



# Ealing Council Statement of Accounts 2021/22



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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 2021/22 and the position at 31 March 2022.

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

The Narrative Report provides some background and context to the council's financial position in 2021/22; 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 2021/22.

**Emily Hill, CPFA**  
**Strategic Director, Resources**  
**4 December 2024**

# NARRATIVE REPORT

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

The operating environment of the council during 2021/22, in which it has continued to deliver its array of service obligations, has remained highly uncertain. The financial challenges faced in year should be viewed in the context of inflationary rises of more than 5%, the continued impact of increasing demand for services, the ongoing legacy impact of COVID-19 pressures, the continued significant challenge of setting budgets with one-year local government finance settlements and Government opacity about future government funding reforms and plans. A particular example is the continuing underfunding of both Children's and Adults social care 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 existing service demands are appropriately funded and where new demand is forecast, proportionate growth has been allocated.

## 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 23 wards as at 31 March 2022, which has since increased to 24 wards from the elections in May 2022.

The opening of the five Elizabeth line (Crossrail) stations in the borough will 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 and in February 2022 the Russian invasion of Ukraine has started global economic disruption with the UK facing inflationary rises not seen since the 1970's. Ealing is not immune to this cost of living crisis and the effects will continue long into 2022/23.

## ABOUT THE COUNCIL

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

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

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

## OUR WORKFORCE

The council employed 2,768 people in 2021/22 (headcount on 31/03/2022) as shown below:

	21/22	20/21
Gender		
Male	34%	35%
Female	66%	65%
Declared Disability		
Yes	4.7%	4.4%
Age		
Under 25	2.5%	2.3%
25-39	24.5%	24.7%
40-49	24.8%	24.6%
50-64	43.3%	43.3%
65+	4.9%	5.1%
Ethnicity		
BME	48.4%	47.6%
White	36.5%	37.7%
Unknown	15.1%	14.7%

These figures exclude schools staff.

## POLITICAL STRUCTURE

Following boundary changes that were enacted for Ealing on 15 October 2021, Ealing now has an additional ward, moving from 23 to 24 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 CORPORATE PLAN 2018-22

Following the election of a new Administration in May 2022, the council will develop a council plan for the period 2022-26 aligned to the priorities in the Labour manifesto and reflecting other requirements on the council including demand pressures and statutory requirements. This will be presented to Council in summer 2022 and will identify key year one deliverables.

## FUTURE PRIORITIES & FOCUS

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 new plan will continue to focus on the 3 priorities for delivery in 2022/23:

- Creating good jobs
- Tackling the climate crisis
- Fighting inequality

These 3 priorities are split over 9 outcomes, each an individual portfolio, the aims are outcome focused and are explained below and supported through the Future Ealing programme:

Tackling inequality	Relentlessly focusing on reducing poverty and inequality for those that most need support and promoting wellbeing and safety for all.
Climate action	Greening and keeping Ealing clean, achieving net zero carbon, and ensuring our parks, open spaces and nature are protected and enhanced.
Healthy lives	Combating COVID 19, protecting and enhancing the physical and mental health of all, supporting our older residents to enable them to remain independent and resilient
Fairer Start	Ensuring all our children and young people of all backgrounds get the best start in life, from their earliest years through to a great education
Decent living incomes	Bringing new and well-paid jobs back to Ealing and securing a strong economic recovery where good businesses can thrive.
Inclusive economy	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.
Genuinely affordable homes	Delivering our radical programme of social rent council house building, and ensuring our tenants are empowered and have ownership of their communities
Good growth	Making sure the growth that takes place in Ealing enhances its character, conserves its future and makes great places people want to live.
Thriving communities	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.

## 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 Head of Internal Audit's opinion for 2021/22, is that Limited assurance can be given on the overall control framework for the council, no change from the previous year (2020/21). There is, however, reasonable assurance on the key financial systems. These opinions are based on recent audit work and the consideration of the system of internal control within the council being designed to meet the organisation's objectives and that controls are applied consistently.

It is important to note that the decision to provide an overall audit opinion of limited assurance, was based upon 38% of reports receiving negative assurance with 33% limited and 5% none, against 62% of reports which received reasonable assurance. The assurance level also considered the nature of reports and thematic issues. The no assurance report for fire safety along with other reports identifying weaknesses in relation to health and safety significantly influence the level of assurance, more details on this can be found below. It is, however, important to reflect that the council has since introduced significant measures, including regular strategic oversight in response to these reports and to monitor them to help ensure that the issues raised are addressed. The Head of Internal Audit's opinion in 2023/24 was that reasonable assurance can be given.

In February 2022, the council made a self-referral to the housing regulator. The referral included matters relating to housing safety, asbestos, gas and electrics. Included in the referral was a plan of works and timescales to address the backlog of compliance work and remedial actions in relation to council and one of its wholly owned subsidiaries (Broadway Living RP) housing and council owned leased out properties. The referral included a need for improved governance and oversight measures to track performance. Since this time a board level (consisting of the Councils Senior Leadership Team) meeting has been established to monitor/track progress, agree additional actions and measures where necessary.

In forming this opinion, it is important to also frame this decision with a number of other factors:

- Changes to audit planning over recent years has encouraged senior management to be open about risks and concerns, allowing key risks to be targeted and optimising the value of the audit work.
- A global pandemic requiring continuing remote working, along with ongoing needs to deliver new services to support the community.

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

## **PERFORMANCE**

### **COUNCIL**

This section provides a summary of performance at year end 2021/22. Detailed performance information, including trends and analysis can be found on the website through our public performance dashboard at the link below:

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

Out of the 84 indicators in the performance set, 16 are not being reported as they have been impacted by the Covid19 pandemic or do not have data available, in addition 6 biennial indicators were not due for reporting this year. Of the remaining 62 reportable indicators, status is not available for 4 of these indicators and 9 are not available due to time-lag i.e., their performance becomes available a certain period after the end of the year, or data was not provided in time for this report.

Performance this year shows 67% of the 49 available indicators have either met their target or are within tolerance in 2021/22 while 16 33% did not meet their target, as demonstrated in the following table:

Status	Number of PIs	Percent of total PIs	Percent of available PIs
Green	29	50%	59%
Amber	4	7%	8%
Red	16	28%	33%
YE outturn not available due to time-lag	9	15%	
Reportable but no targets set*	4		
<b>Reportable indicators</b>	<b>62</b>		
YE not available due to external factors	16		
No update expected (biennial reporting)	6		
<b>Total</b>	<b>84</b>		

\*4 indicators in the Council Plan derived from the annual Adult Social Care users survey which had been suspended since 2019/20 due to the pandemic. It was not certain at the beginning of last year if the survey would take place in 2021/22, therefore no targets were set for the year. The survey did go ahead eventually, and performance is now available for the four measures. It is not possible to report the performance against target status (Red, Amber, Green) or direction of travel of performance since last year for these four measures, however the table below illustrates the survey results:

Outcome area	Performance measures	Scale	Freq.	Year End Performance
Healthy lives	Percentage of service users who have control over their daily life	Bigger is better	Annual	66%
	Percentage of service users who say that care and support services help them in feeling safe	Bigger is better	Annual	86%
	Percentage people who use services who are satisfied with their care and support	Bigger is better	Annual	54%
	Percentage of people who use services who find it easy to find information about support	Bigger is better	Annual	60%

In terms of direction of travel of performance, 55 measures, out of 84 total indicators, which could be monitored for direction of travel this year are illustrated below, 13 of which were unavailable at year end due to timings. The remaining measures are new and did not have a baseline last year. 48% have shown better performance than at the same point last year with 52% showing a decrease in their performance, more details on this is given below and can be found on the council web page under performance reporting.

Status	Number of PIs	Percent of total PIs	Percent of available PIs
Up	20	36%	48%
Same	0	0%	0%
Down	22	40%	52%
Not available	13	24%	
<b>Total</b>	<b>55</b>		

Outcomes are reported under the 9 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	5	1	3	9
Climate Action	3	1	4	8
Healthy lives	2	2	6	10
Fairer start	3	0	4	7
Decent living incomes	0	0	4	4
Inclusive economy	1	0	2	3
Genuinely affordable homes	2	0	2	4
Good growth	0	0	1	1
Thriving communities	0	0	3	3
	16	4	29	49

Some of these performance outturns are discussed in more details below:

#### First time entrants to the Youth Justice System aged 10-17

The rate of first-time entrants to the youth justice system per 100,000 young people aged 10-17 was 147.9 at year-end 2021/22 – significantly better than the targeted rate of 215 for the year. After missing the target in quarter 1, there has been a steady improvement in figures, resulting in strong overall performance as well as an increase from last year's performance of 214.

#### Young offenders engaged in suitable education, training or employment (ETE)

93.8% of offenders (15 out of 16) referred to the service in the fourth quarter of the year were engaged in suitable ETE, which was better than targeted (85.0%). In total this year 57 of the 62 (91.9%) young offenders referred remained engaged in suitable EET, which is a rise from 86.2% in 2020/21.

#### Energy generated from solar panels

The programme of increasing energy from solar photovoltaic (PV) panels installed on council owned corporate buildings has overperformed remarkably, with 165 kWp (kilowatt peak) generated this year as opposed to 30 targeted. This is a new indicator; therefore, performance cannot be compared to the previous year.

#### Percentage of streets free of litter, graffiti, fly posting and detritus

All four street cleanliness indicators reported inspection outcomes that were better than or within tolerance of target after the last tranche of inspections this year. In particular:

- The proportion of streets free of litter was 95.2%, which was a slight reduction on the previous year (95.9%) though still better than the proportion targeted (93.0%).
- The proportion of streets free of detritus was 94.4%, against the target of 92.0%. This is a strong performance and a further improvement from 92.8% in 2020/21.
- The proportion of streets free of graffiti was still slightly lower than targeted (95.1% as opposed to 97%), compared to last year's figure of 92.7%.
- The proportion of streets free of fly posting was 98.1% - a marginal reduction from 98.3% at the end of last year, however better than the figure targeted for the period (98.0%).

### Pay gap performance indicators

The council pay gap performance indicators have not met the annual targets. Percentage of the top paid 5% of staff who have a disability stands at 2.4% which is below the set target of 3.5% this year and a further decrease from 3% in 2020/21. Similarly, the mean gender pay gap for council employees remains higher than targeted (5.8%) at 6.1%, worse than 5.9% in the previous year.

Proportion of the top 5% of the local authority staff who are from an ethnic minority constitutes 16.2% of the total employees. This is less than 17% expected this year, however a slight improvement from 16% in 2020/21.

### Incidents of domestic abuse- Violence with injury

The cumulative rate of incidents of 'domestic abuse - violence with injury' was 2.70 (214 incidents per 1,000 population) which is higher than the annual target of 2.55. The incidents peaked in the first two quarters at the rate of 0.71 and 0.73 respectively but then dropped to 0.63 in the last quarter. There have been 918 total incidents this year which is higher than the total figure of 906 in 2020/21.

When compared to London-wide figures, Ealing has slightly underperformed as compared to London as a whole, with a 0.99 increase in the number of incidents as opposed to a reduction by 0.80 across London. However, both figures are within 1% of the previous year's total which does not indicate a significant change in the level of offending. Looking at the data on domestic abuse offences in Ealing for the past eight years, the number of incidents has been fluctuating between 837 and 941, with no clear directional trend.

### Drug/alcohol related hospital admissions per 1,000 population

The average yearly admissions rate stands at 7.57 which is above the set target of 7.07. The figures were excessively high at 2.1 in the first quarter which contributed to the high overall rate, however, there has been a decreasing trend throughout the rest of the year. This is an increase however, by 0.73 from 2020/21 rate of 6.84.

London Ambulance Service (LAS) has seen an overall increase in their busy days of around 10%, with some days now seeing over 6,000-7,000 calls, as the Covid pandemic and restrictions have eased.

### Percentage of household waste sent for reuse, recycling and composting

47.4% of household waste was sent for reuse, recycling and composting in 2021/22, below the target set for the period (53.0%) and lower than that reported in 2020/21 (49%).

The underperformance is largely due to the well documented impact of the pandemic on recycling levels. All London boroughs have seen a reduction in recycling rates, with home working and periodic school closures increasing the amount of waste generated by households. In addition, there has been a reduction in the use of Household Waste and Recycling centres, with some residents either using the bulky waste collection service or private services, neither of which routinely separates items for recycling. There has been a slight change in direction over the year in terms of reduction of overall waste, but recycling tonnages have not sufficiently increased to offset the slower reducing residual waste tonnages which remain higher than pre pandemic levels.

The residual behavioural change impact of the pandemic will continue to present recycling rate improvement challenges in the short to medium term, but the council's reduction and recycling plan includes measures that should have a positive impact on performance in 2022/23.

### Participation in the borough's cultural offer

In total, 59,728 participants attended the borough's cultural offer this year which is double the expected 35,000 and a significant increase from 10,784 attendees in 2020/21. In particular, 28,009 residents

visited Pitzhanger Manor and Gallery and 21,808 visited Gunnersbury Museum. Ealing Summer Festivals were further attended by 9,911 people despite a reduction in scale due to Covid restrictions.

### Digital access to council services

86% of council services are now available and can easily be accessed digitally, which is confidently above the target of 70% and a significant increase from 67% in 2020/21. There has been a steady improvement over time from just 60% services being accessible online in the previous years.

### Continued increase in academic progress and outcomes, including special educational needs and disability (SEND)

The percentage of students achieving level 3 by 19 has been steadily rising over the last two years. The current annual performance of 73.9% exceeded the expected target of 71% and is a further increase from 71.8% and 68.4% in 2020/21 and 2019/20 respectively.

43.09% of all SEND pupils also achieved level 3 by the age of 19 this year. This is good performance in relation to the target of 40% set for 2021/22, and a marginal increase from 43.07% last year.

## PERFORMANCE DASHBOARD

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

<https://ealingperformance.inphase.com/>

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 2021/22**

### **GENERAL FUND**

The 2021/22 budget was approved in March 2021, with the backdrop of the COVID-19 pandemic and future financial uncertainties.

The budget process is priority-led, aligning the allocation of resources with the priorities of the Administration. There were three key Administration priorities for Ealing covering the 2018/19 to 2021/22 period are:

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

These are supported by nine priority areas which were delivered through the Future Ealing Programme.

