29,840	7,131	37,563
between 16 to 20 years	-	-	-	-	1,148	1,148
between 21 to 25 years	-	-	-	-	-	0
<b>Total</b>	<b>12,255</b>	<b>24,895</b>	<b>14,692</b>	<b>98,993</b>	<b>21,074</b>	<b>171,909</b>

## MOVEMENTS IN PFI ASSETS AND LIABILITIES

	<b>Assets at 31 March 2021 £000</b>	<b>Movement In Year £000</b>	<b>Assets at 31 March 2022 £000</b>	<b>Movement In Year £'000</b>	<b>Assets at 31 March 2023 £000</b>
<b>Assets:</b>					
Ealing Schools' 1 PFI - Ealing Schools' Partnership Ltd	42,230	-	42,230	4,260	46,490
Ealing Schools' 2 PFI - Seafort Ealing Ltd	103,060	5,240	108,300	11,335	119,635
Street Lighting PFI - EDF / Southern Electric	24,008	(639)	23,369	(639)	22,730
Resource Centre for Older People PFI - Ealing Care Alliance	31,250	1,950	33,200	4,775	37,975
Building Schools for the Future - Future Ealing Limited	-	-	-	-	-
<b>Total</b>	<b>200,548</b>	<b>6,551</b>	<b>207,099</b>	<b>19,731</b>	<b>226,830</b>

	<b>Liabilities at 31 March 2021 £000</b>	<b>Movement In Year £000</b>	<b>Liabilities at 31 March 2022 £000</b>	<b>Movement In Year £'000</b>	<b>Liabilities at 31 March 2023 £000</b>
<b>Liabilities:</b>					
Ealing Schools' 1 PFI - Ealing Schools' Partnership Ltd	(14,819)	907	(13,912)	1,254	(12,658)
Ealing Schools' 2 PFI - Seafort Ealing Ltd	(32,804)	1,931	(30,873)	2,021	(28,852)
Street Lighting PFI - EDF / Southern Electric	(13,385)	1,058	(12,326)	1,202	(11,125)
Resource Centre for Older People PFI - Ealing Care Alliance	(19,601)	203	(19,398)	400	(18,998)
Building Schools for the Future - Future Ealing Limited	(24,854)	845	(24,009)	790	(23,219)
<b>Total</b>	<b>(105,462)</b>	<b>4,944</b>	<b>(100,518)</b>	<b>5,667</b>	<b>(94,852)</b>

## 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 2023 the Council's principal pension arrangement for its employees was the 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 Pension Fund Panel and the Pensions Board. 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.

<b>Table 31b</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>
<b>Comprehensive Income and Expenditure Statement</b>		
<i>Cost of Services:</i>		
Current service costs	53,861	65,049
Administration costs	1,015	1,599
Past service costs and settlements and curtailments	729	511
<i>Financing and Investment Income and Expenditure:</i>		
Net interest expense	12,023	15,536
<b>Total Post-employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>67,628</b>	<b>82,695</b>
<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	(43,554)	91,093
Actual (Gain)/Loss arising on changes in demographic assumptions	(14,780)	(43,488)
Actual (Gain)/Loss arising on changes in financial assumptions	(2,201)	(776,241)
Other Experience (Gain)/Loss	5,283	226,366
<b>Total Post-employment Benefit Remeasurments - Net (Gain)/Loss - Charged to Statement of Other Comprehensive Income and Expenditure</b>	<b>(55,252)</b>	<b>(502,270)</b>
<b>Total Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>12,376</b>	<b>(419,575)</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(67,628)	(82,695)
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
Employers' contributions payable to the scheme	33,610	33,996

## 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)	2021/22 £'000	2022/23 £'000
Present Value of the defined benefit obligation	(1,949,596)	(1,439,906)
Fair value of plan assets	1,377,752	1,321,633
<b>Sub-total</b>	<b>(571,844)</b>	<b>(118,273)</b>
Other movements in the liability / (asset)	-	-
<b>Net Liability arising from defined benefit obligation</b>	<b>(571,844)</b>	<b>(118,273)</b>

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

Table 31c ii)	2021/22 £'000	2022/23 £'000
<b>Opening fair value of scheme assets</b>	<b>1,377,752</b>	<b>1,321,633</b>
Interest Income	27,549	38,549
Remeasurement gain/(loss) on the return on plan assets	43,554	(91,093)
Contributions from employer	33,610	33,996
Contributions from employees into the scheme	10,057	11,796
Benefits paid	(44,438)	(47,768)
Other	(1,015)	(1,599)
<b>Closing fair value of scheme assets</b>	<b>1,447,069</b>	<b>1,265,514</b>

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

Table 31c iii)	2021/22 £'000	2022/23 £'000
<b>Opening balance at 1 April</b>	<b>(1,901,513)</b>	<b>(1,949,596)</b>
Current service cost	(53,861)	(65,049)
Interest cost	(39,572)	(54,085)
Contributions from scheme participants	(10,057)	(11,796)
<b>Remeasurement (gains) and losses:-</b>		
Experience (gains) / loss	(5,283)	(226,366)
Actuarial (gains) and losses from changes in financial assumptions	2,201	776,241
Actuarial (gains) and losses from changes in demographic assumptions	14,780	43,488
Benefits paid	44,438	47,768
Past Service Cost	-	-
Losses / (gains) on curtailments	(729)	(511)
Liabilities extinguished on settlements	-	-
<b>Closing balance at 31 March</b>	<b>(1,949,596)</b>	<b>(1,439,906)</b>

The 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 2022 to determine the contribution rates with effect from 1 April 2023 to 31 March 2026. Consequently, the 2022 valuation rates are effective as at April 2023.

## STATEMENTS LOCAL GOVERNMENT PENSION SCHEME ASSETS COMPRISED (31D)

Table 31d Fair Value of Scheme Assets	2021/22 £'000	2022/23 £'000
<b>Cash &amp; Cash Equivalents</b>	<b>22,044</b>	<b>39,253</b>
<b>Bonds</b>		
UK Corporate	315,505	270,274
<b>Sub-total Bonds</b>	<b>315,505</b>	<b>270,274</b>
<b>Property</b>	<b>122,620</b>	<b>100,444</b>
<b>Sub-total Property</b>	<b>122,620</b>	<b>100,444</b>
<b>Private Equity</b>		
UK	26,177	30,794
Overseas	891,406	880,868
<b>Sub-total Private Equity</b>	<b>917,583</b>	<b>911,662</b>
<b>Other Investment Funds</b>		
<b>Total Assets</b>	<b>1,377,752</b>	<b>1,321,633</b>

## 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)	2021/22	2022/23
<b>Mortality assumptions:</b>		
Longevity at 65 for current pensioners:		
Men current	22.9	22.0
Women current	25.0	24.3
Longevity at 65 for future pensioners:		
Men future	24.4	23.3
Women future	26.9	26.0
Rate of inflation - CPI	3.40%	2.70%
Rate of increase in salaries	4.65% *	3.95%
Rate of increase in pensions	3.50%	2.80%
Rate for discounting scheme liabilities	2.80%	4.80%

\*An adjustment has been made for short term pay restraint in line with 2019 actuarial valuation.

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 £'000	Decrease in Assumptions £'000
Longevity (increase or decrease in 1 Year)	29,192	(29,192)
Rate of Inflation (increase or decrease by 0.25%)	58,973	(58,973)
Rate of increase in salaries (increase or decrease by 0.25%)	6,217	(6,217)
Rate of discounting scheme liabilities (increase or decrease by 0.5%)	(109,359)	109,359

## 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 2022 in accordance with the Funding Strategy Statement of the Fund and Regulation 36 of the Local Government Pension Scheme (Administration) Regulations 2008.

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 final salary 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 expected contributions to the plan for the next annual reporting period for 2023/24 is 34.139m

The weighted average duration of the defined benefit obligation for scheme members is 16 years, 2022/23 (16 years 2021/22).

## 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 2022/23 the Council has paid £23.2m (2021/22 £22.5m) to the Teachers Pensions Agency in respect of teachers' retirement benefits, which represented 23.68% of pensionable pay in 2022/23 (2021/22 23.68%). At 31 March 2023 the pension contributions due to the scheme in respect of the salaries were £1.92m (£1.863m as at 31 March 2022).

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 2022/23 the Council has paid £0.024m (2021/22 £0.023m) 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 2021/22). At 31 March 2023 the pension contributions due to the scheme in respect of the March 2023 salaries were £0.002m (£0.002m as at 31 March 2022).

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 part of the assessments with the Strategic Leadership Team and the wider Directors, the Council is not aware of any material contingent liabilities that should be recorded as at 31 March 2023.

## 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 2022/23, which incorporates the prudential indicators was approved by Council on 1 March 2022 and is available on the Council's website.

The Council's activities expose it to a variety of financial risks. The key risks are:

- Credit Risk – the possibility that other parties might fail to pay amounts due to the Council
- 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 Council's website.

The Council invests its cash balances on the basis of security 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 and 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
- Credit Default Swap spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

The Investment Strategy for 2022/23 was approved by Full Council on 1 March 2022 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 £558.636m 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 the Council's deposits, but there was no evidence at the 31 March 2023 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 2023.

## CREDIT RISK EXPOSURE (34C)

The table below shows the Council's Exposure to Credit Risk at 31 March 2023. 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	66,266
12-Month Expected Credit Losses	Other	655



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 2022 £'000	31 March 2023 £'000
<b>Investments Outstanding:</b>		
Debt Management Office	492,130	446,830
UK Banks and Building Society	71,155	48,305
Other	774	44,099
<b>Total Investments outstanding</b>	<b>564,059</b>	<b>539,234</b>
Less than 1 year	563,322	495,182
Between 1 and 2 years	-	-
Between 2 and 5 years	119	1,164
Between 5 and 10 years	-	-
More than 10 years	618	42,889
<b>Total Investments outstanding</b>	<b>564,059</b>	<b>539,235</b>

All trade payables are paid in less than one year.

### 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 2022 £'000s	31 March 2023 £'000s
<b>Loans Outstanding:</b>				
Public Works Loans Board			779,751	762,323
Market Debt			89,460	90,750
Temporary Borrowing			-	-
Other			26,634	32,300
<b>Total Loans outstanding</b>			<b>895,845</b>	<b>885,373</b>
Less than 1 year	0%	10%	(23,963)	(49,297)
Between 1 and 2 years	0%	20%	(37,206)	(15,857)
Between 2 and 5 years	0%	20%	(45,982)	(46,827)
Between 5 and 10 years	0%	20%	(63,951)	(64,004)
More than 10 years	30%	90%	(724,743)	(709,388)
<b>Total Loans outstanding</b>			<b>(895,845)</b>	<b>(885,373)</b>

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.