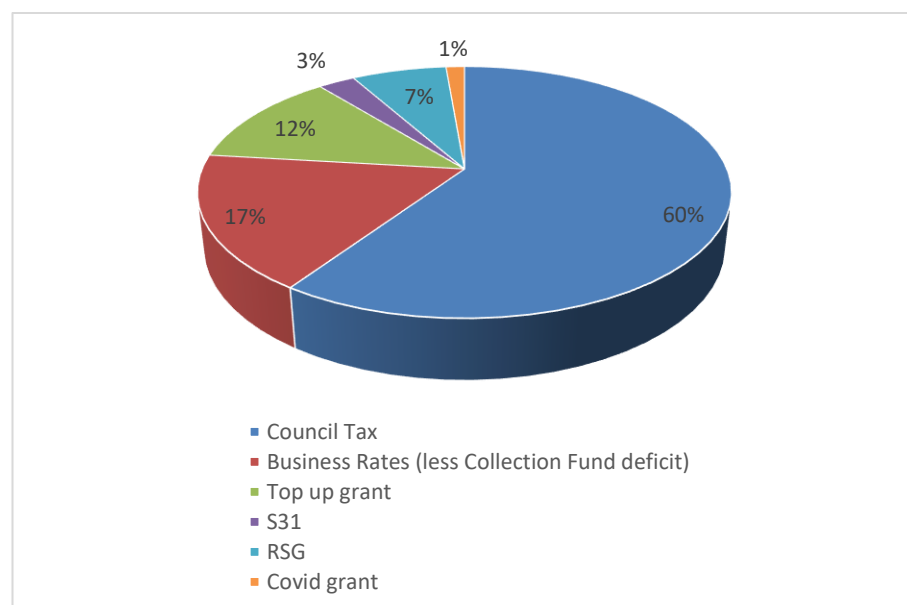
The 2021/22 Future Ealing budget strategy contained two main strands:

1. Future Ealing Outcomes - specific areas of focus.
2. Future Ealing Cross Cutting – there are four main workstreams (commercial, assets, efficiency and digital) which form the core of the approach

The council has continued to utilise Future Ealing as a vehicle for delivering the 2021/22 and future years budget strategy. The approved General Fund budget for 2021/22 is summarised below:

	<b>2021/22 £m</b>
Childrens and Schools	53.886
Adults and Public Health	82.573
Place	10.841
Chief Executive	42.098
<b>Net cost of services</b>	<b>189.398</b>
Corporate budgets	69.428
Covid (Council wide)	(6.176)
<b>Subtotal</b>	<b>252.650</b>
Net transfer to/(from) reserves	3.500
<b>TOTAL GENERAL FUND</b>	<b>256.150</b>

The chart below shows how the council planned on funding the total net revenue budget for 2021/22 of £256.150m.



## FINANCIAL

### HOUSING REVENUE ACCOUNT

In March 2021 Council approved the 2021/22 budget. The table below summarises the budget that was approved.

	<b>2021/22 £m</b>
Dwelling Rent	(58.224)
Service Charges	(8.197)
Other income	(3.107)
<b>Total Income</b>	<b>(69.528)</b>
Housing management	19.971
Repairs and Maintenance	16.678
Capital Charges	16.305
Other Costs	16.574
<b>Total Expenditure</b>	<b>69.528</b>
<b>Total Net (Surplus)/Deficit</b>	<b>0.000</b>

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

## FINANCIAL PERFORMANCE

### REVENUE

During 2021/22 the council has faced a continued challenging operating environment despite this the council has exercised strong financial control and grip resulting in a net General Fund underspend of (£2.678m) (1.05%) which relates to business as usual activities and circa £45m of gross General Fund COVID pressure fully funded from government grants.

Although the underspend provides the council with additional flexibility to increase its financial resilience, the year ahead is not without its challenges especially in light of the current cost of living crisis, inflation and cost increases that are impacting Ealing residents, businesses and council services. The council will continue with its strong financial control and grip so to allow itself financial flexibility to deal with pressures as they manifest over the year.

The General Fund revenue outturn position for 2021/22 is £253.470m (£245.560m 2020/21). This represents a net underspend of £2.678m (£2.393m underspend 2020/21) against a General Fund revenue budget of £256.149m (£247.953m 2020/21), this is summarised below.

	Revised Budget* £m	Actual £m	Variance £m
Childrens and Schools	64.702	66.793	2.091
Adults and Public Health	83.990	84.157	0.167
Place	11.014	15.110	4.096
Chief Executive	47.651	46.423	(1.228)
<b>Net cost of services</b>	<b>207.357</b>	<b>212.483</b>	<b>5.126</b>
Corporate budgets	51.468	43.664	(7.804)
Covid (Council wide)	(6.176)	(6.176)	0.000
<b>Subtotal</b>	<b>252.649</b>	<b>249.971</b>	<b>(2.678)</b>
Net transfer to/(from) reserves	3.500	6.178	2.678
<b>TOTAL GENERAL FUND</b>	<b>256.149</b>	<b>256.149</b>	<b>(0.000)</b>

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

The main impacts on the general fund are detailed below.

#### Children's and Schools

Service outturn of a £2.091m overspend, mainly driven by a combination of demand and cost pressures, supported with additional use of Dedicated Schools Grant (DSG) and in-year management actions totalling £2.390m, relating to Looked After Children and SEN Homes to School Transport, slippage in implementing cost avoidance savings for Children in Care due to increase demands, and social worker agency costs impacted by staff turnover which is being managed in the long-term through the international recruitment programme.

#### Place

Reporting a significant gross pressure of £4.627m which is partly being off-set by in-year management actions reducing the pressure by £0.531m. The key drivers of the budget pressures have been identified and split into 4 areas as below.

*Place Delivery – Net pressure of £0.917m*

Reflects a variety of pressures, including GEL contract costs (£0.580m), property regulation income reduction due to a transition period for the Discretionary Licensing Schemes ending in December 2021 (£0.526m) and other net underspends of £0.189m.

*Community Development – Net pressure of £1.072m*

Mainly driven by pressure relating to non-delivery of leisure savings in relation to the Gurnell development (£0.651m) and unachieved one-off temporary accommodation rental income (£0.561m) due to the delay between the purchasing of individual properties and having them available for let.

*Growth and Sustainability – Net pressure of £1.920m*

Impacted by a provision set-aside for two public inquiry planning appeals (£0.800m), write-off of legacy costs associated with the previous Gurnell Leisure scheme as the council progresses with developing a new scheme (£0.614m) and costs associated with the Local Plan (£0.400m).

*Housing Development – Net pressure of £0.216m*

Pressure on budgets relating to professional advice on the set up for Broadway Living Registered Provider.

Corporate budget

Reporting a net underspend of (£7.804m) which is mainly driven by a combination of a one-off net underspend on levies of (£0.399m), use of contingency (£2m) and underspend on treasury management (£5.172m).

**COVID-19**

The gross COVID expenditure in 2021/22 for General Fund was c£45m which has been met from government grants. The impact of Covid also lead to £0.881m of the savings programme to be delayed.

Table 1

	<b>Impact £m</b>
Net Cost Pressure	41.169
Income Losses	3.416
<b>Net cost of Services</b>	<b>44.585</b>
Grant Funding	(44.585)
<b>Total</b>	<b>0.000</b>

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

Table 2

<b>Service Area</b>	<b>Gross Pressure £m</b>	<b>Income Loss £m</b>	<b>Net Budget Pressure £m</b>
Children's and Schools	4.599	0.055	4.654
Adults & Public Health	9.583	0.000	9.583
Place	1.757	3.238	4.995
Chief Executive	0.104	0.000	0.104
Other (Includes Shielding)	25.126	0.124	25.250
<b>Gross General Fund Budget Pressure</b>	<b>41.169</b>	<b>3.416</b>	<b>44.585</b>
Grant Allocation	(42.533)	(2.052)	(44.585)
<b>Net General Fund Budget Pressure</b>	<b>(1.364)</b>	<b>1.364</b>	<b>0.000</b>

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

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

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

The table below provides a summary of where the council has acted as agent in administering & distributing businesses grants received from Government throughout 2021/22:

<b>Grant</b>	<b>Grant Allocation</b>			<b>Grant Applied as at 31 March £m</b>	<b>Grant Unapplied as at 31 March £m</b>
	<b>Agent £m</b>	<b>Principal £m</b>	<b>Total £m</b>		
Small Business, Retail Hospitality & Leisure Grant Funding	(0.977)	0.000	(0.977)	(3.683)	(4.660)
Omicron - Hospitality and Leisure Grant	(1.644)	0.000	(1.644)	1.606	(0.038)
Local Restrictions and Other Lockdown Grants	(2.211)	0.000	(2.211)	1.739	(0.472)
Restart Grant (Businesses)	(16.441)	0.000	(16.441)	16.108	(0.333)
Other Business Support Grants/Reliefs	0.000	0.000	0.000	0.000	0.000
<b>Total</b>	<b>(21.273)</b>	<b>0.000</b>	<b>(21.273)</b>	<b>15.770</b>	<b>(5.503)</b>

In 2021/22 the council had c.£87m of total grant funding available from central government in relation to COVID-19 pressures. Some of the funding is to be carried forward into the new year due to a combination of the permitted use and if some of this has been received in advance.

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

Grant	Grant Allocation			Grant Applied as at 31 March £m	Grant Unapplied as at 31 March £m
	Agent £m	Principal £m	Total £m		
General CV-19 Grant	0.000	(18.453)	(18.453)	11.014	(7.439)
Infection Control Grant	(2.236)	(1.074)	(3.310)	3.239	(0.071)
Self Isolation Payment (Test and Trace Support Grant)	0.000	(1.640)	(1.640)	1.106	(0.534)
Contain Outbreak Management Fund	0.000	(9.709)	(9.709)	5.068	(4.641)
Community Testing Programme	0.000	(2.887)	(2.887)	2.313	(0.574)
Surge Testing (Project Eagle)	0.000	(0.283)	(0.283)	0.164	(0.119)
Local Authority Support and Household Fund	0.000	(3.916)	(3.916)	3.916	0.000
Clinically, Extremely Vulnerable (CVE) Support Grant	0.000	(0.959)	(0.959)	0.000	(0.959)
Adult Social Care Workforce Grant	0.000	(2.732)	(2.732)	2.703	(0.029)
Adult Social Care Rapid Test	(0.842)	(0.185)	(1.027)	1.019	(0.008)
Test and Trace	0.000	(1.750)	(1.750)	1.750	0.000
Sales, Fees and Charges Compensation Claim	0.000	(2.492)	(2.492)	2.052	(0.440)
Council Tax Hardship Fund	0.000	(1.009)	(1.009)	0.016	(0.993)
Discretionary Business Support Grants	0.000	(12.472)	(12.472)	12.472	0.000
<b>Subtotal: Service Specific Grants (£1m plus)</b>	<b>(3.078)</b>	<b>(59.561)</b>	<b>(62.639)</b>	<b>46.832</b>	<b>(15.807)</b>
Service Specific Grants (less than £1m)	(0.354)	(3.104)	(3.458)	2.232	(1.226)
<b>Subtotal: Service Specific Grants</b>	<b>(3.432)</b>	<b>(62.665)</b>	<b>(66.097)</b>	<b>49.064</b>	<b>(17.033)</b>
Small Business, Retail Hospitality & Leisure Grant Funding	(0.977)	0.000	(0.977)	(3.683)	(4.660)
Omicron - Hospitality and Leisure Grant	(1.644)	0.000	(1.644)	1.606	(0.038)
Local Restrictions and Other Lockdown Grants	(2.211)	0.000	(2.211)	1.739	(0.472)
Restart Grant (Businesses)	(16.441)	0.000	(16.441)	16.108	(0.333)
Other Business Support Grants/Reliefs	0.000	0.000	0.000	0.000	0.000
<b>Subtotal: Business Grants</b>	<b>(21.273)</b>	<b>0.000</b>	<b>(21.273)</b>	<b>15.770</b>	<b>(5.503)</b>
<b>Total</b>	<b>(24.705)</b>	<b>(62.665)</b>	<b>(87.370)</b>	<b>64.834</b>	<b>(22.536)</b>

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

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

## DEDICATED SCHOOLS GRANT (DSG)

The operation of the DSG continues to allow the council to carry forward any DSG deficits in an unusable reserve and underspends to a ring-fenced earmarked reserve. This is separate from the General Fund, which is not permitted to subsidise the account under the regulations.

At the end of 2021/22 the council held a net surplus balance of £0.781m on its DSG account which includes a High Needs Block DSG deficit of £1.147m, offset by surpluses on the Schools Block (£1.365m) and the Early Years Block (£0.563m). The overall outturn was an improvement from the forecast position at Quarter 3 largely due to there being a reduced pressure on the High Needs Block with lower demand than anticipated, other one-off mitigation measures not previously included within the forecast and also changes to the other blocks' positions.

	<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 2021	(1.445)	(0.925)	1.999	(0.371)
In year movement 2021/22	0.079	0.362	(0.851)	(0.410)
Outturn (Surplus)/Deficit as at 31 March 2022	(1.366)	(0.563)	1.148	(0.781)

There is still a structural pressure within the High Needs Block as the improved position between years largely flowed from an agreed 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 Council.

## RESERVES

### General Fund

The General Fund balance at 31 March 2022 was £15.919m, 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 £15.919m 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, there has been a net increase in-year of £16.259m in controllable reserves which includes a £0.411m increase in the DSG surplus being carried forward, shown in the table below. Including the Collection Fund, COVID-19 and Schools reserves, there is an increase of £5.678m. Further details on earmarked reserves can be found in Note 8.

	31 March 2021 £m	Net Movement In- Year	31 March 2022 £m
Corporate - Insurance Reserve	(5.721)	0.000	(5.721)
Parking Places Reserve Account	(3.172)	(4.584)	(7.756)
PFI Reserves	(24.647)	(0.512)	(25.159)
Dedicated Schools Grant Balance	(0.370)	(0.411)	(0.781)
<b>Sub-total Controllable Ringfenced Reserves</b>	<b>(33.910)</b>	<b>(5.507)</b>	<b>(39.417)</b>
Corporate - Ealing Civic Improvement Fund	(1.298)	0.002	(1.296)
Corporate - Invest to Save Reserve	(2.818)	(0.279)	(3.097)
Corporate - Social Care Transformation Reserve	(0.167)	0.000	(0.167)
Corporate - Economic Volatility Reserve	(6.961)	(6.179)	(13.140)
Service - Various	(8.627)	(5.855)	(14.482)
Corporate - Various	(8.982)	1.560	(7.422)
<b>Sub-total Controllable Non-Ringfenced Reserves</b>	<b>(28.852)</b>	<b>(10.751)</b>	<b>(39.604)</b>
General Fund Balance	(15.919)	0.000	(15.919)
<b>TOTAL CONTROLLABLE GENERAL FUND RESERVES &amp; BALANCES</b>	<b>(78.681)</b>	<b>(16.258)</b>	<b>(94.940)</b>
COVID-19 Grant Balance	(10.930)	0.040	(10.890)
Collection Fund Equalisation Fund	(23.091)	9.430	(13.661)
<b>Sub-Total Ringfenced Technical Reserves</b>	<b>(34.021)</b>	<b>9.470</b>	<b>(24.551)</b>
Schools Balances (Ringfenced)	(21.405)	1.111	(20.294)
<b>TOTAL GENERAL FUND RESERVES &amp; BALANCES</b>	<b>(134.107)</b>	<b>(5.678)</b>	<b>(139.785)</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 authority and there remains potential for further, as yet unrecognised, risks. For this reason, a prudent approach to the level of reserves held by the council remains a sensible and necessary approach that underpins the financial resilience of the organisation.