The treasury management team monitor the markets and forecast interest rates within the year to adjust exposures appropriately.

## 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.

# 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.

## HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

The HRA Income and Expenditure Statement records the transactions relating to the provision and maintenance of council housing. The account has to be self-financing and there is a legal prohibition on subsidy to or from council tax.

Housing Revenue Account Income and Expenditure Statement	Note	2021/22 £000	2022/23 £000
<b>Expenditure</b>			
Repairs and Maintenance		11,337	9,596
Supervision and management		25,554	29,932
Rent, rates, taxes and other charges		942	122
Depreciation and impairment of non-current assets	6	42,644	51,122
Debt Management Costs		57	44
Movement in the allowance for bad debts		-	-
Revenue expenditure funded from capital under statute	8	6,859	13,592
<b>Total Expenditure</b>		<b>87,394</b>	<b>104,409</b>
<b>Income</b>			
Dwelling rents		(55,609)	(56,867)
Non-dwelling rents		(1,473)	(817)
Charges for services and facilities		(4,788)	(4,752)
Contributions towards expenditure		(2,507)	(2,057)
<b>Total Income</b>		<b>(64,376)</b>	<b>(64,493)</b>
<b>Net Cost of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement</b>		<b>23,018</b>	<b>39,916</b>
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		4,369	5,156
<b>Net Cost of HRA Services</b>		<b>27,665</b>	<b>45,350</b>
(Gain) or loss on disposal of HRA fixed assets		(16,776)	(22,026)
Payments to the Government Housing Capital Receipts Pool		1,520	1,520
Interest payable and similar charges		7,113	7,678
Interest and investment income		(126)	(235)
Pension Interest cost and expected return on pension assets		1,059	1,252
Capital grants and contributions receivable		(362)	(16,004)
<b>(Surplus) or deficit for the year on HRA services</b>		<b>20,093</b>	<b>17,536</b>

## MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

	2021/22 £000	2022/23 £000
<b>Movement on the HRA Statement</b>		
Balance on the HRA at the end of the previous reporting period	4,926	4,925
Surplus or (deficit) for the year on the HRA Income and Expenditure Statement	(20,093)	(17,536)
Adjustments between accounting basis and funding basis under statute	20,093	14,228
<b>Net increase or decrease before transfers to or from reserves</b>	-	<b>(3,308)</b>
Transfers to or from reserves	-	3,308
<b>Increase or decrease in year on the HRA</b>	-	-
<b>Balance on the HRA at the end of the current year</b>	<b>4,925</b>	<b>4,925</b>

	2021/22 £000	2022/23 £000
<b>Adjustments between accounting basis and funding basis under statute</b>		
Holiday Pay (transferred to the Accumulated Absences Reserve)	(27)	(12)
Net gain or loss on sale of non-current assets	(16,776)	(22,026)
Transfer of Non-Current Asset Sale Proceeds from Revenue to the Capital Receipts Reserve	1,520	1,520
Pensions Costs (transferred to (or from) the Pension Reserve)	3,074	4,084
Capital Expenditure Financed from Revenue Balances (transfer to the Capital Adjustment Account)	(1,012)	-
Posting of HRA Resources from Revenue to the Major Repairs Reserve	(15,826)	(18,049)
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)	49,140	48,711
<b>Total Adjustments</b>	<b>20,093</b>	<b>14,228</b>

## NOTES TO THE HOUSING REVENUE ACCOUNT

### 1 Housing Stock Units

The Council's stock of dwellings decreased during the year from 11,773 to 11,602, a net decrease of 171 dwellings. In addition to the units listed below, the Council also owns the freehold on 4,760 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:

	31 March 2022	Movement during the year			31 March 2023
Stock type	Units	RTB Disposals	Other Disposals	Acquisitions	Units
Flats	8,593	(58)	(101)	22	8,456
Houses	2,842	(28)	(7)	1	2,808
Temporary Accommodation (Hostels)	264				264
Shared Ownership	55				55
Short Leases	19				19
Long Leases	-				-
<b>Total Dwellings Units</b>	<b>11,773</b>	<b>(86)</b>	<b>(108)</b>	<b>23</b>	<b>11,602</b>

## 2. Non-current Assets Valuation

The vacant possession value of dwellings within the HRA as 31 March 2023 is £3,706m. 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.

	31 March 2022	2022/23			31 March 2023
Non-current Assets Valuation	Total Non-Current Assets £000s	Council Dwellings £000s	Non-Dwellings £000s	Assets Under Construction £000s	Total Non-Current Assets £000s
<b>Opening Net Book Value at 1 April</b>	<b>941,648</b>	<b>944,547</b>	<b>23,911</b>	<b>43,008</b>	<b>1,011,466</b>
Revaluations	42,869	(27,279)	413	-	(26,866)
Capital Expenditure	52,769	81,865	1,783	(21,553)	62,095
Disposals	(7,785)	(23,282)	-	-	(23,282)
Depreciation for the year	(15,826)	(16,716)	(1,333)	-	(18,049)
Reclassification	309	-	-	-	-
Other movements	(4,692)	(274)	-	-	(274)
<b>Closing Net Book Value at 31 March</b>	<b>1,009,292</b>	<b>958,860</b>	<b>24,774</b>	<b>21,455</b>	<b>1,005,089</b>

### 3a Rent & service charge arrears and provision for bad or doubtful debts

	2021/22 £000	2022/23 £000
<b>Rent Arrears</b>		
<b>Tenants:</b>		
Dwellings	3,575	3,977
Temporary Accommodation (net)	1,421	1,888
Long Leases (net)	17	17
<b>Total</b>	<b>5,013</b>	<b>5,882</b>
<b>Leaseholders:</b>		
Service Charge - Capital	1,047	820
Service Charge - Revenue	671	147
<b>Total</b>	<b>1,718</b>	<b>967</b>

### 3b Provision for bad or doubtful debts

Provision for Bad or Doubtful Debts	2021/22 £000	2022/23 £000
<b>Tenants:</b>		
Provision at 1 April	3,557	3,427
Write-offs in year	(371)	(540)
Increase in provision	238	1,064
<b>Provision at 31 March</b>	<b>3,423</b>	<b>3,951</b>

#### 4. Major Repairs Reserve (MRR)

	2021/22 £000	2022/23 £000
<b>Major Repairs Reserve (MRR)</b>		
<b>Balance at 1 April</b>	-	-
Depreciation charges for all dwellings	15,826	18,049
Capital projects funded from the MRR	(15,826)	(18,049)
Additional Transfer Above Depreciation to MRR allowed under statute	-	-
<b>Balance at 31 March</b>	-	-

#### 5 Capital Receipts

	2021/22 £000	2022/23 £000
<b>Capital Receipts</b>		
Land		
Council Dwellings	29,718	45,337
Other Receipts		
<b>Total</b>	<b>29,718</b>	<b>45,337</b>

Local authorities are required to contribute to the Housing Capital Receipt Pool a proportion of receipts generated from the disposal of HRA assets. In 2022/23 £1.520m (2021/22 £1.520m) of receipts was paid into the pool.

#### 6 Depreciation and Impairment Charge

	2021/22 £000	2022/23 £000
<b>Depreciation and Impairment Charge</b>		
<b>Depreciation Charges</b>		
Council Dwellings	14,845	16,716
Other Land & Buildings	927	1,259
Vehicles, Plant, Furniture and Equipment	3	18
Surplus Assets	51	57
<b>Total</b>	<b>15,826</b>	<b>18,049</b>
<b>Impairment Charges / Revaluation Losses/(Gains)</b>		
Dwellings and Other Land and Buildings	26,817	33,073
<b>Total</b>	<b>42,644</b>	<b>51,122</b>



## 7 Capital expenditure and funding

	2021/22 £000	2022/23 £000
<b>Capital expenditure and funding</b>		
<b>Total Capital Expenditure</b>	<b>59,628</b>	<b>78,326</b>
Funded by:		
Borrowing	23,200	26,062
Capital Receipts	19,127	18,312
Developer Contribution S.106	-	-
Revenue contributions	1,012	-
Major Repairs Reserve	15,826	18,049
Leaseholder's Income	464	142
Capital Grants	0	15,761
Other	-	-
<b>Total</b>	<b>59,628</b>	<b>78,326</b>

## 8 Revenue Expenditure Funded from Capital under Statute

	2021/22 £000	2022/23 £000
<b>Revenue Expenditure Funded from Capital under Statute</b>		
Dwellings	-	-
Other Properties	6,859	13,592
<b>Total</b>	<b>6,859</b>	<b>13,592</b>

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

## THE COLLECTION FUND STATEMENT

	Council Tax £'000	NNDR/ BRS £'000	31 March 2022 Total £'000	Council Tax £'000	NNDR	BRS	NNDR/ BRS £'000	31 March 2023 Total £'000
<b>COLLECTION FUND 2022/23</b>								
<b>INCOME</b>								
Income from Council Tax Payers	(199,600)	-	(199,600)	(213,399)	-	-	-	(213,399)
Income Collectable from Business Ratepayers	-	(121,055)	(121,055)	-	(126,193)	-	(126,193)	(126,193)
Income Collectable from Business Ratepayers - BRS	-	(3,311)	(3,311)	-	-	(3,283)	(3,283)	(3,283)
<b>TOTAL INCOME</b>	<b>(199,600)</b>	<b>(124,366)</b>	<b>(323,966)</b>	<b>(213,399)</b>	<b>(126,193)</b>	<b>(3,283)</b>	<b>(129,476)</b>	<b>(342,875)</b>
<b>EXPENDITURE</b>								
<b>Precepts &amp; Demands</b>								
Local Demand (LBE)	152,395	45,267	197,662	158,976	38,420	-	38,420	197,396
Greater London Authority (GLA)	42,598	55,829	98,427	46,936	47,384	-	47,384	94,320
Central Government (DLUHC)	-	49,794	49,794	-	42,262	-	42,262	42,262
	<b>194,993</b>	<b>150,890</b>	<b>345,883</b>	<b>205,912</b>	<b>128,066</b>	<b>-</b>	<b>128,066</b>	<b>333,978</b>
Contributions Towards Previous Year Estimated Surplus/(Deficit)								
Local Demand (LBE)	(2,969)	(17,848)	(20,817)	263	(14,777)	-	(14,777)	(14,514)
Greater London Authority (GLA)	(796)	(22,075)	(22,871)	95	(18,225)	-	(18,225)	(18,130)
Central Government (DLUHC)	-	(19,686)	(19,686)	-	(16,255)	-	(16,255)	(16,255)
	<b>(3,765)</b>	<b>(59,609)</b>	<b>(63,374)</b>	<b>358</b>	<b>(49,257)</b>	<b>-</b>	<b>(49,257)</b>	<b>(48,899)</b>
<b>Charges to the Collection Fund</b>								
Transitional Protection Payment (Reveivable/Payable)	-	252	252	-	752	-	752	752
Less: Costs of Collection - NNDR	-	498	498	-	492	-	492	492
Less: Write off of uncollectable amounts	(4)	(4)	(8)	(33)	(204)	(7)	(211)	(244)
Less: Increase/(Decrease) in Bad Debt Provision	3,920	3,704	7,624	4,036	(293)	-	(293)	3,743
Less: Write off of uncollectable amounts relating to appeals	-	(4,877)	(4,877)	-	(6,508)	-	(6,508)	(6,508)
Less: Increase/(Decrease) in Provision for Appeals	-	10,289	10,289	-	5,931	-	5,931	5,931
	<b>3,916</b>	<b>9,862</b>	<b>13,778</b>	<b>4,003</b>	<b>170</b>	<b>(7)</b>	<b>163</b>	<b>4,166</b>
<b>Business Rate Supplement (BRS)</b>								
Payment to Levying Authority (GLA)	-	3,302	3,302	-	-	3,280	3,280	3,280
Costs of Collection - BRS	-	9	9	-	-	9	9	9
	<b>-</b>	<b>3,311</b>	<b>3,311</b>	<b>-</b>	<b>-</b>	<b>3,289</b>	<b>3,289</b>	<b>3,289</b>
<b>TOTAL EXPENDITURE</b>	<b>195,144</b>	<b>104,454</b>	<b>299,598</b>	<b>210,273</b>	<b>78,979</b>	<b>3,282</b>	<b>82,261</b>	<b>292,534</b>
<b>MOVEMENTS ON THE COLLECTION FUND</b>								
Opening Fund Balance 1 April	7,027	77,604	84,631	2,572	57,691	-	57,691	60,263
Closing Fund Balance 31 March	2,572	57,691	60,263	(553)	10,476	-	10,476	9,923
<b>MOVEMENT ON FUND BALANCE</b>	<b>(4,455)</b>	<b>(19,913)</b>	<b>(24,368)</b>	<b>(3,125)</b>	<b>(47,215)</b>	<b>-</b>	<b>(47,215)</b>	<b>(50,340)</b>
<b>ANALYSIS OF CLOSING FUND BALANCE</b>								
Ealing Council	2,039	17,307	19,346	(339)	3,142	-	3,142	2,803
Central Government (DLUHC)	-	18,983	18,983	-	3,403	-	3,403	3,403
Greater London Authority (GLA)	533	21,401	21,934	(214)	3,931	-	3,931	3,717
<b>CLOSING FUND BALANCE</b>	<b>2,572</b>	<b>57,691</b>	<b>60,263</b>	<b>(553)</b>	<b>10,476</b>	<b>-</b>	<b>10,476</b>	<b>9,923</b>

# 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 (DLUHC) 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 118,649 for 2022/23 (117,138 for 2021/22).

The basic amount of Council Tax for a Band D property £1,735.48 for 2022/23 (£1,664.65 for 2021/22) is multiplied by the proportion specified for the particular band to give an individual amount due.

### COUNCIL TAX BASE

The Council Tax base for 2022/23 was approved at the Council meeting on 1 March 2022. Details are shown below:

Band	Estimated No. of properties after discounts, exemptions and council tax support	Ratio	Equivalent No. of Band D properties
A	3,182	6/9	2,122
B	8,070	7/9	6,276
C	25,795	8/9	22,929
D	38,516	9/9	38,516
E	20,420	11/9	24,958
F	9,225	13/9	13,325
G	6,623	15/9	11,038
H	953	18/9	1,906
<b>Total Council Tax Base</b>	<b>112,784</b>		<b>121,070</b>
Adjustment for actual collection rate			2,421
<b>Council Tax Base for 2022/23</b>			<b>118,649</b>

## 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 2023 was £375.8m (£375.4m at 31 March 2022). The national multipliers for 2022/23 were 49.9p for qualifying small businesses (49.9p in 2021/22) and the standard multiplier being 51.2p for all other businesses (51.2p in 2021/22).

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 (DLUHC).

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.

# Pension Fund Account

## FUND ACCOUNT

Fund Account	Notes	2021/22	2022/23
		£'000	£'000
<b>Dealings with members, employers and others directly involved in the fund</b>			
Contributions	6	(44,243)	(47,140)
Transfers in from other Pension Funds	6a	(6,121)	(9,133)
		<b>(50,364)</b>	<b>(56,273)</b>
Benefits	7	51,464	52,148
Payments to and on account of leavers	7a	4,306	5,909
		<b>55,771</b>	<b>58,058</b>
<b>Net (additions)/withdrawals from dealings with Members</b>		<b>5,406</b>	<b>1,784</b>
Management Expenses	8	5,186	5,556
<b>Net (additions)/withdrawals Including Fund Management Expenses</b>		<b>10,592</b>	<b>7,340</b>
<b>Returns on Investments</b>			
Investment Income	9	(24,751)	(25,998)
Taxes on Income	9	6	-
Profit and losses on disposal of investments and changes in Value of investments	15	(58,895)	92,645
<b>Net return on investments</b>		<b>(83,640)</b>	<b>66,647</b>
<b>Net (Increase)/Decrease in the Net Assets Available for Benefits During the Year</b>		<b>(73,048)</b>	<b>73,986</b>
<b>Opening Net Assets of the Scheme</b>		<b>(1,473,142)</b>	<b>(1,546,190)</b>
<b>Closing Net Assets of the Scheme</b>		<b>(1,546,190)</b>	<b>(1,472,203)</b>

## NET ASSET STATEMENT

Net Asset Statement	Notes	2021/22	2022/23
		£'000	£'000
Investment Assets	11	1,542,522	1,462,372
Investment Liabilities	11	(2,780)	(314)
<b>Total net investments</b>		<b>1,539,743</b>	<b>1,462,058</b>
Current Assets	17	8,531	12,403
		<b>1,548,273</b>	<b>1,474,461</b>
<b>Current Liabilities</b>	18	<b>(2,083)</b>	<b>(2,256)</b>
<b>Net Assets of the Fund available to fund benefits at the end of the reporting period</b>		<b>1,546,190</b>	<b>1,472,203</b>

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.

Signed.....

**Emily Hill, CPFA**

**Strategic Director of Resources (Chief Financial Officer)**

# Notes to the Pension Fund Account

## Note 1 General Description of the Pension Fund

### GENERAL

The 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 London Borough of Ealing 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 and 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 2023. Employers also 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 2022. At present, the employer contributions rates range from 13.5% to 24.7% of the pensionable pay, as per the 2019 valuation.

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

From 1 April 2014, the Fund became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49<sup>th</sup>. 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.

Ealing Pension 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, see link below:

[Meeting of Pension Fund Panel \(moderngov.co.uk\)](https://www.moderngov.co.uk)

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 that currently participate in the Fund are detailed the table 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)	Mitie
Dormers Wells High Academy (Dormers Wells)	Pabulum
Drayton Manor Academy	Serco Group
Ellen Wilkinson High School	SLM - community leisure
Featherstone Academy (Grand Union Multi Academy Trust)	SLM - Dormers Wells
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)	

The following table summarises the membership numbers of the Fund:

Members	2021/22	2022/23
	£'000	£'000
Active Members	7,405	8,535
Deferred Pensioners	10,089	10,408
Pensioners receiving benefits	7,795	8,024
	<b>25,289</b>	<b>26,967</b>

Members	2021/22	2022/23
<b>Number of employers in the Fund</b>	<b>40</b>	<b>40</b>
Number of Active Members		
London Borough of Ealing	5,401	6,022
Other employers	2,004	2,513
Total	7,405	8,535
Number of pensioners		
London Borough of Ealing	6,826	6,989
Other employers	969	1,035
Total	7,795	8,024
Number of Deferred pensioners		
London Borough of Ealing	7,892	8,040
Other employers	2,197	2,368
Total	10,089	10,408
Total number of members in the scheme	25,289	26,967

## Note 2 - Basis of Preparation of Financial Statements

The Statement of Accounts (SoA) summarises the Fund's transactions for 2022/23 and its position as at 31 March 2023. The SoA has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (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, with the assumption that the functions of the authority will continue in operational existence for the foreseeable future.

## 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. 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 income received so far received 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 value of investments are recognised as income and comprise all realised and unrealised profits/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.

### LIFETIME ALLOWANCES

Members are entitled to request the Pension Fund pays their tax liabilities due in respect of annual allowance and lifetime allowance in exchange for a reduction in pension. Where the Fund pays member tax liabilities direct to HMRC it is treated as an expense in the year in which the payment occurs.

### 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 "Fair Value Measurement". 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 'Employee Benefits' 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

The Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund, and in accordance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. 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.

There were no such critical judgements made during 2022/23.

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

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

### PENSION FUND 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 IAS19. These assumptions are summarised at **Appendix A**. 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).