## PENSION LIABILITIES

The council has reported a net pension liability of £615.409m as at 31 March 2022 (£577.675m as at 31 March 2021). Pension liabilities are based on the requirements of IAS19, Employee Benefits, and calculations are carried out using a prescribed method. The liability is not an immediate deficit that has to be met now. The sum is the current assessment taking a long-term view of the future liabilities for existing pensioners and current employees who are accruing pension entitlement and of future expected investment performance.

The council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% by 31 March 2034, based on a 11 year recovery period agreed at the 2022 actuarial valuation.

## CAPITAL

The revised capital programme budget of £205.149m reflects the approved slippage by Cabinet in February 2022, additions previously approved by Cabinet and new additions as approved by Cabinet for the General Fund and HRA in the 'Budget Strategy and MTFS 2022/23 to 2024/25' report and the 'Housing Revenue Account (HRA) Business Plan 2022-23' report.

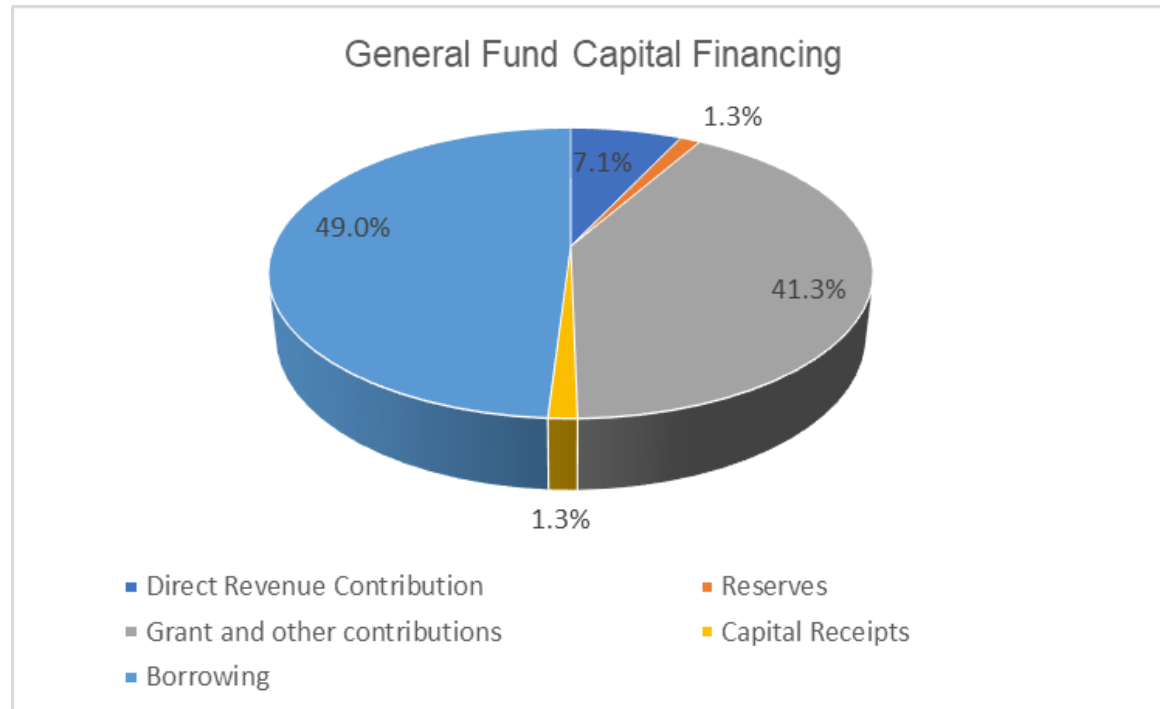
### Capital Outturn Summary

The capital programme for 2021/22 reported a net overspend of £0.008m against the approved programme budget, summarised in the table below. The net variance is being financed by external funding and will have no impact on the council's general Fund position.

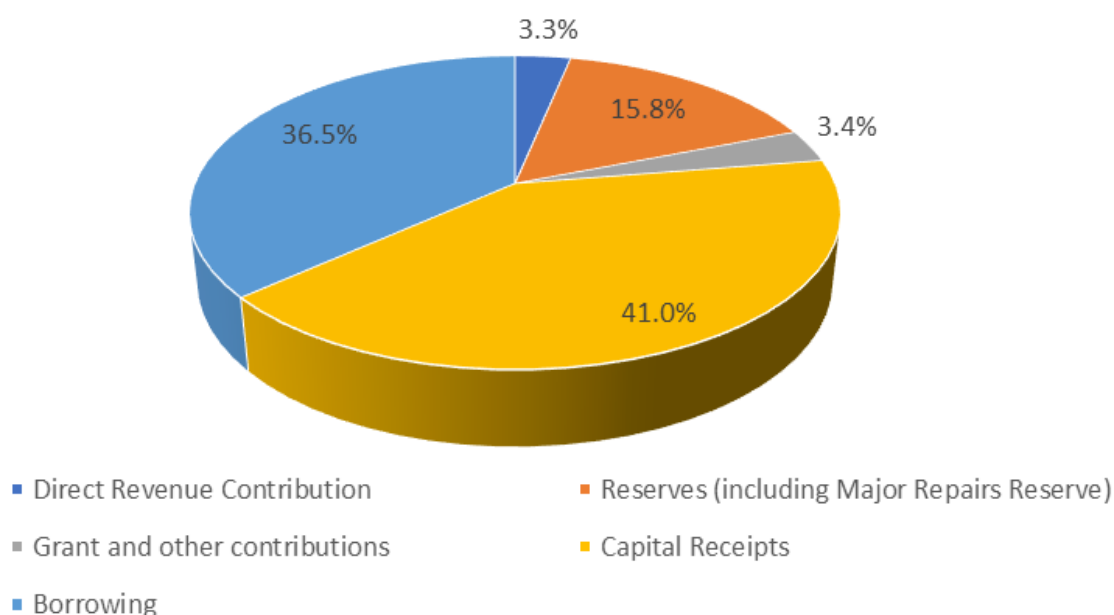
	2021/22 Budget	Actual	Slippage/(Accelerated) Spend	Variance
	£m	£m	£m	£m
Childrens and Schools	9.600	8.794	0.801	(0.005)
Adults and Public Health	0.527	0.527	0.000	0.000
Place	67.858	48.578	19.293	0.013
Chief Executive	35.720	7.237	28.483	0.000
<b>Total General Fund</b>	<b>113.705</b>	<b>65.136</b>	<b>48.577</b>	<b>0.008</b>
Housing Revenue Account	91.444	59.628	31.816	0.000
<b>TOTAL GENERAL FUND</b>	<b>205.149</b>	<b>124.764</b>	<b>80.393</b>	<b>0.008</b>

### Capital Settlement

The following charts show how the council funded the 2021/22 capital programme spend for both the General Fund and the Housing Revenue Account, with direct revenue contributions to capital schemes totalling £7.615m in year and borrowing increasing by £31.944m for the General Fund and £33.350m 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. Internal borrowing is where the HRA has borrowed from the general fund rather than taking out external borrowing.



### Housing Revenue Account Capital Financing



## HOUSING REVENUE ACCOUNT

The Housing Revenue Account (HRA) outturn variance reported a net overspend of £3.237m, this includes a £0.903m overspend in relation to COVID-19.

The main driver of the non-Covid pressure of £2.334m is the void properties turnaround time (general needs and temporary accommodation voids) and the COVID pressure for general maintenance services where services were reduced during the pandemic, this has resulted in a loss in leasehold rebate income of £0.903m.

## COLLECTION FUND

The overall outturn position on the Collection Fund for 2021/22 is a £60.263m deficit (Ealing share £19.346m).

	2020/21			2021/22		
	Council Tax £m	NNDR £m	Total £m	Council Tax £m	NNDR £m	Total £m
Opening fund balance 1 April	(0.168)	(0.796)	(0.964)	7.027	77.604	84.631
Closing fund balance 31 March	7.027	77.604	84.631	2.572	57.691	60.263
<b>Movement on the fund balance</b>	<b>7.195</b>	<b>78.400</b>	<b>85.595</b>	<b>(4.455)</b>	<b>(19.913)</b>	<b>(24.368)</b>
<b>Closing fund balance analysis</b>						
- Ealing Council	5.552	23.247	28.799	2.039	17.307	19.346
- Central Government (DLUHC previously MHCLG)	-	25.570	25.570	-	18.983	18.983
- Greater London Authority (GLA)	1.475	28.787	30.262	0.533	21.401	21.934
<b>CLOSING FUND BALANCE</b>	<b>7.027</b>	<b>77.604</b>	<b>84.631</b>	<b>2.572</b>	<b>57.691</b>	<b>60.263</b>

### Council Tax

Council tax in-year collection for 2021/22 was 95.83%, which was behind the target collection profile of 97.2% by 1.37% which equates to £2.7m. The outturn collection rate of 95.83% was an improvement on the 20/21 figure of 95.45%. The net debit increased on the previous year's outturn figure by £15.97m and the cash collected increased by £16.0m.

### Business Rates

The outturn NNDR collection was 92.71% which was behind the target collection profile of 97.2% by 4.49% which equates to £5.8m. The outturn collection rate of 92.71% was an improvement on the 2020/21 figure of 90.57%.

The net debit increased on the previous year's outturn figure by £24.47m and the cash collected increased by £24.94m, these changes from last year are mainly due to reduced relief given to retail properties.

## GROUP

The council has 3 subsidiaries identified as material to the accounts and are included in the group accounts section, their performance is detailed below.

### Greener Ealing

For the 2021/22 financial year Greener Ealing is reporting an operating profit before tax of £0.461m, while holding fixed assets to the value of £6.487m with £4.238m long-term liabilities. The company was holding £0.407m reserves as at 31 March 2022.

An action plan was produced to support closing the budget gap identified for 2022/23 and estimated at £0.389m to bring the company into a better financial position. Scenario planning took place, and the following were identified as options to reduce the gap:

1. Fleet lease refinancing – possible saving of £0.333m
2. Service optimisation/Efficiency – possible saving of £0.062m
3. HGV driver shortage assessment (overtime costs) - £0.051m

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

### Broadway Living

For the 2021/22 financial year Broadway Living Ltd is reporting an operating deficit of £0.440m while holding long-term assets to the value of £9.184m with £8.294m in long-term liabilities. The company has shareholder funds as at 31 March 2022 totalling £0.064m.

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

For the 2021/22 financial year Broadway Living Registered Provider is reporting an operating loss before tax of £0.140m, while holding long term assets to the value of £9.710m with £5.652m of long-term liabilities and £6.605m of deferred grants. The company is holding negative reserves of £0.140m as at 31 March 2022 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 2021/22 was approved on 2 March 2021 by Full Council. The strategy comprehensively outlined how the treasury function would operate throughout the financial year 2021/22 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 2022.

### Cash Flow

Over the 12 months to 31 March 2022, 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 2022 was £528.725m. This net investment position shown below includes some items classed as cash equivalents per the accounting policy and some long term investments and long term debtors that are managed by the treasury function.

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 2021	228.598	-	228.598
Raised in year	2,634.484	-	2,634.484
Repayments in year	(2,334.357)	-	(2,334.357)
<b>Outstanding 31 March 2022</b>	<b>528.725</b>	<b>0.000</b>	<b>528.725</b>

### Investments

The council maintained an average balance of £410.131m of internally managed funds and held an outstanding balance of £528.725m as at 31 March 2022. The internally managed funds earned an average rate of 0.097%. The comparable performance indicator is the average 7-day LIBID rate and Sonia O/N rate, which returned 0.054%.

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.

The Treasury Investment Portfolio at 31 March 2022 is set out below:

<b>Counterparty Name</b>	<b>Investments 31 March 2021 £m</b>	<b>Investments 31 March 2022 £m</b>
Local authorities	-	-
Lloyds	30.000	30.000
Debt management Office	196.500	492.000
Other	2.098	6.725
<b>TOTAL</b>	<b>228.598</b>	<b>528.725</b>

## Borrowing

The council raised circa £241m of PWLB borrowing during 2021/22 to take advantage of the good value levels of long-term borrowing rates. However, the council maintains an over-borrowing position of £157.964m and officers continue to monitor the position.

The total borrowing at 31 March 2022 was £887.780m (including Mortlake Crematorium Board and WLWA). The following table shows the split between the General Fund and HRA borrowing, and that overall debt increased by £229.281m from £658.499m the previous year.

Source	Debt 31 March 2021 £m	Loans Raised £m	Loan Repaid £m	Debt 31 March 2022 £m
PWLB	383.954	144.000	(13.974)	513.980
Market Loans	62.016	-	-	62.016
Mortlake Crematorium	3.118	0.532	-	3.650
WLWA	17.500	5.500	-	23.000
<b>TOTAL GENERAL FUND</b>	<b>466.588</b>	<b>150.032</b>	<b>(13.974)</b>	<b>602.646</b>
PWLB	165.927	6.000	(3.760)	168.167
Market Loans	25.984	-	-	25.984
<b>TOTAL HRA</b>	<b>191.911</b>	<b>6.000</b>	<b>(3.760)</b>	<b>194.151</b>
Broadway Living Registered Provider	0.000	90.983	-	90.983
<b>TOTAL BORROWING</b>	<b>658.499</b>	<b>247.015</b>	<b>(17.734)</b>	<b>887.780</b>
<b>OTHER LONG-TERM LIABILITIES</b>	<b>106.048</b>	<b>0.000</b>	<b>(5.091)</b>	<b>100.957</b>

Note this table shows principal amounts, it does not include accrued interest shown on the balance sheet.

The council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR). The council's actual borrowing at the end of the financial year was more than the year end CFR of £830.781m, which resulted in over borrowing of £157.956m.