### PRIVATE EQUITY INVESTMENTS

The financial statements also 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 2023 for which there is a risk of material adjustment during the financial year is as follows:

### EVENTS AFTER THE NET ASSET STATEMENT DATE

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

Item	Uncertainties	Effect of actual results differ from assumptions
Private debt	Private equity 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 £65.150m (£52.510m: 2021/22) in the financial statements. There is a risk that this investment may be under or overstated in the accounts

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 £63.405m (£54.726m: 2021/22).
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## 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	2021/22	2022/23
	£'000	£'000
Employees' normal contributions	(12,106)	(14,022)
<b>Employer's contributions:</b>		
Normal contributions	(29,504)	(31,468)
Deficit recovery contributions	(2,080)	(1,022)
Augmentation contributions	(553)	(627)
<b>Total employers' contributions</b>	<b>(32,137)</b>	<b>(33,118)</b>
<b>Total contributions receivable</b>	<b>(44,243)</b>	<b>(47,140)</b>

By type of Employer	2021/22	2022/23
	£'000	£'000
Administering Authority	(33,448)	(35,705)
Scheduled bodies	(10,261)	(10,964)
Admitted bodies	(534)	(470)
<b>Total</b>	<b>(44,243)</b>	<b>(47,140)</b>

## Note 6a - Transfers In From Other Pension Funds

Transfers In	2021/22	2022/23
	£'000	£'000
<b>Individual transfers</b>	(6,121)	(4,733)
<b>Bulk Transfers</b>	-	(4,400)
	<b>(6,121)</b>	<b>(9,133)</b>

## Note 7 - Benefits Payable

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

By Category	2021/22 £'000	2022/23 £'000
Pensions	42,822	44,486
Commutation and lump sum retirement benefits	7,168	6,795
Lump sum death benefits	1,474	867
<b>Total</b>	<b>51,464</b>	<b>52,148</b>

By type of Employer	2021/22 £'000	2022/23 £'000
Administering Authority	47,041	47,474
Scheduled Bodies	4,096	4,222
Admitted Bodies	327	452
	<b>51,464</b>	<b>52,148</b>

## Note 7a – Payments to and on Account of Leavers

Payments to:	2021/22 £'000	2022/23 £'000
Refunds to members leaving service	141	494
Individual transfers	4,165	5,416
	<b>4,306</b>	<b>5,909</b>

## Note 8 – Management Expenses

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

	2021/22 £'000	2022/23 £'000
Administrative costs	1,465	1,577
Investment management expenses	3,322	3,578
Oversight and Governance costs	399	401
<b>Total</b>	<b>5,186</b>	<b>5,556</b>

## Note 8a – Management Expenses

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

	2021/22 £'000	2022/23 £'000
Management fees	2,871	3,121
Performance fees	28	27
Custody fees	126	141
Transaction fees	297	289
<b>Total</b>	<b>3,322</b>	<b>3,578</b>



## Note 8b – External Audit Costs

The fees payable to the Fund's as agreed with the external auditors and and the Public Sector Audit Appointments Ltd (PSAA) was £16k (£43k: in 2021/22).

<b>External Audit Costs</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>
Payable in respect of external audit	43	16
	<b>43</b>	<b>16</b>

## Note 9 – Investment Income

<b>Investment Income</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>
Fixed interest securities	13,798	14,131
Equity dividends	1	1
Pooled investments	10,932	11,566
Interest and cash deposits	18	303
<b>Investment income</b>	<b>24,749</b>	<b>26,001</b>
Other income	2	(3)
<b>Total before taxes</b>	<b>24,751</b>	<b>25,998</b>
Taxes on income	(6)	-
<b>Total</b>	<b>24,745</b>	<b>25,998</b>

## Note 10 – Investments

The table shows the analysis of investments held by the Fund as at 31 March 2023:

	Market Value 31 March 2022 £'000	Market Value 31 March 2023 £'000
<b>Investments</b>		
<b>Investment Assets</b>		
<b>Bonds</b>	352,223	301,245
<b>Equities</b>	6	-
<b>Pooled Funds</b>		
Fixed Income Unit Trusts	10,766	10,743
Infrastructure Funds	54,726	63,405
Global Equity	902,865	875,128
	<b>968,357</b>	<b>949,276</b>
<b>Other Investments</b>		
Pooled Property Investments	136,588	111,948
Private Debt	52,510	65,150
	<b>189,098</b>	<b>177,098</b>
Cash Deposits	27,483	28,716
Investment Income Due	5,291	6,037
Amounts Receivable for Sales	64	-
	<b>32,838</b>	<b>34,753</b>
<b>Total Investment Assets</b>	<b>1,542,522</b>	<b>1,462,372</b>
<b>Investment liabilities</b>		
Amounts payable for purchase	(2,780)	(314)
<b>Total investment assets</b>	<b>1,539,742</b>	<b>1,462,058</b>

## Note 11 – Reconciliation in movement in Investments

2022/23	Market value 1 April 2022	Purchases during the year	Sales during the year	Change in market value during the year	Market value 31 March 2023
	£'000	£'000	£'000	£'000	£'000
Bonds	352,223	44,289	(42,196)	(53,071)	301,245
Equities	6	-	(6)	-	-
Pooled Investments	968,357	5,633	(10,080)	(14,634)	949,276
Pooled Property Investments	136,588	3,170	-	(27,810)	111,948
Private Equity	52,510	12,462	(1,271)	1,449	65,150
Cash Instruments	18,300	65,352	(68,070)	-	15,582
<b>Total</b>	<b>1,527,984</b>	<b>130,906</b>	<b>(121,623)</b>	<b>(94,065)</b>	<b>1,443,201</b>
Investment Cash	9,183			(83)	13,134
Amounts receivable from Sales	64				-
Investment Income due	5,291			-	6,037
Payable for Purchases	(2,780)				(314)
<b>Net investment assets</b>	<b>1,539,742</b>	<b>-</b>	<b>-</b>	<b>(94,150)</b>	<b>1,462,058</b>

2021/22	Market value 1 April 2021	Purchases during the year	Sales during the year	Change in market value during the year	Market value 31 March 2022
	£'000	£'000	£'000	£'000	£'000
Bonds	354,740	65,291	(40,486)	(27,322)	352,223
Equities	-	6	-	-	6
Pooled Investments	852,522	69,834	(20,189)	66,190	968,357
Pooled Property Investments	118,663	16	-	17,909	136,588
Private Equity	40,199	12,864	(1,972)	1,419	52,510
Cash Instruments	69,940	62,506	(114,146)	-	18,300
<b>Total</b>	<b>1,436,064</b>	<b>210,518</b>	<b>(176,793)</b>	<b>58,196</b>	<b>1,527,984</b>
Investment Cash	7,629			(78)	9,183
Amounts receivable from Sales	65				64
Investment Income due	4,273			(4)	5,291
Payable for Purchases	(2,686)				(2,780)
<b>Net investment assets</b>	<b>1,445,344</b>	<b>-</b>	<b>-</b>	<b>58,112</b>	<b>1,539,743</b>

## Note 12 – 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 2022 £'000	%	Market Value 31 March 2023 £'000	%.
<b>Investments managed within the London CIV</b>					
Baillie Gifford	Global Equity (Active)	255,990	17	244,206	17
<b>Investments managed outside of the LCIV</b>					
Royal London	UK Corporate (Active)	358,119	23	307,340	21
	UK Government (Active)	-	-	-	0
	UK corporate (Pooled)	10,766	1	10,743	1
BlackRock	Global Equities	48,370	3	46,528	3
Legal & General	Future World - Global Equities (Passive)	301,093	20	296,281	20
	MSCI World - Global Equities (Passive)	297,838	19	288,533	20
Brightwood	Private Debt (Overseas Pooled)	6,638	0	7,259	0
Churchill	Private Debt (Overseas Pooled)	16,756	1	23,608	2
Permira	Private Debt (UK Pooled)	29,124	2	34,283	2
Henley	Unit Trust (UK Property Pooled)	-	-	3,153	0
Lothbury	UK Property (Pooled)	50,619	3	39,490	3
Hermes	UK Property (Pooled)	50,408	3	45,255	3
Standard Life	UK Property (Pooled)	43,918	3	34,326	2
JP Morgan	Infrastructure (Overseas Pooled)	54,726	4	58,379	4
Darwin	Bereavement Services (UK Infrastructure Pooled)	-	-	5,077	0
Ealing In-house Cash		15,377	1	17,595	1
<b>Total outside the pool</b>		<b>1,283,752</b>	<b>83</b>	<b>1,217,850</b>	<b>83</b>
<b>Total Investments</b>		<b>1,539,742</b>	<b>100</b>	<b>1,462,058</b>	<b>100</b>

## Note 13 – 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%.

	2021/22		2022/23	
	Market Value £'000	Holding %	Market Value £'000	Holding %
LCIV Global Alpha Growth Fund	255,990	17	244,206	17
Future World Fund	301,093	20	296,281	21
MSCI World Carbon Target Fund	297,838	19	288,533	20
<b>Total</b>	<b>854,922</b>	<b>56</b>	<b>829,020</b>	<b>58</b>

## 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 accordance with International Private Equity and Venture Capital Valuation Guidelines	EBITDA multiple Revenue multiple Discount for lack of marketability Control premium	Valuations could be affected by post balance sheet events, 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 Equity and infrastructure, these assets have been valued at level 3.

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

## 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 2023.

Assets exposed to currency risk	Value £'000	1 year expected Volatility %	Value on Increase £'000	Value on decrease £'000
<b>As at 31 March 2023</b>				
Private Debt	65,150	9.6	71,404	58,896
Infrastructure	63,405	16.0	73,550	53,260
<b>As at 31 March 2022</b>				
Private Debt	52,510	9.0	57,236	57,236
Infrastructure	54,726	14.6	62,716	62,716

## 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 2022			31 March 2023		
Fair Value Hierarchy	Quoted market price	Using observable inputs	With significant unobservable inputs	Quoted market price	Using observable inputs	With significant unobservable inputs
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3*
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Financial Assets</b>						
Held at fair value through profit and loss	20,988	1,406,226	107,236	28,318	1,299,149	128,555
	<b>20,988</b>	<b>1,406,226</b>	<b>107,236</b>	<b>28,318</b>	<b>1,299,149</b>	<b>128,555</b>
<b>Grand Total</b>	<b>1,534,450</b>			<b>1,456,022</b>		

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



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

2022/23	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	52,510	-	12,462	(1,271)	1,449	-	65,150
<b>Total</b>	<b>52,510</b>	<b>-</b>	<b>12,462</b>	<b>(1,271)</b>	<b>1,449</b>	<b>-</b>	<b>65,150</b>
Pooled investments - Infrastructure	54,726	-	5,000	-	3,679	-	63,405
<b>Total</b>	<b>54,726</b>	<b>-</b>	<b>5,000</b>	<b>-</b>	<b>3,679</b>	<b>-</b>	<b>63,405</b>

## Note 14d – Classification of Financial Instruments

Classification Of Financial Instruments	31 March 2022			31 March 2023		
	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
<b>Bonds</b>						
Bonds	352,223	-	-	301,245	-	-
Equities	6	-	-	-	-	-
<b>Pooled investment vehicles</b>						
Fixed Income Unit Trusts	10,766	-	-	10,743	-	-
Property	136,588	-	-	111,948	-	-
Infrastructure Funds	54,726	-	-	63,405	-	-
Global Equity	902,865	-	-	875,128	-	-
Private Debt	52,510	-	-	65,150	-	-
<b>Cash Instruments</b>						
Cash deposits	27,483	-	-	28,716	-	-
Unsettled sales	-	64	-	-	-	-
Accrued income	-	5,291	-	-	6,037	-
<b>Total investment assets</b>	<b>1,537,166</b>	<b>5,355</b>	<b>-</b>	<b>1,456,335</b>	<b>6,037</b>	<b>-</b>
<b>Investment Liabilities</b>						
Unsettled Purchases	-	-	(2,780)	-	-	(314)
<b>Net Investment assets</b>	<b>1,537,166</b>	<b>5,355</b>	<b>(2,780)</b>	<b>1,456,335</b>	<b>6,037</b>	<b>(314)</b>
<b>Other financial assets</b>						
Contributions Due	-	7,721	-	-	683	-
Cash Balances	-	672	-	-	10,852	-
Other debtors	-	138	-	-	867	-
	<b>1,537,166</b>	<b>13,886</b>	<b>(2,780)</b>	<b>1,456,335</b>	<b>18,439</b>	<b>(314)</b>
<b>Financial Liabilities</b>						
Current Liabilities	-	-	(1,610)	-	-	(1,746)
	-	-	<b>(1,610)</b>	-	-	<b>(1,746)</b>
<b>Total</b>	<b>1,537,166</b>	<b>13,886</b>	<b>(4,389)</b>	<b>1,456,335</b>	<b>18,439</b>	<b>(2,060)</b>
<b>Grand Total</b>	<b>1,546,662</b>			<b>1,472,714</b>		

The classification of current liabilities excludes the Fund's liability for PAYE of £510k (2022: £473k) as this is not classified as a financial instrument.

## Note 15 – Net Gains and Losses on Financial Instruments

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

Net gains and losses on financial instruments	2021/22	2022/23
	£'000	£'000
<b>Financial Assets</b>		
Held at fair value through profit and loss	58,893	(92,645)
Financial Assets held at Amortised cost	-	-
	<b>58,893</b>	<b>(92,645)</b>
<b>Financial Liabilities</b>		
Held at fair value through profit and loss	(4)	-
<b>Total</b>	<b>58,889</b>	<b>(92,645)</b>

## 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 12.4% (2022:12.8%). The Fund believes that 12.4% 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 £'000	Value on 12.4% price increase £'000	Value on 12.4% price decrease £'000
As at 31 March 2022	1,094,179	1,234,234	954,124

## 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 7.5% (2022:1%). 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 £'000	Value on 7.5% interest rate increase £'000	Value on 7.5% interest rate decrease £'000
As at 31 March 2023	405,854	375,415	436,293
As at 31 March 2022	442,982	411,088	474,877

## 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 9.9% (2022: 9.5%) strengthening/weakening of the pound against foreign currencies:

Assets exposed to currency risk	Value	Value on 9.9% foreign exchange rate increase	Value on 9.9% foreign exchange rate decrease
	£'000	£'000	£'000
As at 31 March 2023	969,400	1,065,371	873,430
As at 31 March 2022	980,985	1,074,178	778,269

## 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 2022 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 2022	Balances as at 31 March 2023
		£'000	£'000
<b>Bank Current Accounts</b>			
Lloyds Bank	A+	672	10,852
<b>Money Market Funds</b>			
BNY Mellon Goldman Sachs M	AAA	18,300	15,582
<b>Total</b>		<b>18,972</b>	<b>26,434</b>

## 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 its investments can be liquidated within a matter of days if required.

## Note 17 – Current Assets

Debtors	31 March 2022	31 March 2023
	£'000	£'000
Contributions due - employers	6,635	510
Contributions due - employees	1,086	174
Sundry debtors	138	867
<b>Sub total</b>	<b>7,859</b>	<b>1,551</b>
<b>Cash balances - Lloyds Bank</b>	<b>672</b>	<b>10,852</b>
<b>Total</b>	<b>8,531</b>	<b>12,403</b>

Analysis of Debtors	31 March 2022	31 March 2023
	£'000	£'000
Central government bodies	421	467
Local authorities	7,139	828
Other entities and individuals	299	256
<b>Total</b>	<b>7,859</b>	<b>1,551</b>

## Note 18 – Current Liabilities

Current liabilities	2021/22	2022/23
	£'000	£'000
Unpaid benefits	(100)	(78)
Sundry creditors and accrued expenses	(1,983)	(2,178)
<b>Total</b>	<b>(2,083)</b>	<b>(2,256)</b>

Analysis of Current Liabilities	2021/22	2022/23
	£'000	£'000
Central government bodies	(516)	(510)
Local authorities	(1,140)	(1,380)
Other entities and individuals	(427)	(366)
<b>Total</b>	<b>(2,083)</b>	<b>(2,256)</b>

## 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.

<b>Contributions 2021/22</b>	<b>Market Value 2021/22</b>		<b>Contributions 2022/23</b>	<b>Market Value 2022/23</b>
<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
56	610	Scottish Widows (as at 31 March 2023)	58	605
-	260	Utmost (as at 31 October 2022)	96	206
<b>56</b>	<b>870</b>	<b>Total</b>	<b>154</b>	<b>811</b>

## Note 20 – Related Party Transactions

The Fund is administered by the London Borough of Ealing (the Council). In 2022/23, the Council charged the pension fund £1.0m for expenses incurred in administering the Fund (2022: £1.0m). 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 £197.5k at 31 March 2023 (2022: £1.1m).

## 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 2022/23. There was a £1k (2022: £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 2023 were £38.2m (2022 £12.1m). These commitments relate to outstanding call payments due on the Private Debt and Secure Income Property 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 2023.

## Note 23 – Goodwin, Brewster and Langford judgements

Recent rulings relating to dependants' benefits could have an impact on the LGPS. In each case, the any impact is expected to be very small. The Fund's Actuaries sample analysis on the most significant of the ruling (Goodwin) suggests a cost well under 0.1% of liabilities on average and so no adjustment is made.

## APPENDIX A – ACTUARIAL STATEMENT

# London Borough of Ealing Pension Fund

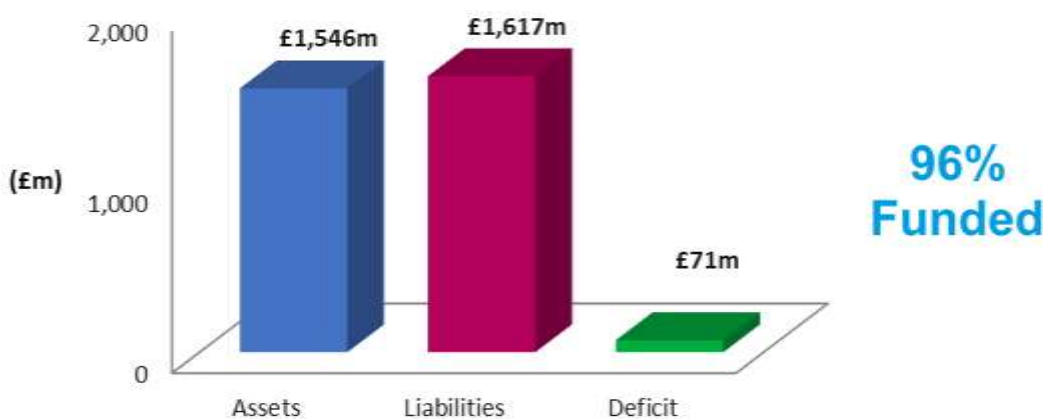
Accounts for the year ended 31 March 2023 – Statement by the Consulting Actuary



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 2022 to determine the contribution rates with effect from 1 April 2023 to 31 March 2026.

On the basis of the assumptions adopted, the Fund's assets of £1,546 million represented 96% of the Fund's past service liabilities of £1,617 million (the "Solvency Funding Target") at the valuation date. The deficit at the valuation was therefore £71 million.



The valuation also showed that a Primary contribution rate of 18.6% 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. Equally, where there is a surplus, it may be appropriate to offset this against contributions for future service, in which case contribution reductions will be put in place to allow for this.

The FSS sets out the process for determining the recovery plan in respect of each employer. At the 2022 actuarial valuation the average recovery period adopted for employers in deficit was 11 years (12 years for employers in surplus). The total recovery payment (the "Secondary rate") for 2023/26 was, on average, an addition of approximately £7m per annum (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 March 2023.

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. Full yield curves were used in calculating the liabilities and the approximate single equivalent rates for the main actuarial assumptions used for assessing the Solvency Funding Target and the Primary rate of contribution, were as follows:

	For past service liabilities (Solvency Funding Target)	For future service liabilities (Primary rate of contribution)
<b>Rate of return on investments (discount rate)</b>	4.45% per annum	5.10% per annum
<b>Rate of increases in pensions in payment (in excess of GMP)</b>	3.10% per annum	3.10% per annum

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2025. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2026.

## 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 2023 (the 31 March 2022 assumptions are included for comparison):

	31 March 2022	31 March 2023
<b>Rate of return on investments (discount rate)</b>	2.80% per annum	4.80% per annum
<b>Rate of CPI Inflation / CARE benefit revaluation</b>	3.40% per annum	2.70% per annum
<b>Rate of pay increases</b>	4.65% per annum*	3.95% per annum
<b>Increases on pensions (in excess of GMP) / Deferred revaluation</b>	3.50% per annum	2.80% per annum

*\*This is the long-term assumption. An allowance corresponding to that made at the 2019 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:

- the start of period assumptions are based on the 2019 actuarial valuation assumptions (but updated to the 2021 CMI future improvement tables)
- the end of period assumptions are based on the updated assumption adopted for the 2022 actuarial valuation, with a long-term rate of life expectancy improvement of 1.5% p.a.

Full details of the demographic assumptions are set out in the formal reports to the respective valuations.