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

	31 March 2021 £m	31 March 2022 £m
General Fund	513.653	524.996
HRA	164.644	187.844
Housing Loan/Equity to BL/BLRP	13.992	16.976
<b>Sub total CFR</b>	<b>692.289</b>	<b>729.816</b>
Other Long-term liabilities	106.048	100.967
<b>TOTAL CFR</b>	<b>798.337</b>	<b>830.783</b>

## PENSION FUND

The Pension Fund account shows an in-year surplus for 2021/22 of £73.048m (2020/21 surplus of £280.985m). In cash terms the Fund remains cash positive, returning a cash surplus for 2021/22 of £24.751m (2020/21 £23.862m) (excluding asset revaluations and disposal gains and losses). As a result of the in-year surplus, Pension Fund net assets increased from £1,473.142m at 31 March 2021 to £1,546.190m at 31 March 2022, representing an increase 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.

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 £7m per annum on average in £ terms (which allows for the contribution plans which have been set for individual employers under the provisions of the FSS), although this varies year on year.

## RISKS

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

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

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 strategic risk register contains 16 risks in total (18 in 2020/21). The 2 risks removed from November 2021 and reasons for this, were:

1. SR002 –Brexit. The Brexit risk was to be removed unless there was a change. Any pressures that may result will be considered as specific issues.
2. COV004 –Balanced Budget (Covid 19 pressures). Covid related financial risks will now be monitored as part of broader budget related risks.

Based on the council's established risk management approach, three issues have been assessed as being significant for the purpose of the 2021/22 Annual Governance Statement.

- Housing Health and Safety
- Financial Uncertainty
- Covid Recovery

The council propose over the coming year to take steps to address these matters to further enhance our governance arrangements and are satisfied that the actions will address the issues raised. Progress will be monitored throughout the year.

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

## OUTLOOK

### MEDIUM-TERM FINANCIAL STRATEGY (MTFS)

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

Although the provisional settlement announcements produce a net financial benefit for local government, there still is a high degree of uncertainty of what the settlement will be beyond 2022/23 due to only a one-year settlement being confirmed. The postponement of funding reforms and the absence of government spending plans mean that there is significant funding uncertainty, making the preparation of medium-term financial plans highly complicated and speculative.

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

Over the last MTFS period (2020/21 to 2024/25), the council's budget approach has focused very much on driving efficiencies to deliver a balanced budget in the face of government 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.

Noting the limitations in the ability to determine a budget gap with a reasonable degree of accuracy due to no certainty on future funding, an issue further compounded due to the uncertainty on services due to the pandemic, the table below summarises the MTFS forecast (including budget gap) for the period 2022/23 to 2025/26:

	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>
Funding	(256.587)	(258.198)	(263.875)	(265.379)
Net Budget requirement	253.087	277.416	307.075	333.112
Contribution to reserves	3.500	3.500	3.500	3.500
Net Budget requirement after reserves	0.000	22.718	46.700	71.233
<b>Cumulative Forecast budget gap</b>	<b>0.000</b>	<b>22.718</b>	<b>69.418</b>	<b>140.651</b>

As the council assess the impacts of any future funding in light of information being released by Government the budget gap estimate will be updated making necessary adjustments which will be communicated to Cabinet through regular updates on the Budget Strategy during 2023/24.

The budget setting process addresses the council's performance in delivering national and local priorities and focuses on the needs of its communities. The budget process will require services to demonstrate this through their budget proposals submissions.

The budget proposals include examples of delivering Value for Money such as:

- General efficiencies within services and departments
- Review of charges, maximising income opportunities, but considering the legal restrictions upon the council's ability to charge for its services.

Where possible, savings proposals have been made that impact minimally on service delivery despite the challenges presented by the budget pressures.

## BUDGET SENSITIVITIES

The table below sets out the sensitivities that could have an impact on the budget.

Sensitivity	Impact
Impact Delivery of agreed savings	The budget for 2022/23 and over the medium term requires the Council to deliver on all the savings set out in the budget report. These savings will be closely monitored on a regular basis throughout the financial year to ensure that they are on track to be achieved. Where savings are unlikely to be achieved then substitute proposals will need to be taken to ensure the overall budget can be achieved.
National Insurance	There was a rise to both employee and employer National Insurance contributions from 1 April 2022, which was reversed in November 2022. The policy is generating extra revenue for the NHS and social care. The 1.25% increase to employers will have a significant impact on finances, difficult to predict but initial estimates show pay cost increases of approximately £2.5m to £3m.
Inflation differing from assumptions	As the National Joint Committee (NJC) is still negotiating with representative of public sector unions. at the time of setting the budget for 2022/23 the pay awards are unknown for both 2021/22 and 2022/23. The MTFS has assumed a pay increase to be 2% for 2022/23 estimated to be c£3m leaving a small central pot to allocate for any price inflation.
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 insurance increase from April 2022 to name a few.
Demographic and demand-lead pressure	Children's and Adults Service budgets are under great pressure due to the demand led nature of these services. One of the main risks in the budget relates to demographic change: <ul style="list-style-type: none"> <li>• Adults – Residents are living longer, and many have increasingly complex care needs. Although the Council has good monitoring and forecasting tools, it remains extremely difficult to forecast both numbers and need, resulting in a risk that current forecasts could be understated.</li> <li>• Children's – There are ongoing pressures in respect of expensive care placements due to the increased complexities of children in care.</li> </ul>
Homelessness	There is a risk that levels of homelessness increase in the borough with the subsequent requirement for the council to support individuals in temporary accommodation.
Income	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, such as planning, property and use of car parks and leisure facilities.
School SEN expansion	Due to the steep increase in the number of EHCPs, the service are experiencing pressures across SEN placement and transport budgets 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	Levy payments are outside the Council's control and need to be met from its budget requirement. Key cost drivers leading to any budget pressure will be due to: <ul style="list-style-type: none"> <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>
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.

Sensitivity	Impact
Government grant income	With the Local Government Finance Settlement only announcing a one year funding settlement, it is difficult to ascertain if grants are to continue, at what level and the impact making it difficult to estimate MTFS impacts for future years.
Business Rates Revaluation	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. In parallel the Council can see a budget pressure for revised business rates liability for its own premises.
Fair Funding Review and Business Rates Baseline Reset	<ul style="list-style-type: none"> <li>• Fair Funding Review - Department of Levelling Up, Housing and Communities (DLUHC) is committed to reviewing the funding baselines and allocation formulae for all local authorities, originally planned for 2019/20. No updated timeline or details of the proposed changes has been provided for these reforms. This causes significant uncertainty regarding Ealing's funding baselines for future years and in undertaking any medium financial planning. In the absence of implementation timeline and details of proposed funding reforms, the MTFS currently does not make any assumptions with regards to any budgetary impact on the General Fund</li> <li>• Business Rates Baseline Reset - This was also originally planned to be implemented in 2019/20. The original policy intention was to fundamentally review the business rates retention scheme and funding baselines. It is not clear what impact COVID-19 will have on any funding baseline. 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.</li> </ul>
COVID-19	The impact of the new COVID-19 variant is not fully known and as such there is a level of risk when setting the budget that Council may be exposed to unfunded financial pressure in-year. The potential long-term impact on the local economy, particular in relation to business rates income and fees and charges can pose a considerable budget pressure which without any government support can expose the Council to a liability that may require to put in place a transformational savings plan alongside seeking financial support from the government.
New Health and Social Reforms	In September 2021 the government announced funding reforms for adult social care to be funded through the introduction of a new UK wide 1.25% Health and Social Care Levy, based on NI contributions, funding for which has only been provided as one-off within the new Services Grant. As details of the policy are released a financial implication assessment will need to be undertaken in collaboration with London Council's to determine the impact on the Council's finances.
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.

## RISK MANAGEMENT

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

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 by the Financial Strategy Group.

The most immediate risks to the budget process are:

- Unfunded income loss pressures as a result of the long-term impact of the pandemic particularly in relation to council tax and Business rates income. The council will continue to closely monitor the impact of these income streams and support lobbying to government as a region to ensure the council can be fully compensated for these losses.
- Non-delivery of the approved savings.
- Social care placement pressures, which continue to be partly mitigated by spend controls, transformational cost reduction programmes and close monitoring by SLT and by the Leader and the portfolio holders for 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 to the authority and there remains potential for further, as yet unrecognised, risks. For this reason, a prudent approach to the level of reserves held by the council remains sensible and necessary. The 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, this was presented to Cabinet on 9 February 2022.

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

## FINANCIAL STATEMENTS

The Accounts and Audit Regulations 2015 set out the statutory deadlines for an authority to publish the unaudited Statement of Accounts by 31 May.

The government launched a consultation on amendments to the Accounts and Audit Regulations 2015 to reflect proposals to clear the backlog in the publication of audited accounts and put the local audit system onto a sustainable footing. In September 2024, DLUHC laid before Parliament the Accounts and Audit (Amendment) Regulations 2024. This legislation requires an authority to published its accountability statements for the financial years beginning in 2022 or earlier, by 13 December 2024.

The Statement of Accounts provide an overview of the council's financial position for 2021/22. The 2021/22 set of accounts conform to the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (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 authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The net increase/decrease line shows the statutory general fund balance and Housing Revenue Account (HRA) balance movements in the year following those adjustments.
- **Balance Sheet** - The balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories as below.
  - Usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt).
  - Unusable reserves i.e. those that the authority 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 authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

## OTHER STATEMENTS

**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 fund.

## GROUP ACCOUNTS

Group accounts are prepared in addition to the authority financial statements where the authorities interests in subsidiaries, associates and/or joint ventures are considered to be material. Intra-group transactions and balances are removed on a line-by-line basis. For 2021/22 the council has identified 3 subsidiary companies, Broadway Living, Broadway Living RP and Greener Ealing, 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, 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 Resources
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

## THE SECTION 151 OFFICER'S RESPONSIBILITIES

The Section 151 Officer is responsible for the preparation of the council's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the Code'), is required to give a true and fair view of the financial position of the council at the accounting date and its income and expenditure for the year ended 31 March 2022.

In preparing this Statement of Accounts the Section 151 Officer has:

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

## 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 2022 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 2022 and its income and expenditure for the year then ended.

**Emily Hill**

Strategic Director, Resources (Section 151 Officer)

4 December 2024

## CERTIFICATE OF CHAIR OF THE AUDIT COMMITTEE

I certify that these accounts were agreed as per the delegated authority agreed by Audit Committee at its meeting held on 3 December 2024.

**Councillor Nagpal**

Chair of the Audit Committee

4 December 2024

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

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Disclaimer of opinion

We do not express an opinion on the accompanying financial statements of the London Borough of Ealing ('the Authority') and its subsidiaries ('the group') for the year ended 31 March 2022. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We were engaged to audit the financial statements which comprise:

- the Comprehensive Income and Expenditure Statement;
- the Balance Sheet;
- the Movement in Reserves Statement;
- the Cash Flow Statement;
- the Accounting Policies and related notes 1 to 34;
- the Housing Revenue Account Income and Expenditure Statement and related notes 1 to 8;
- the Movement on the Housing Revenue Account Statement;
- the Collection Fund Statement and related notes 1 to 5;
- the Group Comprehensive Income and Expenditure Statement;
- the Group Balance Sheet;
- the Group Movement in Reserves Statement;
- the Group Cash Flow Statement; and
- the related Group notes 1 to 4.

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

### Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ("the Regulations") require the Authority to publish its statement of accounts, together with an accompanying auditor's report for the year ended 31 March 2022 by 13 December 2024.

Following the introduction of the Regulations, there was insufficient time to complete the necessary audit work to form an audit opinion.

As a result, we were unable to determine whether any adjustments might have been identified in respect of recorded or unrecorded items within the statement of accounts.

### Section 151 Officer's responsibilities

As explained more fully in the Section 151 Officer's responsibilities statement, the Section 151 Officer is responsible for the preparation of the financial statements in accordance with proper practices as set out in the Code and for such internal control as the Section 151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Section 151 officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and

using the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future.

### **Auditor's responsibilities for the audit of the financial statements**

Our responsibility is to conduct our audit in accordance with International Standards on Auditing (UK), the Code of Audit Practice, the Local Audit and Accountability Act 2014 and applicable law, and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud**

We are required to design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which our procedures are capable of detecting non-compliance with laws and regulations, including fraud has been limited by the pervasive extent of the matters described in the basis for disclaimer of opinion section of our report.

We plan to consider the nature of the group and its control environment and review the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also plan to enquire of management and internal audit regarding their assessment of the risks of non-compliance with laws and regulations.

We enquired of management and internal audit about their own identification of non-compliance with laws and regulations.

We plan to obtain an understanding of the legal and regulatory framework that the group operates in.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In addressing the risk of fraud through management override of controls, we are required to: test the appropriateness of journal entries and other adjustments; assess whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluate the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our planned procedures include the following:

- reviewing financial statement disclosures;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- where available, reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Owing to the pervasive limitations set out above, we were unable to complete all these procedures.

## REPORT ON OTHER LEGAL AND REGULATORY MATTERS

### Matters on which we are required to report by exception

#### Use of resources

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

In our audit report dated 26 April 2024 on the 2020/21 financial statements, we reported a significant weakness in the Authority's governance arrangements to monitor and ensure appropriate standards are met with respect to health and safety. The significant weakness reported was in respect of:

- health and safety compliance and fire safety which have been referred to in internal audit reports, an external report commissioned by the Authority, and by the Regulator of Social Housing.

This weakness had not been addressed as at 31 March 2022. We recommended that the Authority continues to develop and implement a programme of activity to respond, on a timely basis, to the recommendations from internal audit, the externally commissioned report, and the Regulator of Social Housing and that this is reported and monitored by the Council and appropriate assurances are obtained over the implementation of the action plan by the Audit Committee.

On 3 December 2024 we reported to the Authority a further significant weakness in the Authority's governance arrangements which incorporated aspects of the significant weakness previously reported on 29 September 2022 which had not been implemented by 31 March 2022. The significant weakness reported was in respect of:

- managing the Council's risks, maintaining an adequate system of internal control, taking timely and effective corrective action, and complying with relevant laws and regulations, particularly in relation to fire safety in housing.

Our recommendations for improvement included:

- The Authority implement the remaining recommendations from internal and external reports on health and safety issues and ensure timely implementation of other recommendations from internal and external reviews in line with agreed action plans and timetables.
- The Authority's Audit Committee continue to monitor the effectiveness of changes to arrangements relating to oversight of implementation of action plans responding to internal and external audit recommendations and report on the outcome in its annual report to Council.

#### **Respective responsibilities relating to the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources**

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

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

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

We undertake our work in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2024, as to whether the Authority had proper arrangements for securing economy, efficiency and effectiveness in the use of resources against the specified criteria of financial sustainability, governance, and improving economy, efficiency and effectiveness.

The Comptroller & Auditor General has determined that under the Code of Audit Practice, we discharge this responsibility by reporting by exception if we have reported to the Authority a significant weakness in arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022. Other findings from our work, including our commentary on the Authority's arrangements, will be reported in our separate Auditor's Annual Report.

**Other matter on which we are required to report by exception**

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

- in our opinion the annual governance statement is misleading or is inconsistent with information of which we are aware from our audit;

Notwithstanding our disclaimer of an opinion on the financial statements, subject to the pervasive limitation described above, we have nothing to report in respect of this matter.

**Reports in the public interest or to the regulator**

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

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

We have nothing to report in respect of these matters.

**CERTIFICATE OF COMPLETION OF THE AUDIT**

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

**Use of our report**

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

Jonathan Gooding (Key Audit Partner)  
For and on behalf of Deloitte LLP  
London, United Kingdom  
6 December 2024

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

## Report on the audit of the financial statements

### Opinion

In our opinion the pension fund financial statements of London Borough of Ealing (the 'Fund'):

give a true and fair view of the financial transactions of the Fund during the year ended 31 March 2022 and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year; and

have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

We have audited the financial statements which comprise:

- the Fund Account;
- the Net Assets Statement; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2021/22.

### Basis for opinion

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

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

### Conclusions relating to going concern

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

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

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

The going concern basis of accounting for the Fund is adopted in consideration of the requirements set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom

2021/22, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements.

### **Other information**

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

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

We have nothing to report in this regard.

### **Chief Financial Officer's responsibilities**

As explained more fully in the Chief Financial Officer's responsibilities statement, the Chief Financial Officer is responsible for the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud**

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

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

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

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

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

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

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

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

### **Use of our report**

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

Jonathan Gooding (Key Audit Partner)  
For and on behalf of Deloitte LLP  
London, United Kingdom  
6 December 2024

# 2. Core Financial Statements

# Core Financial Statements

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	Note	31 March 2021			31 March 2022		
		Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's	Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's
<b>Services</b>							
Chief Executive Directorate		60,375	(13,177)	47,198	71,929	(18,364)	53,565
Children & Schools		428,498	(363,804)	64,694	450,932	(379,302)	71,630
Adults & Public Health		140,905	(65,194)	75,711	154,637	(71,692)	82,945
Place		262,347	(179,589)	82,758	259,086	(196,586)	62,500
Housing Benefits		214,481	(208,340)	6,141	189,186	(185,018)	4,168
Council Wide Other		19,515	(15,179)	4,336	36,848	(22,029)	14,819
<b>Cost of Services</b>		<b>1,126,121</b>	<b>(845,283)</b>	<b>280,838</b>	<b>1,162,618</b>	<b>(872,991)</b>	<b>289,627</b>
<b>Other Operating Expenditure &amp; Income</b>							
Precepts and Levies				14,161			14,463
Payments to the Government Housing Capital Receipts Pool				1,520			1,520
(Gains)/Losses on Disposal of Non-Current Assets				(30,227)			(13,045)
				<b>(14,546)</b>			<b>2,938</b>
<b>Financing and Investment Income &amp; Expenditure</b>							
Interest Payable and Similar Charges				36,975			38,440
Net Interest on the Net Defined Benefit Liability (Asset)				13,046			12,023
Interest Receivable and Similar Income				(2,691)			(2,776)
Impairment Losses				16,909			10,303
				<b>64,239</b>			<b>57,990</b>
<b>Taxation and Non-Specific Grants</b>							
Council Tax Income				(140,327)			(152,940)
Non-Domestic Rates Income and Expenditure				(23,360)			(33,358)
Business Rates Top-Up				(31,499)			(31,499)
Non-Ringfenced Government Grants	26			(99,397)			(80,568)
Capital Grants and Contributions	26			(27,183)			(20,331)
				<b>(321,766)</b>			<b>(318,696)</b>
<b>(Surplus) / Deficit on Provision of Services</b>				<b>8,765</b>			<b>31,859</b>
(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets	9			(103,349)			(152,925)
Remeasurement of the Net Defined Benefit Liability / (Asset)	31			2,048			(3,969)
<b>Other Comprehensive (Income) / Expenditure</b>				<b>(101,301)</b>			<b>(156,894)</b>
<b>Total Comprehensive (Income) / Expenditure</b>				<b>(92,536)</b>			<b>(125,035)</b>

## MOVEMENT IN RESERVES STATEMENT

	Revenue Reserves				Capital Reserves					
	General Fund	Housing Revenue Account	Housing Revenue Account	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
MOVEMENT IN RESERVES STATEMENT	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Balance at 31 March 2020	15,919	83,826	4,925	12,089	-	36,869	25,673	179,301	734,716	914,017
Movement in Reserves during 2020/21										
Total Comprehensive Income & Expenditure	(12,634)	-	3,869	-	-	-	-	(8,765)	101,301	92,536
Adjustments Between Accounting Basis & Funding Basis Under Regulations (Note 7)	46,996	-	(709)	-	-	981	294	47,562	(47,562)	-
Net Increase/(Decrease) before Transfers to Reserves	34,362	-	3,160	-	-	981	294	38,797	53,739	92,536
Transfers to/(from) Reserves	(34,362)	34,362	(3,160)	3,160	-	15	306	321	(321)	-
Increase/(Decrease) in Year 2020/21	-	34,362	-	3,160	-	996	600	39,118	53,418	92,536
Balance at 31 March 2021	15,919	118,188	4,925	15,249	-	37,865	26,273	218,419	788,134	1,006,553
Movement in Reserves during 2021/22										
Total Comprehensive Income & Expenditure	(13,289)	-	(18,570)	-	-	-	-	(31,859)	156,894	125,035
Adjustments Between Accounting Basis & Funding Basis Under Regulations (Note 7)	18,967	-	18,570	-	-	11,148	1,670	50,355	(50,355)	-
Net Increase/(Decrease) before Transfers to Reserves	5,678	-	-	-	-	11,148	1,670	18,496	106,539	125,035
Transfers to/(from) Reserves	(5,678)	5,678	-	-	-	-	-	-	-	-
Increase/(Decrease) in Year 2021/22	-	5,678	-	-	-	11,148	1,670	18,496	106,539	125,035
Balance at 31 March 2022	15,919	123,866	4,925	15,249	-	49,013	27,943	236,915	894,673	1,131,588

## BALANCE SHEET

		31 March 2021 £000's	31 March 2022 £000's
<b>BALANCE SHEET</b>	<b>Note</b>		
Property, Plant & Equipment	9	2,189,346	2,336,482
Intangible Assets	9	2,203	11,539
Heritage Assets	11	2,741	2,741
Long-Term Investments	12a	2,956	2,852
Long-Term Debtors	12a	34,254	36,609
<b>Long-term Assets</b>		<b>2,231,500</b>	<b>2,390,223</b>
Short-Term Investments	12a	132,326	495,191
Short-Term Debtors	13	95,734	74,424
Cash and Cash Equivalents	14	128,531	68,362
<b>Current Assets</b>		<b>356,591</b>	<b>637,977</b>
Short-Term Borrowings	12a	(44,206)	(50,613)
Short-Term Creditors	15	(157,380)	(173,013)
Short-Term Provisions	16	(13,437)	(15,302)
Grants Receipts in Advance - Revenue	26	(26,854)	(34,593)
<b>Current Liabilities</b>		<b>(241,877)</b>	<b>(273,521)</b>
Long-Term Borrowings	12a	(621,644)	(845,232)
Long-Term Creditors	12a	(127,873)	(133,452)
Long-Term Provisions	16	(3,135)	(2,535)
Grants Receipts in Advance - Capital	26	(9,334)	(26,463)
Pensions Liability	31	(577,675)	(615,409)
<b>Long-term Liabilities</b>		<b>(1,339,661)</b>	<b>(1,623,091)</b>
<b>Net Assets</b>		<b>1,006,553</b>	<b>1,131,588</b>
Represented by:			
General Fund		15,919	15,919
Housing Revenue Account		4,925	4,925
Capital Receipts Reserve	7	37,865	49,013
Capital Grants Unapplied	7	26,273	27,943
Earmarked Reserves	8	118,188	123,866
Housing Revenue Account Earmarked Reserves	8	15,249	15,249
<b>Usable Reserves</b>		<b>218,419</b>	<b>236,915</b>
<b>Unusable Reserves</b>	18	<b>788,134</b>	<b>894,673</b>
<b>Total Reserves</b>		<b>1,006,553</b>	<b>1,131,588</b>

This Statement of Accounts, which replaces the unaudited Statement of Accounts issued on 1 July 2022, was authorised for issue on 4 December 2024.

Emily Hill  
Strategic Director Resources  
4 December 2024

Councillor Nagpal  
Chair of Audit Committee  
4 December 2024

## CASH FLOW STATEMENT

<b>CASH FLOW STATEMENT</b>	<b>Note</b>	<b>2020/21 £000's</b>	<b>2021/22 £000's</b>
Net Surplus / (Deficit) on the Provision of Services		(8,765)	(31,859)
Adjustments to Net Surplus / (Deficit) on the Provision of Services for Non-Cash Movements	19a	153,873	161,090
Adjustments for Items Included in Net Surplus / (Deficit) on the Provision of Services that are Investing or Financing Activities	19a	(80,326)	(61,664)
<b>Net Cash Inflows from Operating Activities</b>		<b>64,782</b>	<b>67,567</b>
Investing Activities	19b	(3,972)	(376,417)
Financing Activities	19c	(10,010)	248,681
<b>Net Increase or (Decrease) in Cash and Cash Equivalents</b>		<b>50,800</b>	<b>(60,169)</b>
Cash and Cash Equivalents at the Beginning of the Reporting Period		77,731	128,531
<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	14	<b>128,531</b>	<b>68,362</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 2021/22 (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.
- 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.

The council expects that IFRS 16 will have a material impact on the Statement of Accounts. When the standard is adopted, the council will have an increase in property, plant and equipment, due to operating leases becoming right-of-use assets, and a corresponding increase in liabilities to account for the lease liabilities. Work is ongoing to quantify the impact and further details will be included in the 2024/25 accounts when the standard has been adopted.

It is not expected that the other standards will have a material impact on the council's accounts.

## Note 2 Critical judgements in applying accounting policies

In applying the accounting policies set out in Section 6, the council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

### FUNDING

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

### ACCOUNTING FOR SCHOOLS

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

### GROUP ACCOUNTS

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

## 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 6 December 2024. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, 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 2022 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 £615.4m	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 0.25% increase in the discount rate assumption would result in a decrease in the pension liability of £166.972m. However, the assumptions interact in complex ways.
Property, Plant and Equipment £2,336.5m	The council employs RICS qualified valuers (Lambert Smith Hampton) to identify the most appropriate valuation techniques to determine fair value for all council dwellings, land and buildings. All valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The council's valuation experts work closely with finance officers on a regular basis regarding all valuation matters.	Significant changes in any of the unobservable inputs used in the techniques used would result in a significantly lower or higher fair value measurement for these assets. For every 1% increase in valuation, the carrying value of property, plant and equipment would increase by £23.4m.

### 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.

	2021/22							
	Outturn as Reported to the Executive £000's	Adjustments to Management Reporting (EFA Note 1) £000's	Net Expenditure Chargeable to the General Fund and HRA Balance £000's	Adjustments for Capital Purposes (EFA Note 2) £000's	Net Change for Pensions Adjustments (EFA Note 3) £000's	Other Statutory Differences (EFA Note 4) £000's	Adjustments between the Funding and Accounting Basis (see note 7) £000's	Net Expenditure in the Comprehensive Income and Expenditure Statement £000's
<b>Table 5a</b>								
<b>Continuing Services</b>								
Chief Executive Directorate	42,255	(2,219)	40,036	6,974	6,798	(243)	13,529	53,565
Children & Schools	66,793	(13,867)	52,926	13,974	4,745	(15)	18,704	71,630
Adults & Public Health	84,157	(5,579)	78,578	1,567	2,843	(43)	4,367	82,945
Place	15,110	(9,499)	5,611	49,533	7,581	(225)	56,889	62,500
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>(24,089)</b>	<b>196,138</b>	<b>72,048</b>	<b>21,967</b>	<b>(526)</b>	<b>93,489</b>	<b>289,627</b>
Other Income and Expenditure	29,744	(231,560)	(201,816)	(58,491)	12,023	(9,484)	(55,952)	(257,768)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>249,971</b>	<b>(255,649)</b>	<b>(5,678)</b>	<b>13,557</b>	<b>33,990</b>	<b>(10,010)</b>	<b>37,537</b>	<b>31,859</b>
Opening General Fund and HRA Balance 1 April 2021			154,281					
Less: (Surplus) or Deficit on General Fund and HRA Balance In-Year			(5,678)					
<b>Closing General Fund and HRA Balance at 31 March 2022</b>			<b>159,959</b>					

Note: Movement in Reserves Statement includes details of the split between HRA and General Fund

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

Note: Movement in Reserves Statement includes details of the split between HRA and General Fund

## EFA NOTE 1: ADJUSTMENTS TO MANAGEMENT REPORTING

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

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

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

## EFA NOTE 2: ADJUSTMENT FOR CAPITAL PURPOSES

Adjustments for capital purposes – this column adds in the depreciation and impairment and revaluation gains and losses in the service line, and for:

**Other Operating Expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

**Financing and Investment Income and Expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

**Taxation and Non-Specific Grant Income and Expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

## EFA NOTE 3: NET CHANGES FOR THE PENSIONS ADJUSTMENTS

Net change for the removal of pension contributions and the addition of *IAS 19 Employee Benefits* pension related expenditure and income:

For **Services** this represents the removal of the employer pension contributions made by the council as allowed by statute and the replacement with current service costs and past service costs.