The movement in the value of the Fund's promised retirement benefits for IAS 26 is as follows:

<b>Start of period liabilities</b>	<b>£2,219m</b>
<b>Interest on liabilities</b>	<b>£62m</b>
<b>Net benefits accrued/paid over the period*</b>	<b>£47m</b>
<b>Actuarial (gains)/losses (see below)</b>	<b>(£708m)</b>
<b>End of period liabilities</b>	<b>£1,620m</b>

*\*this includes any increase in liabilities arising as a result of early retirements*

Key factors leading to the actuarial gains above are:

- **Change in financial assumptions:** Corporate bond yields increased significantly over the year, with a corresponding increase in discount rate to 4.8% p.a. from 2.8% p.a. In addition, there has been a reduction in long-term assumed CPI to 2.7% p.a. from 3.4% p.a. In combination, these factors lead to a significant reduction in liabilities.
- **Change in demographic assumptions:** As noted above, the assumptions have been updated to reflect the 2022 actuarial valuation assumptions. This acts to reduce the liabilities.
- **Pension increases / high short-term inflation:** The figures allow for the impact of the April 2023 pension increase of 10.1%, along with the high levels of CPI since September 2022 (which will feed into the 2024 pension increase). As current inflation is higher than the long term assumption, this increases the liabilities.
- **2022 actuarial valuation:** The year-end liabilities allow for the final 2022 valuation results, and so will allow for the difference between the assumptions and actual member experience over 2019/22. This will include factors such as the impact of actual pay increases awarded, actual rates of ill-health retirement, etc.

**Michelle Doman**  
Fellow of the Institute and  
Faculty of Actuaries

**Clive Lewis**  
Fellow of the Institute and  
Faculty of Actuaries

**Mercer Limited**  
**May 2023**

## Additional considerations

**The “McCloud judgment”:** The figures above allow for the impact of the judgment based on the proposed remedy.

**GMP indexation:** The above figures allow for the provision of full CPI pension increases on GMP benefits for members who reach State Pension Age after 6 April 2016.

**Covid 19 / Ukraine:** The financial assumptions allow for these factors to the degree that they are reflected in the market values on which the assumptions are based. The impact of COVID deaths over the period 2019/22 will be included in the actuarial gains / losses item above. The mortality assumption includes no specific adjustment for COVID as our view is that it is not possible at this point to draw any meaningful conclusions on the long-term impact.

**Current high inflation:** The period-end figures above allow for the impact of actual known CPI at the accounting date as noted above. The period-end assumptions then allow for expected (market implied) CPI from that point.

# 5. Group Accounts

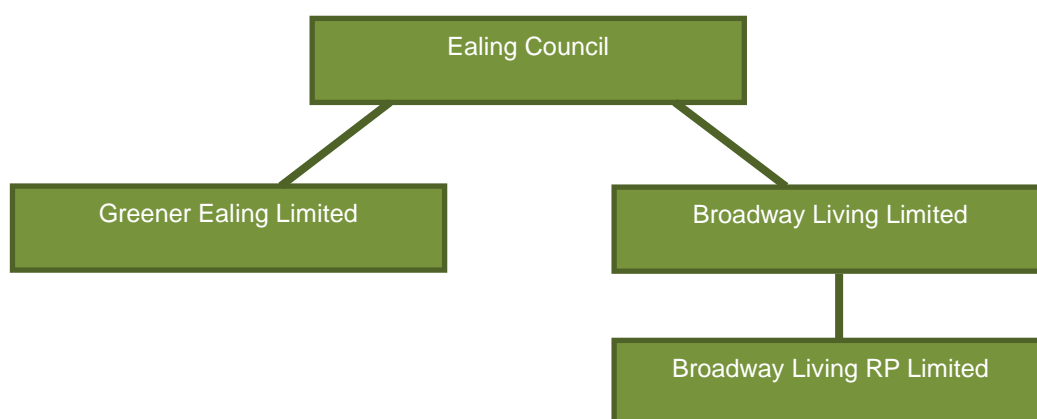
## INTRODUCTION

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.

## 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.



# Group Core Financial Statements

## GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	31 March 2022			31 March 2023		
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
<b>Continuing Services</b>						
Chief Executive Directorate	71,954	(18,364)	53,590	78,615	(19,240)	59,375
Children & Schools	451,938	(379,302)	72,636	490,878	(396,198)	94,680
Adults & Public Health	154,637	(71,692)	82,945	170,610	(76,593)	94,017
Place	258,942	(196,884)	62,058	297,745	(191,326)	106,419
Housing Benefits	189,186	(185,018)	4,168	178,353	(173,846)	4,507
Council Wide Other	36,852	(22,033)	14,819	20,351	(14,827)	5,524
<b>Cost of Services</b>	<b>1,163,509</b>	<b>(873,293)</b>	<b>290,216</b>	<b>1,236,552</b>	<b>(872,030)</b>	<b>364,522</b>
<b>Other Operating Expenditure &amp; Income</b>						
Precepts and Levies			14,463			14,015
Payments to the Government Housing Capital Receipts Pool			1,520			1,520
(Gains)/Losses on Disposal of Non-Current Assets			(13,045)			(3,848)
			<b>2,938</b>			<b>11,687</b>
<b>Financing and Investment Income &amp; Expenditure</b>						
Interest Payable and Similar Charges			38,544			42,688
Net Interest on the Net Defined Benefit Liability (Asset)			12,023			15,536
Interest Receivable and Similar Income			(2,255)			(12,887)
Impairment Losses			10,303			7,513
			<b>58,615</b>			<b>52,850</b>
<b>Taxation and Non-Specific Grants</b>						
Council Tax Income			(152,940)			(161,617)
Non-Domestic Rates Income and Expenditure			(33,358)			(37,807)
Business Rates Top-Up			(31,499)			(31,499)
Non-Ringfenced Government Grants			(80,568)			(74,353)
Capital Grants and Contributions			(20,331)			(55,689)
			<b>(318,696)</b>			<b>(360,965)</b>
<b>Tax Expenses of Subsidiaries</b>			<b>86</b>			<b>57</b>
<b>(Surplus) / Deficit on Provision of Services</b>			<b>33,160</b>			<b>68,150</b>
(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			(153,810)			(63,152)
Remeasurement of the Net Defined Benefit Liability / (Asset)			(55,252)			(502,366)
Deferred Taxation			-			-
<b>Other Comprehensive (Income) / Expenditure</b>			<b>(209,062)</b>			<b>(565,518)</b>
<b>Total Comprehensive (Income) / Expenditure</b>			<b>(175,902)</b>			<b>(497,368)</b>



## GROUP MOVEMENT IN RESERVES STATEMENT

	Revenue Reserves				Capital Reserves														
MOVEMENT IN RESERVES STATEMENT	General Fund £'000	General Fund Earmarked Reserves £'000	Housing Revenue Account £'000	Housing Revenue Earmarked Reserves £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Revaluation Reserve £'000	Capital Adjustment Account £'000	Deferred Capital Receipts £'000	Collection Fund Adjustment Account £'000	Financial Instruments Adjustment Account £'000	Accumulated Absences Account £'000	Pensions Reserve £'000	Total Unusable Reserves £'000	Total Authority Reserves £'000	Council's Share Reserves of Subsidiaries £'000	Total Group Reserves
Balance at 31 March 2021	15,919	118,188	4,925	15,249	-	37,865	26,272	218,418	616,044	798,287	5,200	(28,799)	(1,449)	(8,070)	(593,078)	788,135	1,006,553	(1,525)	1,005,028
<b>Movement in Reserves during 2021/22</b>																			
<b>Total Comprehensive Income &amp; Expenditure</b>	7,782	-	(20,093)	-	-	-	-	(12,311)	153,930	-	-	-	-	-	55,252	209,182	196,871	(20,968)	175,902
Adjustments Between Accounting Basis & Funding Basis Under Regulations	18,477	-	20,093	-	-	11,148	1,671	51,389	-	(27,245)	(136)	9,453	31	526	(34,018)	(51,389)	-	-	-
Adjustments between group accounts and authority accounts	(20,581)	-	-	-	-	-	-	(20,581)	-	-	-	-	-	-	-	-	(20,581)	20,581	-
<b>Net Increase/(Decrease) before Transfers to Reserves</b>	5,678	-	-	-	-	11,148	1,671	18,497	153,930	(27,245)	(136)	9,453	31	526	21,234	157,793	176,290	(388)	175,902
Transfers to/(from) Reserves	(5,678)	5,678	-	-	-	-	-	-	(16,113)	16,113	-	-	-	-	-	-	-	-	-
<b>Increase/(Decrease) in Year 2021/22</b>	-	5,678	-	-	-	11,148	1,671	18,497	137,817	(11,132)	(136)	9,453	31	526	21,234	157,793	176,290	(388)	175,902
<b>Balance at 31 March 2022</b>	15,919	123,866	4,925	15,249	-	49,013	27,943	236,915	753,861	787,155	5,064	(19,346)	(1,418)	(7,544)	(571,844)	945,928	1,182,843	(1,913)	1,180,930
<b>Movement in Reserves during 2022/23</b>																			
<b>Total Comprehensive Income &amp; Expenditure</b>	(28,871)	-	(17,536)	-	-	-	-	(46,407)	63,152	-	-	-	-	-	502,270	565,422	519,015	(21,648)	497,368
Adjustments Between Accounting Basis & Funding Basis Under Regulations	39,859	-	14,228	-	-	22,895	11,842	88,824	-	(56,822)	(196)	16,543	32	318	(48,699)	(88,824)	-	-	-
Adjustments between group accounts and authority accounts	(21,029)	-	-	-	-	-	-	(21,029)	-	-	-	-	-	-	-	-	(21,029)	21,029	-
<b>Net Increase/(Decrease) before Transfers to Reserves</b>	(10,041)	-	(3,308)	-	-	22,895	11,842	21,388	63,152	(56,822)	(196)	16,543	32	318	453,571	476,598	497,986	(618)	497,368
Transfers to/(from) Reserves	11,854	(11,854)	3,308	(3,308)	-	-	-	-	(24,784)	24,784	-	-	-	-	-	-	-	-	-
<b>Increase/(Decrease) in Year 2022/23</b>	1,813	(11,854)	-	(3,308)	-	22,895	11,842	21,388	38,368	(32,038)	(196)	16,543	32	318	453,571	476,598	497,986	(618)	497,368
<b>Balance at 31 March 2023</b>	17,732	112,012	4,925	11,941	-	71,908	39,785	258,303	792,229	755,117	4,868	(2,803)	(1,386)	(7,226)	(118,273)	1,422,526	1,680,829	(2,531)	1,678,298