For **Financing and Investment Income and Expenditure** – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

## EFA NOTE 4: OTHER STATUTORY ADJUSTMENTS

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

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

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

## Note 6 Expenditure and Income Analysed by Nature

	2021/22											
	Chief Executive Directorate	Children & Schools	Adults & Public Health	Place	Housing Benefits	Council Wide Other	Other Income and Expenditure	Outturn as Reported to the Executive £000's	Adjustments to Management Reporting (EFA Note 1) £000's	Net Expenditure Chargeable to the General Fund and HRA Balance £000's	Adjustments between the Funding and Accounting Basis (see note 7) £000's	Net Expenditure in the Comprehensive Income and Expenditure Statement £000's
<b>Table 6a</b>												
Fees, Charges and Other Service Income	(13,550)	(22,918)	(37,027)	(106,298)	-	(6,676)	(1,727)	(188,196)	(73,455)	(261,651)	-	(261,651)
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)	(28,998)	(743,738)
Income from Council Tax	-	-	-	-	-	-	-	-	(149,426)	(149,426)	(3,514)	(152,940)
Income from Business Rates	-	-	-	-	-	-	-	-	(27,419)	(27,419)	(5,939)	(33,358)
<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>(582,673)</b>	<b>(1,156,012)</b>	<b>(38,451)</b>	<b>(1,194,463)</b>
Employee Benefits Expenses	39,929	49,321	20,562	28,963	-	3,567	-	142,342	243,401	385,743	33,464	419,207
Other Service Expenses	18,471	160,568	128,909	98,534	189,186	5,296	14,522	615,486	42,392	657,878	-	657,878
Depreciation, Amortisation and Impairment	-	-	-	-	-	-	-	-	-	-	80,633	80,633
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	-	-	-	-	-	-	-	-	-	-	16,923	16,923
Interest & MRP Payments	-	-	-	-	-	-	35,102	35,102	34,855	69,957	(21,214)	48,743
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)
Posting of HRA Resources from Revenue to the MRR	-	-	-	-	-	-	-	-	15,826	15,826	(15,826)	-
<b>Total Expenditure</b>	<b>58,417</b>	<b>209,889</b>	<b>149,471</b>	<b>127,606</b>	<b>189,186</b>	<b>14,192</b>	<b>64,087</b>	<b>812,848</b>	<b>337,486</b>	<b>1,150,334</b>	<b>75,988</b>	<b>1,226,322</b>
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>37,537</b>	<b>31,859</b>

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

### CAPITAL RECEIPTS RESERVE

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

### CAPITAL GRANTS UNAPPLIED

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

	Usable Reserves						Movement in Usable Reserves £000's	Movement in Unusable Reserves £000's	Total Movement in Reserves £000's
	General Fund Balance £000's	Housing Revenue Account £000's	Major Repairs Reserve £000's	Capital Receipts Reserve £000's	Capital Grants Unapplied £000's				
<b>Table 7a - 2021/22</b>									
<b>Adjustments to the Revenue Resources</b>									
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)	30,919	3,071	-	-	-	33,990	(33,990)	-	-
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	(31)	-	-	-	-	(31)	31	-	-
Council Tax & NDR (transfers to (or from) the Collection Fund Adjustment Account)	(9,453)	-	-	-	-	(9,453)	9,453	-	-
Holiday Pay (transferred to the Accumulated Absences Reserve)	(499)	(27)	-	-	-	(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)	26,098	62,081	-	-	8,470	96,649	(96,649)	-	-
<b>Total Adjustments to Revenue Resources</b>	<b>47,034</b>	<b>65,125</b>	<b>-</b>	<b>-</b>	<b>8,470</b>	<b>120,629</b>	<b>(120,629)</b>	<b>-</b>	<b>-</b>
<b>Adjustments between Revenue and Capital Resources</b>									
Transfer of Non-Current Asset Sale Proceeds from Revenue to the Capital Receipts Reserve	(2,949)	(29,717)	-	32,666	-	-	-	-	-
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	-	-
Capital Expenditure Financed from Revenue Balances (transfer to the Capital Adjustment Account)	(5,455)	(1,012)	-	-	-	(6,467)	6,467	-	-
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(28,067)</b>	<b>(46,555)</b>	<b>15,826</b>	<b>31,146</b>	<b>-</b>	<b>(27,650)</b>	<b>27,650</b>	<b>-</b>	<b>-</b>
<b>Adjustments to Capital Resources</b>									
Use of the Capital Receipts Reserve to Finance New Capital Expenditure	-	-	-	(20,457)	-	(20,457)	20,457	-	-
Use of the Major Repairs Reserve to Finance New Capital Expenditure	-	-	(15,826)	-	-	(15,826)	15,826	-	-
Application of Unapplied Capital Grants to Finance New Capital Expenditure	-	-	-	-	(6,800)	(6,800)	6,800	-	-
Cash Payments in Relation to Deferred Capital Receipts	-	-	-	136	-	136	(136)	-	-
Cash Payments in Relation to Long-Term Debtor Loans	-	-	-	323	-	323	(323)	-	-
<b>Total Adjustments to Capital Resources</b>	<b>-</b>	<b>-</b>	<b>(15,826)</b>	<b>(19,998)</b>	<b>(6,800)</b>	<b>(42,624)</b>	<b>42,624</b>	<b>-</b>	<b>-</b>
<b>Total Adjustments</b>	<b>18,967</b>	<b>18,570</b>	<b>-</b>	<b>11,148</b>	<b>1,670</b>	<b>50,355</b>	<b>(50,355)</b>	<b>-</b>	<b>-</b>

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

## Note 8 Movements In Earmarked Reserves

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

Transfers to/from Earmarked Reserves	Balance at 31 March 2020 £000's	2020/21		Balance at 31 March 2021 £000's	2021/22			Balance at 31 March 2022 £000's
		Transfers In £000's	Transfers Out £000's		Transfers In £000's	Transfers Between £000's	Transfers Out £000's	
<b>Specific Reserves</b>								
Corporate - Ealing Civic Improvement Fund	1,345	1	(48)	1,298	4	-	(6)	1,296
Corporate - Insurance Reserve	5,721	-	-	5,721	-	-	-	5,721
Corporate - Covid-19 Grant	9,504	10,930	(9,504)	10,930	1,227	-	(1,267)	10,890
Corporate - Invest to Save Reserve	2,375	459	(16)	2,818	279	-	-	3,097
Corporate - Collection Fund Equalisation Fund	2,280	20,812	(1)	23,091	10,870	-	(20,300)	13,661
Corporate - Other Reserves	8,500	554	(72)	8,982	140	(1,700)	-	7,422
Corporate - Economic Volatility Reserve	4,568	2,393	-	6,961	6,179	-	-	13,140
Social Care Transformation Reserve	167	-	-	167	-	-	-	167
Service - Dedicated Schools Grant	(609)	2,772	(1,794)	370	2,846	-	(2,435)	781
Service - Others Reserves	6,778	1,939	(91)	8,627	5,571	1,700	(1,416)	14,482
Parking Places Reserve Account	3,547	-	(375)	3,172	5,781	-	(1,197)	7,756
PFI Reserves	23,071	2,295	(719)	24,647	512	-	-	25,159
	67,247	42,155	(12,620)	96,783	33,409	-	(26,620)	103,572
School Balances (ring-fenced)	16,579	4,826	-	21,405	4,742	-	(5,853)	20,294
<b>Total General Fund</b>	<b>83,826</b>	<b>46,981</b>	<b>(12,620)</b>	<b>118,188</b>	<b>38,151</b>	<b>-</b>	<b>(32,473)</b>	<b>123,866</b>
<b>HRA Reserves</b>								
Major Repairs Reserve	-	14,251	(14,251)	-	15,826	-	(15,826)	-
Estate Regeneration Delivery Service	12,089	3,160	-	15,249	-	-	-	15,249
<b>Total HRA</b>	<b>12,089</b>	<b>17,411</b>	<b>(14,251)</b>	<b>15,249</b>	<b>15,826</b>	<b>-</b>	<b>(15,826)</b>	<b>15,249</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 in 2021/22 and are carried forward due to permitted use to fund future Covid pressures.

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

The **Collection Fund Equalisation Fund** is a technical reserve which is used to allow for distribution of collection fund balances relating to timing differences. The net decrease in 2021/22 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.

- c) In 2021/22, the Collection Fund is showing a large deficit, which is predominantly due to the Retail Reliefs brought in by Central Government earlier in the year. Due to the change in the accounting requirements, the deficit will not hit General fund until future years.

The council has received S31 grant monies to cover the additional cost of the Retail Relief paid out in 2021/22 but due to the timing differences with regards to accounting for these the council has opted to carry these forward through an earmarked reserve to be used over the next 3-years to fund the deficit payments.

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

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

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

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

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

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

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

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

## HRA EARMARKED RESERVES

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

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

## Note 9 Property, Plant & Equipment

\* The two figures in each of the tables shown below, totalling £152.925m surplus in 2021/22 (£103.349m surplus in 2020/21), reflect the deficit or surplus on revaluation that appears at the bottom of the Comprehensive Income and Expenditure Statement.

Property, Plant & Equipment Movements in 2021/22	Council Dwellings £000's	Other Land & Buildings £000's	Other Land & Buildings (PFI) £000's	Vehicles, Plant & Equipment £000's	Community Assets £000's	Surplus Assets £000's	Assets Under Construction £000's	Total Property, Plant & Equipment £000's	Intangible Assets £000's
<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>43,857</b>	<b>2,804</b>	<b>85,441</b>	<b>2,124,336</b>	<b>5,648</b>
Additions	39,098	22,519	108	3,265	1,330	63	29,998	96,381	671
* Revaluation increases/(decreases) recognised in the Revaluation Reserve	54,853	56,752	7,082	-	85	(82)	-	118,690	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(28,406)	(10,903)	-	-	4,674	(119)	-	(34,754)	-
Derecognition - disposals	(7,785)	-	-	-	-	-	(3,970)	(11,755)	-
Derecognition - other	(4,693)	(4,289)	-	-	-	-	-	(8,982)	-
Other Reclassifications	12,324	682	-	-	1,138	-	(23,301)	(9,157)	9,070
<b>At 31 March 2022</b>	<b>946,103</b>	<b>885,043</b>	<b>183,731</b>	<b>117,964</b>	<b>51,084</b>	<b>2,666</b>	<b>88,168</b>	<b>2,274,759</b>	<b>15,389</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>-</b>	<b>-</b>	<b>-</b>	<b>(107,316)</b>	<b>(3,445)</b>
Depreciation/Amortisation charge	(14,845)	(18,713)	(2,911)	(3,117)	(333)	(51)	-	(39,970)	(405)
* Depreciation written out to the Revaluation Reserve	13,544	17,719	2,911	-	12	49	-	34,235	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,301	1,867	-	-	321	2	-	3,491	-
Impairment losses/reversals to Surplus/Deficit on Provision of Services	465	-	-	-	-	-	-	465	-
Derecognition - other	-	59	-	-	-	-	-	59	-
<b>At 31 March 2022</b>	<b>(1,090)</b>	<b>(3,291)</b>	<b>-</b>	<b>(104,655)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(109,036)</b>	<b>(3,850)</b>
<b>Net Book Value</b>									
At 31 March 2022	945,013	881,752	183,731	13,309	51,084	2,666	88,168	2,165,723	11,539
At 31 March 2021	879,157	816,059	176,541	13,161	43,857	2,804	85,441	2,017,020	2,203

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

## INFRASTRUCTURE ASSETS

In accordance with the temporary relief offered by the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022, this note does not include disclosure of gross costs and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statement.

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

<b>9a Property, Plant &amp; Equipment Infrastructure Assets Movements</b>	<b>Non PFI £000's</b>	<b>PFI £000's</b>	<b>TOTAL Infrastructure Assets £000's</b>
<b>Net Book Value 1 April 2021</b>	<b>148,318</b>	<b>24,008</b>	<b>172,326</b>
Additions	7,806	-	7,806
Reclassification from Asset Under Construction	87	-	87
Depreciation	(8,821)	(639)	(9,460)
<b>Net Book Value 31 March 2022</b>	<b>147,390</b>	<b>23,369</b>	<b>170,759</b>

<b>9b Property, Plant &amp; Equipment Infrastructure Assets Movements</b>	<b>Non PFI £000's</b>	<b>PFI £000's</b>	<b>TOTAL Infrastructure Assets £000's</b>
<b>Net Book Value 1 April 2020</b>	<b>147,938</b>	<b>24,647</b>	<b>172,585</b>
Additions	7,523	-	7,523
Reclassification from Asset Under Construction	1,471	-	1,471
Depreciation	(8,614)	(639)	(9,253)
<b>Net Book Value 31 March 2021</b>	<b>148,318</b>	<b>24,008</b>	<b>172,326</b>

<b>9c Reconciliation to Property, Plant &amp; Equipment</b>	<b>1 April 2020</b>	<b>31 March 2021</b>	<b>31 March 2022</b>
Infrastructure Assets	172,585	172,326	170,759
Property Plant Equipment	1,902,595	2,017,020	2,165,723
<b>Total</b>	<b>2,075,180</b>	<b>2,189,346</b>	<b>2,336,482</b>

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

## DEPRECIATION

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

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

## REVALUATIONS

The council carries out a rolling programme that ensures that all property, plant and equipment required to be measured at fair value is revalued at least every five years. This includes council dwellings, other land & buildings, community assets and surplus assets. Council dwellings are valued annually. Valuations of land and buildings (including council dwellings) were carried out by Lambert Smith Hampton 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).

The table below shows the most recent year of full valuation, though assets may have had a desktop valuation more recently.