## GROUP BALANCE SHEET

	31 March 2022 £'000	31 March 2023 £'000
<b>BALANCE SHEET</b>		
Property, Plant & Equipment	2,355,894	2,418,485
Intangible Assets	12,164	11,246
Heritage Assets	2,741	2,741
Financial Assets Held for Sale	-	-
Long-Term Investments	716	15,917
Long-Term Debtors	20,742	5,154
<b>Long-term Assets</b>	<b>2,392,257</b>	<b>2,453,543</b>
Short-Term Investments	494,038	446,624
Current Assets Held for Sale	-	-
Short-Term Debtors	73,251	128,630
Cash and Cash Equivalents	76,804	51,645
Inventories	190	170
<b>Current Assets</b>	<b>644,283</b>	<b>627,069</b>
Short-Term Borrowings	(49,165)	(49,297)
Short-Term Creditors	(175,866)	(175,235)
Short-Term Provisions	(13,656)	(12,791)
Grants Receipts in Advance - Revenue	(34,594)	(5,186)
<b>Current Liabilities</b>	<b>(273,281)</b>	<b>(242,509)</b>
Long-Term Borrowings	(846,698)	(836,076)
Long-Term Creditors	(133,795)	(152,163)
Long-Term Provisions	(4,181)	(4,181)
Grants Receipts in Advance - Capital	(33,068)	(48,679)
Pensions Liability	(564,329)	(118,366)
Deferred Tax Liability	(259)	(259)
<b>Long-term Liabilities</b>	<b>(1,582,329)</b>	<b>(1,159,724)</b>
<b>Net Assets</b>	<b>1,180,930</b>	<b>1,678,379</b>
Represented by:		
<b>Usable Reserves</b>		
General Fund	15,919	17,732
Earmarked Reserves	123,866	112,012
Housing Revenue Account	4,925	4,925
Capital Receipts Reserve	49,013	71,908
Capital Grants Unapplied	27,943	39,785
Housing Revenue Account Earmarked Reserves	15,249	11,941
Profit and Loss Account	(3,136)	(3,755)
	<b>233,779</b>	<b>254,547</b>
<b>Unusable Reserves</b>		
Revaluation Reserve	755,084	793,452
Capital Adjustment Account	787,155	755,117
Deferred Capital Receipts	5,064	4,868
Collection Fund Adjustment Account	(19,346)	(2,803)
Financial Instruments Adjustment Account	(1,418)	(1,386)
Accumulated Absences Account	(7,544)	(7,226)
Pension Reserve	(571,844)	(118,273)
Share Premium Account	0	(0)
	<b>947,152</b>	<b>1,423,749</b>
<b>Total Reserves</b>	<b>1,180,930</b>	<b>1,678,298</b>

## GROUP CASH FLOW

	2021/22 £'000	2022/23 £'000
<b>CASH FLOW STATEMENT</b>		
Net Surplus / (Deficit) on the Provision of Services	(33,160)	(67,790)
Adjustments to Net Surplus / (Deficit) on the Provision of Services for Non-Cash Movements	161,825	108,497
Adjustments for Items Included in Net Surplus / (Deficit) on the Provision of Services that are Investing or Financing Activities	(61,557)	(104,127)
<b>Net Cash Inflows from Operating Activities</b>	<b>67,109</b>	<b>(63,420)</b>
Investing Activities	(377,791)	54,543
Financing Activities	254,085	(16,283)
<b>Net Increase or (Decrease) in Cash and Cash Equivalents</b>	<b>(56,596)</b>	<b>(25,159)</b>
Cash and Cash Equivalents at the Beginning of the Reporting Period	133,401	76,804
<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	<b>76,804</b>	<b>51,645</b>

# 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

	2021/22 £'000	2022/23 £'000
<b>External Audit Costs</b>		
Fees payable to Deloitte LLP with regard to external audit services carried out by the appointed auditor for the year	236	145
Fees payable to Beever and Struthers Services Ltd with regard to external audit services carried out for the year	57	35
Fees payable to KPMG for the certification of grant claims and returns for the year	39	39
<b>Total</b>	<b>332</b>	<b>219</b>

## Note 2 – Cash Flow Statement

### OPERATING ACTIVITIES (NOTE 2A)

	2021/22 £'000	2022/23 £'000
Interest Received	2,100	12,807
Interest Paid	(24,918)	(33,217)

<b>The Surplus/(Deficit) on the Provision of Services has been Adjusted for the Following Non-Cash Movements:</b>	2021/22 £'000	2022/23 £'000
Depreciation and Amortisations	51,144	57,490
Impairment and Downward Valuations	30,678	45,876
Increase/(Decrease) in Impairment for Bad Debts	11,425	(4,256)
Increase/(Decrease) in Creditors	20,836	(29,641)
(Increase)/Decrease in Debtors	(214)	(52,980)
(Increase)/Decrease in Inventories	-	21
Movement in Pension Liability	26,431	48,617
Carrying Amount of Non-Current Assets and Non-Current Assets Held for Sale, Sold or Derecognised	20,787	44,553
<b>Other Non-Cash Items Charged to the Net (Surplus) or Deficit on the Provision of Services</b>		
Increase/(Decrease) in Provisions	1,265	(865)
Increase/(Decrease) in Accumulated Absences	(526)	(318)
<b>Net cash flows from operating activities</b>	<b>161,825</b>	<b>108,497</b>

<b>The Surplus/(Deficit) on the Provision of Services has been Adjusted for the Following Items that are Investing and Financing Activities:</b>	2021/22 £'000	2022/23 £'000
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	(32,558)	(48,438)
Grant Receipts for the Financing of New Capital Expenditure	(28,999)	(55,689)
<b>Net cash flows from operating activities</b>	<b>(61,557)</b>	<b>(104,127)</b>

## INVESTING ACTIVITIES (NOTE 2B)

	2021/22 £'000	2022/23 £'000
<b>Investing Activities</b>		
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(104,214)	(140,134)
Purchase of Short-Term and Long-Term Investments	(2,716,717)	(1,995,512)
Payments for Other Long Term Loans	(3,778)	(20,211)
Proceeds From the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	29,610	48,438
Proceeds from Short-Term and Long-Term Investments	2,357,052	2,064,985
Proceeds from Other Long-Term Loans	1,285	9,250
Grant Receipts for the Financing of New Capital Expenditure	58,971	87,727
<b>Net cash flows from investing activities</b>	<b>(377,791)</b>	<b>54,543</b>

## FINANCING ACTIVITIES (NOTE 2C)

	2021/22 £'000	2022/23 £'000
<b>Financing Activities</b>		
Cash Receipts of Short-Term and Long-Term Borrowing	253,640	1,164
Cash Receipts from Other Short-Term and Long-Term Liabilities	530	503
Cash Payments for the Reduction of Outstanding Liabilities Relating to Finance Leases and on-Balance Sheet PFI Contracts	(4,843)	(4,293)
Repayments of Short-Term and Long-Term Borrowing	(19,084)	(15,930)
Repayments of Other Short-Term and Long-Term Liabilities	(555)	(486)
Billing Authorities - Council Tax and NDR Adjustments	24,398	2,758
<b>Net cash flows from financing activities</b>	<b>254,085</b>	<b>(16,283)</b>

# 6. Accounting Policies

# Accounting Policies

## I. GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023.

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 2022/23, 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 Department for Levelling Up, Housing and Communities (DLUHC) 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 Council'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 the asset is written down and a charge made to the taxation and non-specific grant 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

### 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

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

Employees of the Council may be members of three separate pension schemes:

- The Teachers' Pension Scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- NHS Pension Scheme administered by NHS Pensions.
- 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 and Schools Service line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year. The Adults & 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 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

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

### 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.

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. 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 Council'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 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 arise in the Surplus or Deficit on the Provision of Services.

## 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 arise 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

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.

## **XI. HERITAGE ASSETS**

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.

## **XII. 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.

### XIII. INTERESTS IN COMPANIES AND OTHER ENTITIES

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

### 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

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
- Infrastructure – straight-line allocation over 25 years
- 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 Council 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 Council at the end of the contracts for no additional charge, the Council 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 Council.

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

- a. Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- b. 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.
- c. 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.
- d. 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).

- e. Lifecycle replacement costs – expensed in-year and debited to the relevant service in the Comprehensive Income and Expenditure Statement.

## **XIX. PROVISIONS AND CONTINGENT LIABILITIES**

### **PROVISIONS**

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**

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 risk and 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 accounting policy note IX.

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 Council as a result of past events and from which future economic or service potential is expected to flow to the Council.

## 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 Council.

## 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 property, plant and equipment 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 property, plant and equipment 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 Accountancy 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 Council 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 Council'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 Council 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 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 property, plant and equipment that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of the property, plant and equipment 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 property, plant and equipment.

## 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 property, plant and equipment 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.

## 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 Council'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 Council 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 property, plant and equipment.

## INFRASTRUCTURE ASSETS

Property, plant and equipment that is inalienable, expenditure on which are 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 Council as a result of past events, and future economic or service benefits must be expected to flow from the intangible asset to the Council. 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.

## INVENTORIES

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.

## 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 3 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 property, plant and equipment are included in the balance sheet, i.e. their historical cost of current value, less the cumulative amounts provided for depreciation.

## NON-OPERATIONAL ASSETS

Property, plant and equipment 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

Property, plant and equipment 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.

## PROPERTY, PLANT & EQUIPMENT

Tangible assets that yield benefits to the Council and the services it provides for a period of more than one year.

## 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 Council, 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 Council after deducting all its liabilities. The Movement in Reserves Statement shows the true economic cost of providing the Council'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 Council'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 property, plant and equipment.

## 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.

## 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 Council, 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

## INTRODUCTION

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.

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.

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](https://www.ealing.gov.uk/download/downloads/id/2550/corporate_code_of_governance.doc), or can be obtained from the Monitoring Officer.

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).