### Note 9d - Revaluations

Revaluations	Council Dwellings £000's	Other Land & Buildings £000's	Other Land & Buildings (PFI) £000's	Vehicles, Plant & Equipment £000's	Infrastructure Assets £000's	Infrastructure Assets (PFI) £000's	Community Assets £000's	Surplus Assets £000's	Assets Under Construction £000's	Total £000's
Carried at historical cost	404	19,905	-	13,309	147,390	23,369	15,259	-	88,168	307,804
Valued at current value as at:										
31 March 2022	944,570	132,404	-	-	-	-	-	1,326	-	1,078,300
31 March 2021	39	201,410	183,731	-	-	-	1,500	179	-	386,859
31 March 2020	-	195,949	-	-	-	-	34,325	656	-	230,930
31 March 2019	-	195,679	-	-	-	-	-	505	-	196,184
31 March 2018	-	136,405	-	-	-	-	-	-	-	136,405
<b>Total Cost or Valuation</b>	<b>945,013</b>	<b>881,752</b>	<b>183,731</b>	<b>13,309</b>	<b>147,390</b>	<b>23,369</b>	<b>51,084</b>	<b>2,666</b>	<b>88,168</b>	<b>2,336,482</b>

## Note 10 Capital Commitments

At 31 March 2022, the council has significant commitments for future capital expenditure in 2022/23 and future years budgeted to cost £99.284m. Similar commitments at 31 March 2021 were £98.479m. The commitments are:

	<b>Commitments at 31 March 2021 £000's</b>	<b>Commitments at 31 March 2022 £000's</b>
<b>Capital Commitments</b>		
Children & Families	52	52
Council Wide	3	3
Housing (General Fund)	2,204	5,404
HRA	93,869	88,402
ICT & Property Services	-	619
Community Development	623	1,150
Place Delivery	1,132	1,602
Schools Service	422	1,739
Sustainability	174	1,155
<b>Total Commitments</b>	<b>98,479</b>	<b>100,126</b>

## Note 11 Heritage Assets

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

<b>Heritage Assets Movements in 2021/22</b>	<b>Martinware £000's</b>	<b>Mace and Badge £000's</b>	<b>Furniture £000's</b>	<b>Art collections £000's</b>	<b>Others £000's</b>	<b>Total Heritage Assets £000's</b>
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>

<b>Heritage Assets Movements in 2020/21</b>	<b>Martinware £000's</b>	<b>Mace and Badge £000's</b>	<b>Furniture £000's</b>	<b>Art collections £000's</b>	<b>Others £000's</b>	<b>Total Heritage Assets £000's</b>
Cost or Valuation						
At 1 April 2020	1,288	632	315	155	351	2,741
<b>At 31 March 2021</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 2021					31 March 2022				
	Non-Current		Current		Total £000's	Non-Current		Current		Total £000's
Financial Assets	Investments £000's	Debtors £000's	Investments £000's	Debtors £000's		Investments £000's	Debtors £000's	Investments £000's	Debtors £000's	
Amortised Cost	820	34,237	260,689	76,616	372,362	716	36,593	563,343	52,603	653,255
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>2,956</b>	<b>34,237</b>	<b>260,689</b>	<b>76,616</b>	<b>374,498</b>	<b>2,852</b>	<b>36,593</b>	<b>563,343</b>	<b>52,603</b>	<b>655,391</b>
Non-Financial Assets	-	17	-	19,118	19,135	-	16	-	21,822	21,838
<b>Total</b>	<b>2,956</b>	<b>34,254</b>	<b>260,689</b>	<b>95,734</b>	<b>393,633</b>	<b>2,852</b>	<b>36,609</b>	<b>563,343</b>	<b>74,425</b>	<b>677,229</b>

	31 March 2021					31 March 2022				
	Non-Current		Current		Total £000's	Non-Current		Current		Total £000's
Financial Liabilities	Borrowings £000's	Creditors £000's	Borrowings £000's	Creditors £000's		Borrowings £000's	Creditors £000's	Borrowings £000's	Creditors £000's	
Financial liabilities at amortised cost	(621,644)	(101,586)	(44,206)	(94,502)	(861,938)	(845,232)	(95,757)	(50,613)	(98,580)	(1,090,182)
Financial liabilities at fair value through profit and loss	-	-	-	-	-	-	-	-	-	-
<b>Total Financial Liabilities</b>	<b>(621,644)</b>	<b>(101,586)</b>	<b>(44,206)</b>	<b>(94,502)</b>	<b>(861,938)</b>	<b>(845,232)</b>	<b>(95,757)</b>	<b>(50,613)</b>	<b>(98,580)</b>	<b>(1,090,182)</b>
Non-Financial Liabilities	-	(26,287)	-	(62,878)	(89,165)	-	(37,695)	-	(74,433)	(112,128)
<b>Total</b>	<b>(621,644)</b>	<b>(127,873)</b>	<b>(44,206)</b>	<b>(157,380)</b>	<b>(951,103)</b>	<b>(845,232)</b>	<b>(133,452)</b>	<b>(50,613)</b>	<b>(173,013)</b>	<b>(1,202,310)</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)

With the introduction of IFRS 9 the authority has designated the following equity at 31 March 2022 as fair value through other comprehensive income:

Fair Value Through Other Comprehensive Income and Expenditure	Nominal £000's	Fair Value £000's	Change in fair value during 2021/22 £000's	Dividends £000's
Broadway Living Ltd Shares	2,136	2,136	0	0

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

## INCOME, EXPENSE, GAINS AND LOSSES (12C)

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

	2020/21		2021/22	
	Surplus or Deficit on the Provision of services £000's	Other Comprehensive Income and Expenditure £000's	Surplus or Deficit on the Provision of services £000's	Other Comprehensive Income and Expenditure £000's
<b>Income, Expenses, Gains &amp; Losses</b>				
<b>Net gains/losses on:</b>				
Financial liabilities measured at amortised cost	-	16,909	-	10,303
<b>Total net gains/losses</b>	-	<b>16,909</b>	-	<b>10,303</b>
<b>Interest Revenue:</b>				
Financial Assets Measured at Amortised Cost	(2,691)	-	(2,776)	-
<b>Total Interest Revenue</b>	<b>(2,691)</b>	-	<b>(2,776)</b>	-
<b>Interest Expense</b>	<b>36,975</b>	-	<b>38,440</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 authority's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Financial Assets Measured as Fair Value	Input Level in Fair Value Hierarchy	Valuation Technique Used to Measure Fair Value	31 March 2021 £000's	31 March 2022 £000's
<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 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 are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB payable, PWLB new borrowing rates have been applied to provide the fair value;
- For non-PWLB loans payable, PWLB new borrowing rates have been applied to provide the fair value;
- 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:

Financial Liabilities - Fair Value	31 March 2021		31 March 2022	
	Carrying Amount £000's	Fair Value £000's	Carrying Amount £000's	Fair Value £000's
PWLB loan - Maturity	(554,414)	(684,075)	(779,728)	(810,105)
LOBO loan - Fixed rate	(90,817)	(131,310)	(89,466)	(120,208)
Temporary Loans	(20,618)	(20,618)	(26,651)	(26,650)
<b>Total Borrowings</b>	<b>(665,849)</b>	<b>(836,003)</b>	<b>(895,845)</b>	<b>(956,963)</b>
PFI, service concessions and finance lease liabilities	(105,463)	(105,463)	(100,929)	(100,929)
Trade Creditors	(90,625)	(90,625)	(93,408)	(93,408)
<b>Financial Liabilities</b>	<b>(861,937)</b>	<b>(1,032,091)</b>	<b>(1,090,182)</b>	<b>(1,151,300)</b>

The fair value of the liabilities is higher than the carrying amount because the council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional future loss (based on economic

conditions at 31 March 2022) arising from a commitment to pay interest to lenders above current market rates.

The council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the reduced interest that the council will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £779.728m would be valued at £810.105m.

	31 March 2021		31 March 2022	
	Carrying Amount £000's	Fair Value £000's	Carrying Amount £000's	Fair Value £000's
<b>Financial Assets - Fair Value</b>				
Cash and cash equivalents	128,363	128,363	68,152	68,152
Short term investments	132,326	132,326	495,191	495,191
Long term investments	820	1,662	716	3,856
Long term debtors	34,236	56,102	36,593	53,992
Short term debtors	76,616	76,616	52,603	52,603
<b>Total Assets</b>	<b>372,361</b>	<b>395,069</b>	<b>653,255</b>	<b>673,794</b>

The fair value of the assets is greater than the carrying amount because the council's portfolio of investments includes a number of fixed rate investments where the interest rate payable is higher than the rates available for similar investments in the market at the balance sheet date. This shows a notional future gain (based on economic conditions at 31 March 2022) arising from a commitment to receive interest from counterparties above current market rates.

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 2022			
	Quoted Prices in Active Markets for Identical Assets (Level 1) £000's	Other Significant Observable Inputs (Level 2) £000's	Significant Unobservable Inputs (Level 3) £000's	TOTAL £000's
<b>Financial Liabilities</b>				
<i>Financial Liabilities Held at Amortised Cost:</i>				
PWLB	-	(810,105)	-	(810,105)
Non-PWLB	-	(120,208)	-	(120,208)
Short term debt	-	(26,650)	-	(26,650)
<b>Total</b>	-	<b>(956,963)</b>	-	<b>(956,963)</b>
<b>Financial assets</b>				
Financial assets held at amortised cost	-	57,364	-	57,364
<b>Total</b>	-	<b>57,364</b>	-	<b>57,364</b>

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

## Note 13 Debtors

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

	31 March 2021 £000's	31 March 2022 £000's
<b>Short-Term Debtors</b>		
Gross Trade Receivables	94,917	91,550
less Trade Receivables Impairment Allowance	(30,556)	(38,923)
<b>Net Trade Receivables</b>	<b>64,361</b>	<b>52,627</b>
<b>Pre-Payments</b>	<b>4,182</b>	<b>3,952</b>
Gross NNDR Payers	8,864	9,912
less NNDR Payers Impairment Allowance	(6,127)	(7,264)
<b>Net NNDR Payers</b>	<b>2,737</b>	<b>2,648</b>
Gross Council Tax Payers	19,855	23,325
less Council Tax Payers Impairment Allowance	(14,043)	(16,926)
<b>Net Council Tax Payers</b>	<b>5,812</b>	<b>6,399</b>
Gross Rent Arrears (including Housing Benefit overpayments)	47,376	46,775
less Rent Arrears Impairment Allowance	(43,969)	(42,800)
<b>Net Housing Benefit</b>	<b>3,407</b>	<b>3,975</b>
<b>Ealing Pension Fund</b>	<b>375</b>	<b>-</b>
Gross Other Receivables	16,482	6,650
less Other Receivables Impairment Allowance	(1,622)	(1,827)
<b>Net Other Receivables</b>	<b>14,860</b>	<b>4,823</b>
<b>Total Short-Term Debtors</b>	<b>95,734</b>	<b>74,424</b>

The gross total of the short-term debtors as at the 31 March 2022 is £182.164m (31 March 2021 was £192.051m).

## Note 14 Cash and Cash Equivalents

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

	31 March 2021 £000's	31 March 2022 £000's
<b>Cash and Cash Equivalents</b>		
Bank Current Accounts	(4,288)	1,141
Short-Term Deposits	95,500	30,000
Cash Held by the Council	168	210
School Bank Accounts	37,151	37,011
<b>Total Cash and Cash Equivalents</b>	<b>128,531</b>	<b>68,362</b>

## Note 15 Creditors

	31 March 2021 £000's	31 March 2022 £000's
<b>Short-Term Creditors</b>		
Trade Payables	(78,359)	(86,040)
Receipts in Advance	(8,073)	(4,712)
NNDR Payers	(3,380)	(3,658)
Council Tax Payers	(11,413)	(12,016)
Collection Fund Preceptors	(9,516)	(33,914)
Ealing Pension Fund	-	(1,624)
Other Payables	(46,639)	(31,049)
<b>Total</b>	<b>(157,380)</b>	<b>(173,013)</b>

## Note 16 Provisions

	Insurance Provision £000's	Non- Domestic Rate Appeals £000's	Other Provisions £000's	Total £000's
<b>Current Provisions</b>				
<b>Balance at 1 April 2021</b>	<b>(1,133)</b>	<b>(8,579)</b>	<b>(3,725)</b>	<b>(13,437)</b>
Additional provisions made in 2021/22	(25)	(3,087)	(1,456)	<b>(4,568)</b>
Amounts used in 2021/22	27	1,463	1,141	<b>2,631</b>
Unused amounts reversed in 2021/22	-	-	72	<b>72</b>
<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's	Non- Domestic Rate Appeals £000's	Other Provisions £000's	Total £000's
<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	-	-	-	<b>-</b>
Amounts used in 2021/22	-	-	600	<b>600</b>
Unused amounts reversed in 2021/22	-	-	-	<b>-</b>
<b>Balance at 31 March 2022</b>	<b>(1,505)</b>	<b>-</b>	<b>(1,030)</b>	<b>(2,535)</b>

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

	Insurance Provision £000's	Non- Domestic Rate Appeals £000's	Other Provisions £000's	Total £000's
<b>Long-Term Provisions</b>				
<b>Balance at 1 April 2020</b>	<b>(2,712)</b>	<b>-</b>	<b>(1,699)</b>	<b>(4,411)</b>
Additional provisions made in 2020/21	-	-	(370)	<b>(370)</b>
Unused amounts reversed in 2020/21	1,207	-	(1,207)	-
Transferred from Long-Term Provisions	-	-	1,646	<b>1,646</b>
<b>Balance at 31 March 2021</b>	<b>(1,505)</b>	<b>-</b>	<b>(1,630)</b>	<b>(3,135)</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 authority's usable reserves are detailed in the Movement in Reserves Statement, Note 7 Adjustments between Accounting Basis and Funding Basis under Regulations and Note 8 Movements in Earmarked Reserves.

## Note 18 Unusable Reserves

	2020/21 £000's	2021/22 £000's
<b>Unusable Reserves</b>		
Revaluation Reserve	615,692	753,252
Capital Adjustment Account	798,638	787,764
Deferred Capital Receipts Reserve	5,200	5,064
Collection Fund Adjustment Account	(28,799)	(19,346)
Financial Instruments Adjustment Account	(1,449)	(1,418)
Accumulated Absences Account	(8,070)	(7,544)
Pensions Reserve	(593,078)	(623,099)
<b>Total Unusable Reserves</b>	<b>788,134</b>	<b>894,673</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>2020/21 £000's</b>	<b>2021/22 £000's</b>
<b>Balance at 1 April</b>	<b>532,788</b>	<b>615,692</b>
Upward revaluation of assets	103,349	161,409
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-	(8,484)
<b>Surplus or (deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>103,349</b>	<b>152,925</b>
Difference between fair value depreciation and historical cost depreciation	(8,715)	(12,240)
Accumulated gains on assets sold or scrapped	(11,730)	(3,125)
<b>Amounts written off to the Capital Adjustment Account</b>	<b>(20,445)</b>	<b>(15,365)</b>
<b>Balance at 31 March</b>	<b>615,692</b>	<b>753,252</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 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.

	2020/21 £000's	2021/22 £000's
<b>Capital Adjustment Account</b>		
<b>Balance at 1 April</b>	<b>776,221</b>	<b>798,638</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	(47,365)	(49,370)
Revaluation losses on property, plant and equipment	(39,719)	(31,263)
Revenue expenditure funded from capital under statute	(4,922)	(16,726)
De-minimis Capital Expenditure	(169)	(197)
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	(20,617)	(19,621)
<b>Sub-total</b>	<b>(112,792)</b>	<b>(117,177)</b>
Adjusting amounts written out of the Revaluation Reserve	20,445	15,365
<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>(92,347)</b>	<b>(101,812)</b>
Capital financing applied in the year:		
Use of Capital Receipts Reserve to finance new capital expenditure	43,853	20,457
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	22,032	20,528
Application of grants to capital financing from the Capital Grants Unapplied Account	7,155	6,800
Use of the Major Repairs Reserve to Finance New Capital	14,251	15,826
Statutory provision for the financing of capital investment charged against the General Fund Balance	24,524	21,183
Capital expenditure charged against the General Fund Balance	3,248	6,467
<b>Capital financing applied in the year</b>	<b>115,063</b>	<b>91,261</b>
Cash Payments in Relation to Long-Term Debtor Loans	(299)	(323)
<b>Balance at 31 March</b>	<b>798,638</b>	<b>787,764</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.