## Key Elements of the Council's Governance Framework

### Key Elements of the Council's Governance Framework are:

<p>Council, Cabinet and Leader</p> <ul style="list-style-type: none"> <li>• Providing leadership, developing and setting policy.</li> <li>• Supporting diverse communities and distinctive neighbourhoods to thrive and succeed.</li> </ul>	<p>Decision Making</p> <ul style="list-style-type: none"> <li>• All meetings are held in public.</li> <li>• Decisions are recorded on the council website.</li> <li>• All council decisions are supported by detailed officer reports which consider the financial, legal and other implications.</li> </ul>	<p>Risk Management</p> <ul style="list-style-type: none"> <li>• Risk registers identify operational and strategic risks.</li> <li>• Key risks are considered by Strategic Leadership Team and reported to Audit Committee.</li> <li>• Oversight of financial outcomes, governance and key partnership arrangements.</li> </ul>
<p>Scrutiny and Review</p> <ul style="list-style-type: none"> <li>• Scrutiny Committees review council policy and can challenge decisions.</li> </ul>	<p>Strategic Leadership Team (SLT)</p> <ul style="list-style-type: none"> <li>• SLT are responsible for overall management of the council.</li> <li>• Head of Paid Service is the Chief Executive who is responsible for all council staff and leading SLT.</li> <li>• Strategic Director, Resources is the section 151 officer and responsible for safeguarding the council's financial position.</li> <li>• Monitoring Officer is the council's Director of Legal and Democratic Services.</li> </ul>	

## How we Comply with the CIPFA/Solace framework

Standard	Council Framework
Behave with Integrity	<p>The Code of Conduct for Councillors is contained within the Constitution. The council operates a Standards Committee, which oversee and promote high standards of conduct for members.</p> <p>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.</p> <p>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. Organisational values and behaviours to demonstrate expectations with regards approach, attitude and underpinning of our people processes and training interventions.</p> <p>The Constitution sets out the responsibilities of both members and officers. In particular the council has identified the following six statutory posts:</p> <ul style="list-style-type: none"> <li>• Head of Paid Service – Chief Executive</li> <li>• Chief Financial Officer (Section 151) – Strategic Director, Resources</li> <li>• Monitoring Officer – Director of Legal and Democratic Services</li> <li>• Director of Children's Services – Strategic Director, Children</li> <li>• Director of Adult Social Services – Strategic Director, Adults and Public Health</li> <li>• Director of Public Health – Director of Public Health</li> <li>• Data Protection Officer – Corporate Information and Governance Manager</li> </ul> <p>The council's head of paid service, section 151 officer, and monitoring officer meetings are scheduled every six weeks for a "statutory officers meeting" where issues of particular governance concern are raised, and approaches agreed.</p> <p>Whistle-blowing, anti-fraud and anti-corruption / bribery policy is in place and publicised.</p>
Engage with Stakeholders	<p>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.</p> <p>Ealing Borough Based Partnership (BBP) brings together the NHS, Ealing Council, the voluntary and community sector and local residents, to improve health and care outcomes for all the people of Ealing. The partnership does not replace or merge organisations, but will bring together organisations and teams to work more effectively around a shared purpose. Each partnership is collaborating at borough level to tackle local challenges, improve the health and wellbeing of the local population and reduce the health inequalities that exist within their borough.</p> <p>The Safer Ealing Partnership (SEP) acts as the formal Community Safety Partnership for the Borough, which is a statutory requirement as set out by the Crime and Disorder Act 1998. The board is made up of statutory partners including Police; Directors from social care and public health; the London Fire Brigade borough commander, MOPAC (Mayors Office for Crime and Policing), Probation service, Drug and Alcohol Intervention services and representatives from the Voluntary and Community Sector, including West London Equality Centre.</p> <p>The focus of the partnership is working collectively to set the strategic direction to address the key drivers of crime, violence, ASB and exploitation within the borough and ensure that partners are accountable to each other and the residents of Ealing. The partnership also works to ensure that services are working to deliver shared objectives like delivering a inclusive and proportionate based policing and wider enforcement approach when keeping residents safe and ensuring we are maximising the opportunities to prevent victimisation and offending taking place in the first instance.</p>
Define Outcomes	<p>The council has put in place arrangements for the key systems and processes that comprise its governance framework. The administration's three priorities form the basis of the Councils Plan and provides focus for improvement. The Council Plan specifies three strategic objectives for Ealing:</p> <ul style="list-style-type: none"> <li>• Creating good jobs</li> </ul>

Standard	Council Framework
Ensure planned outcomes are achieved	<p>All Cabinet and Committee reports are reference one or more of the three priorities.</p> <p>The council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control.</p> <p>The council's review of the effectiveness of its system of internal control is informed by:</p> <ul style="list-style-type: none"> <li>• Annual Assurance Opinion of the Head of Internal Audit;</li> <li>• Performance against targets;</li> <li>• Annual Assurance Statements completed by Strategic Directors; and</li> <li>• A review of the previous year's Annual Governance Statement.</li> </ul>
Develop capacity, capability and leadership	<p>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.</p> <p>The New Starters Induction Programme requires all new joiners, whether Council employees or agency staff, to undertake a corporate induction when they join the Council.</p> <p>All new directors and strategic directors meet with the Director of Legal and Democratic Services for a one to one induction briefing on governance.</p> <p>There is a corporate learning programme which consists of a variety of learning resources available to staff.</p>
Manage risk and performance effectively	<p>The council has an Audit Committee that provides independent, effective assurance on the adequacy of the council's governance environment. The Audit Committee has clear terms of reference and an annual work programme for internal audit and risk management.</p> <p>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 Strategic Director, Resources (Section 151 Officer) and the Chair of the Audit Committee.</p> <p>An embedded Risk Management Framework is in place, with each Directorate maintaining a risk register. The risk management framework was approved by the Strategic Leadership Team and the Audit Committee.</p> <p>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.</p> <p>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 SLT. In addition, a number of governance mechanisms are in place to support performance management across the council, including monitoring the delivery of the revenue budget and capital programme.</p> <p>Members play a regular role in performance management, providing challenge to officers. Cabinet receives a report on performance each quarter. Cabinet portfolio holders have regular meetings with Strategic Directors and review finance and performance indicators.</p>
Demonstrate transparency and accountability	<p>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.</p> <p>Senior officers' remuneration is published on the council website.</p> <p>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.</p>

## Inspection and Assessments

During the year Ofsted undertook an inspection (in October 2022) of the Council's children's services practice, assessing a range of teams who provide support to children and families who may need support from early help or social care.

Inspectors looked at the local authority's arrangements for 'front door' services, the point at which the council, alongside other agencies, considers and responds to referrals about children who may be in need or at risk of harm.

The inspectors reviewed data, document submissions and interviewed practitioners, partners and sampled case files. This included random case file audits, interviews with practitioners, managers, senior leaders and elected members. As well as discussions with key stakeholders across the council and external partners.

The report commended the sustained focus on 'Front Door' services by senior managers, elected members and partners which has resulted in significant improvement since the previous inspection in 2019.

## Assurances from Internal and External Audit

The Internal Audit service is a key means of assurance and reviews the adequacy of the controls throughout all areas of the Council.

The Council's Internal Audit service carries out a comprehensive programme of review activity consistent with the Audit Strategy and the Public Sector Internal Audit Standards. The work is based around the core risks faced by the Council and includes significant work on the main financial and information management systems, corporate programmes and partnerships. Based upon the programme of work for 2022/23, the Assistant

Director of Audit and Fraud's opinion on the Council's control environment, governance arrangements and risk management arrangements are that they are limited. (A definition of assurance levels is included in annex A).

Limited assurance was given on the overall control framework for the Council. There is, however, reasonable assurance on the key financial systems. It's important to reflect that this is in the context of a transitional year with significant changes at Strategic Leadership Team level including periods of interim cover. This opinion also reflects that in year implementation rates for high rated audit recommendations were low, however, a revised focus by SLT since January has started to address this.

**External Audit** – Deloitte is 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 arrangements to secure economy, efficiency and effectiveness from the use of resources has come to their attention. The audit of 2021/22 has not yet been finalised. During 2020/21 the value for money work referenced issues in relation to health and safety arrangements which were also referenced in last year's governance review and an update is contained in this statement (2021/22 update)

## Update on Issues Identified in 2021/22

Issue	Performance in 2021/22
<p><b>Housing Health and Safety</b></p> <p>The council undertook a self-referral to the housing regulator, including a full plan of works to address the backlog of health and safety compliance work and remedials in relation to Council and Broadway Living RP housing and council owned leased properties. This includes governance and oversight measures to track performance.</p>	<p>The notice to the Regulator was made in May 2022. A voluntary agreement charting recovery was agreed in November 2022. The initial recovery plan has now largely been implemented with significant progress being made but is still be tracked through internal governance structures. An update is provided for 2022/23 below.</p>
<p><b>Financial Uncertainty</b></p> <p>The council continued to manage financial uncertainty through 2021/22. With the government deferral of changes to the funding regime, work continues to prepare in the event it has a material negative impact on future funding for the council. Work also continues to manage the demographic and government policy pressures which have led to service demand and resultant budget pressures in recent years. The challenging inflation environment and increases to the cost of living will create some cost pressures but may also result in additional service demand pressures which will need to be monitored and managed.</p>	<p>The government postponed the funding regime review with a further single year financial settlement. Work therefore needs to continue to plan and monitor for eventualities and is raised again for this year.</p> <p>Overall, the Council's outturn spend for the financial year 2022/23 year is in line with budgeted position.</p>
<p><b>Covid Recovery</b></p> <p>Ongoing work to support the recovery post pandemic. Managing impacts on demand for services and economic pressures.</p>	<p>The Council is now operating as business as usual. Demand pressures are managed locally by services and the recovery is no longer managed as a specific separate risk. This has therefore been closed.</p>

Issue	Actions
<b>Financial pressures and uncertainty with regards to the wider economic context and inflation and local government funding (including future reform).</b>	<p>Financial monitoring and planning continues. Continual review of government funding and other budget assumptions.</p> <p>Growth funding for demand led services and inflationary pay awards included in budgets for 2023/24.</p> <p>Close working with finance and social care on monitoring spend pressures.</p>
<b>Housing Health and Safety</b>	<p>The notice to the Regulator was made in May 2022. A voluntary agreement charting recovery actions was agreed in November 2022.</p> <p>The work programme has been monitored at board and member level through out the year.</p> <p>The initial recovery plan has now largely been implemented. A new system is due to be introduced by May 2023, which will encapsulate all of the strands into a single place and further help reporting, monitoring and governance moving forwards.</p> <p>An internal audit has been scheduled for May 2023 to confirm the adequacy of arrangements moving forwards.</p>
<b>Recruitment and Retention National and local pressures on the Council's workforce.</b>	<p>Reinvigorating workforce planning, considering:</p> <ul style="list-style-type: none"> <li>- Succession.</li> <li>- Talent management.</li> <li>- Workforce supply and value proposition.</li> <li>- Consideration of internal resourcing and talent team</li> </ul>



## Conclusion

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

Signed.....



Leader of the Council

Cllr. Peter Mason