	2020/21 £000's	2021/22 £000's
<b>Deferred Capital Receipts Reserve</b>		
<b>Balance at 1 April</b>	<b>731</b>	<b>5,200</b>
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	4,896	-
Transfer to the Capital Receipts Reserve upon receipt of cash	(106)	(136)
Transfers between reserves	(321)	-
<b>Balance at 31 March</b>	<b>5,200</b>	<b>5,064</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 tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2020/21 £000's	2021/22 £000's
<b>Collection Fund Adjustment Account</b>		
<b>Balance at 1 April</b>	235	(28,799)
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	(29,035)	9,453
<b>Balance at 31 March</b>	<b>(28,799)</b>	<b>(19,346)</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.

	2020/21 £000's	2021/22 £000's
<b>Financial Instruments Adjustment Account</b>		
<b>Balance at 1 April</b>	(1,479)	(1,449)
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	30	31
<b>Balance at 31 March</b>	<b>(1,449)</b>	<b>(1,418)</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.

	2020/21 £000's	2021/22 £000's
<b>Accumulated Absences Account</b>		
<b>Balance at 1 April</b>	(6,167)	(8,070)
Settlement or cancellation of accrual made at the end of the preceding year	6,167	8,070
Amounts accrued at the end of the current year	(8,070)	(7,544)
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	(1,903)	526
<b>Balance at 31 March</b>	<b>(8,070)</b>	<b>(7,544)</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 deficit 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.

	2020/21 £000's	2021/22 £000's
<b>Pensions Reserve</b>		
<b>Balance at 1 April</b>	<b>(567,614)</b>	<b>(593,078)</b>
Remeasurements of the net defined benefit liability / (asset)	(2,048)	3,969
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	(56,167)	(67,600)
Employer's pensions contributions and direct payments to pensioners payable in year	32,751	33,610
<b>Balance at 31 March</b>	<b>(593,078)</b>	<b>(623,099)</b>

## Note 19 Cash Flow Statements

### OPERATING ACTIVITIES (NOTE 19A)

The cash flows for operating activities include the following items:

<b>The cash flows from operating activities include the following items:</b>	2020/21 £000's	2021/22 £000's
Interest Received	3,295	2,622
Interest Paid	(23,932)	(37,684)

<b>The Surplus/(Deficit) on the Provision of Services has been Adjusted for the Following Non-Cash Movements:</b>	2020/21 £000's	2021/22 £000's
Depreciation and Amortisation	46,349	49,835
Impairment and Downward Valuations	40,734	30,798
Increase/(Decrease) in Impairment for Bad Debts	16,388	11,425
Increase/(Decrease) in Creditors	49,677	23,447
(Increase)/Decrease in Debtors	(29,193)	(2,133)
Movement in Pension Liability	8,013	26,300
Carrying Amount of Non-Current Assets and Non-Current Assets Held for Sale, Sold or Derecognised	20,617	20,679
<b>Other Non-Cash Items Charged to the Net Surplus or (Deficit) on the Provision of Services</b>		
Increase/(Decrease) in Provisions	(615)	1,265
Increase/(Decrease) in Accumulated Absences	1,903	(526)
<b>Total</b>	<b>153,873</b>	<b>161,090</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>2020/21 £000's</b>	<b>2021/22 £000's</b>
Proceeds from the Sale of Property Plant and Equipment, Investment Property and Intangible Assets	(50,845)	(32,666)
Grant Receipts for the Financing of New Capital Expenditure	(29,481)	(28,998)
<b>Net cash flows from operating activities</b>	<b>(80,326)</b>	<b>(61,664)</b>

## INVESTING ACTIVITIES (NOTE 19B)

The cash flows for investing activities include the following items:

<b>Investing Activities</b>	<b>2020/21 £000's</b>	<b>2021/22 £000's</b>
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(116,121)	(102,913)
Purchase of Short-Term and Long-Term Investments	(5,345,401)	(2,719,700)
Payments for Other Long Term Loans	(2,057)	(3,778)
Proceeds From the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	46,636	32,666
Proceeds from Short-Term and Long-Term Investments	5,374,151	2,357,052
Proceeds from Other Long-Term Loans	624	1,285
Grant Receipts for the Financing of New Capital Expenditure	38,196	58,971
<b>Net cash flows from investing activities</b>	<b>(3,972)</b>	<b>(376,417)</b>

## FINANCING ACTIVITIES (NOTE 19C)

The cash flows for financing activities include the following items:

<b>Financing Activities</b>	<b>2020/21 £000's</b>	<b>2021/22 £000's</b>
Cash Receipts of Short-Term and Long-Term Borrowing	20,375	247,015
Cash Receipts from Other Short-Term and Long-Term Liabilities	129	530
Cash Payments for the Reduction of Outstanding Liabilities Relating to Finance Leases and on-Balance Sheet PFI Contracts	(4,327)	(4,942)
Repayments of Short-Term and Long-Term Borrowing	(16,758)	(17,765)
Repayments of Other Short-Term and Long-Term Liabilities	(85)	(555)
Billing Authorities - Council Tax and NDR Adjustments	(9,344)	24,398
<b>Net cash flows from financing activities</b>	<b>(10,010)</b>	<b>248,681</b>

## Note 20 Reconciliation of liabilities arising from Financing Activities

Financial Liabilities - Nominal/Principal	1 April 2021 £000's	Financing Cash (In-Flows) / Out-Flows £000's	Non-Cash Changes		31 March 2022 £000's
			Transfer between ST & LT Liabilities £000's	Other £000's	
Long-Term Borrowings	(621,644)	(240,207)	17,364	(745)	(845,232)
Short-Term Borrowings	(44,206)	10,957	(17,364)	-	(50,613)
PFI Liabilities - Long-Term	(100,519)	-	5,667	-	(94,852)
PFI Liabilities - Short-Term	(4,944)	4,944	(5,667)	-	(5,667)
Finance Lease Liabilities - Long-Term	(408)	-	137	-	(271)
Finance Lease Liabilities - Short-Term	(138)	(2)	(137)	137	(140)
<b>Total Liabilities from Financing Activities</b>	<b>(771,859)</b>	<b>(224,308)</b>	<b>-</b>	<b>(608)</b>	<b>(996,775)</b>

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

## Note 21 Members' Allowances

The total of the allowances paid to the members of the council in 2021/22 was £1.050m (£0.992m in 2020/21).

## Note 22 Officers' Remuneration

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

2021/22 Post	Salary (including fees and allowances)	Compensation for loss of office	Total remuneration (excluding pension contributions)	Pension contributions	Total
Chief Executive (P Najsarek) (a)	192,465	94,859	287,324	37,723	325,047
Chief Executive (P Martin) (b)	59,826	-	59,826	-	59,826
Executive Director for Children and Adults (J Finlay) (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
Director Adult Services	136,554	-	136,554	27,157	163,711

(a) The postholder stood down as Head of Paid Service on 17 December 2021.

(b) The postholder covered the role on an interim basis from 1 February 2022.

(c) The postholder was the acting head of paid services for the period 18th 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 2021.

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

(a) The postholder left the council on 8th April 2020

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

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

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

The rate of pension contribution is 19.6% for 2021/22 and 19.6% for 2020/21.

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

	2020/21		2021/22	
<b>Table 22b Remuneration band</b>	<b>Employee Count Schools</b>	<b>Employee Count Corporate</b>	<b>Employee Count Schools</b>	<b>Employee Count Corporate</b>
£50,000 - £54,999	241	134	267	148
£55,000 - £59,999	183	82	158	95
£60,000 - £64,999	128	37	105	39
£65,000 - £69,999	66	22	67	32
£70,000 - £74,999	39	26	32	27
£75,000 - £79,999	34	19	19	16
£80,000 - £84,999	25	6	23	7
£85,000 - £89,999	17	13	21	10
£90,000 - £94,999	15	15	9	18
£95,000 - £99,999	9	-	12	3
£100,000 - £104,999	5	1	4	-
£105,000 - £109,999	2	1	1	2
£110,000 - £114,999	2	-	5	-
£115,000 - £119,999	1	11	1	-
£120,000 - £124,999	1	-	-	9
£125,000 - £129,999	1	-	2	-
£130,000 - £134,999	1	3	-	1
£135,000 - £139,999	1	-	1	1
£140,000 - £144,999	2	1	-	2
£145,000 - £149,999	-	-	1	-
Greater Than £150,000	-	1	-	2
<b>Total</b>	<b>773</b>	<b>372</b>	<b>728</b>	<b>412</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:

	2020/21				2021/22			
<b>Exit package cost band (including special payments)</b>	<b>Number of compulsory departures</b>	<b>Number of other departures agreed</b>	<b>Total number of exit packages by cost band</b>	<b>Total cost of exit packages £000's</b>	<b>Number of compulsory departures</b>	<b>Number of other departures agreed</b>	<b>Total number of exit packages by cost band</b>	<b>Total cost of exit packages £000's</b>
£0 - £20,000	7	17	24	182	18	33	51	347
£20,001 - £40,000	3	3	6	152	6	10	16	449
£40,001 - £60,000	-	-	-	-	2	2	4	181
£60,001 - £80,000	1	1	2	147	-	-	-	-
£80,001 - £100,000	-	1	1	95	1	1	2	176
£100,001 - £150,000	1	1	2	227	-	1	1	119
Greater Than £150,001	-	1	1	176	1	-	1	221
<b>Total</b>	<b>12</b>	<b>24</b>	<b>36</b>	<b>979</b>	<b>28</b>	<b>47</b>	<b>75</b>	<b>1,493</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:

	2020/21 £000's	2021/22 £000's
<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	391	133
Fees payable to KPMG for the certification of grant claims and returns for the year	39	39
<b>Total</b>	<b>430</b>	<b>172</b>

The external audit fees disclosed for Deloitte LLP for the financial year 2021/22 are the reported baseline figures. Due to the audit backstop dates, final audit cost will be subject to the PSAA fee variation process.

## Note 25 Dedicated Schools Grant

	2020/21 Total £000's	Central Expenditure £000's	Individual Schools Budget £000's	2021/22 Total £000's
<b>Dedicated Schools Grant</b>				
Final DSG for the year before Academy Recoupment	(340,533)			(361,173)
Academy Figure Recouped	68,749			76,277
Total DSG After Academy Recoupment	(271,784)			(284,896)
Brought forward from previous year	610			(370)
Agreed initial budgeted distribution in year	(271,174)	(44,251)	(241,015)	(285,266)
In year adjustments	-	136		136
<b>Final budgeted distribution</b>	<b>(271,174)</b>	<b>(44,115)</b>	<b>(241,015)</b>	<b>(285,130)</b>
Less actual central expenditure	44,397	44,115		44,115
Less Actual ISB deployed to schools	226,407		240,234	240,234
<b>Carry Forward</b>	<b>(370)</b>	<b>-</b>	<b>(781)</b>	<b>(781)</b>

## Note 26 Grant Income

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

<b>Table a - Grant Income Credited to Services</b>	<b>2020/21 £000's</b>	<b>2021/22 £000's</b>
Dedicated Schools Grant	(272,553)	(284,760)
Housing Benefit	(210,069)	(185,145)
Public Health Grant	(24,766)	(25,583)
Private Finance Initiative Grant	(15,806)	(15,806)
Pupil Premium	(11,267)	(11,929)
Sixth Form Funding Grant	(9,518)	(10,683)
Teachers Pay and Pensions Grants	(10,615)	-
Universal Free School Meals	(4,703)	(3,540)
Flexible Homelessness Support Grant	(4,184)	(2,947)
Unaccompanied Asylum Seeking Children	(2,710)	(2,556)
Housing Benefit Admin Grant	-	(2,436)
Rough Sleepers Initiative	(1,138)	(2,199)
Discretionary Housing Payment	-	(2,050)
Schools - Covid 19 Catch Up Premium	(1,812)	-
PE and Sports Grant	(1,270)	(1,257)
Holiday Activities and Food Programme	-	(1,198)
Troubled Families	-	(1,122)
16-19 Bursary Grant	(181)	(138)
Year 7 Catch Up Grant	(41)	(12)
Dedicated Schools Grant from other Authorities	(493)	-
Covid - Discretionary Business Rates	(3,339)	-
Covid - Hardship Fund	(3,061)	-
Covid - Contain Outbreak Management Fund	(1,952)	(4,284)
Covid - National Sleeper Accommodation Plan Grant	(1,594)	-
Covid - Clinically, extremely vulnerable support grant	(1,544)	(170)
Covid - Cold Winter Fund Grant	(1,420)	(20)
Covid - Infection Control Fund	(1,201)	(783)
Covid - Additional Restrictions Grant	(1,192)	(12,563)
Covid - Community Testing Programme	(1,185)	(2,887)
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)
Other Covid Grants	(5,191)	(2,495)
Other Grants	(12,813)	(16,517)
Green Homes Grant (Capital)	-	(5,664)
Disabled Facilities Grant (Capital)	(2,298)	(3,004)
<b>Total</b>	<b>(607,916)</b>	<b>(611,340)</b>

In accordance with The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 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 b - Grant Income Credited to Taxation and Non-Specific Grant Income</b>	<b>2020/21 £000's</b>	<b>2021/22 £000's</b>
<b>Business Rates Top-Up</b>	(31,499)	(31,499)
<b>Non-ringfenced Government Grants</b>		
Business Rates Compensation Grant (S31)	(23,370)	(17,186)
Revenue Support Grant	(17,446)	(17,543)
Improved Better Care Fund	(12,307)	(12,307)
Adult Social Care Support	(8,367)	(10,240)
New Homes Bonus	(6,076)	(6,694)
Local Council Tax Support	-	(3,645)
Covid 19 General Grant	(20,285)	(10,176)
Covid - Sales, Fees and Charges Compensation	(7,560)	(2,052)
Covid - Taxation Income Guarantee	(3,726)	-
Covid 19 New Burdens	(247)	-
Other	(13)	(725)
Sub-total Non-ringfenced Government Grants	(99,397)	(80,568)
<b>Capital Grants and Contributions</b>		
Schools Capital Grants (DfE)	(7,668)	(8,839)
Flexible Homelessness Support Grant	(7,968)	(3,908)
Public Sector Decarbonisation Scheme Grant	-	(2,738)
TfL Grant	(3,201)	(1,557)
Other Contributions	(3,643)	(1,543)
Growing Places Fund	(2,031)	-
Other Capital Grants	(2,672)	(1,746)
Sub-total Capital Grants and Contributions	(27,183)	(20,331)
<b>Total</b>	<b>(158,079)</b>	<b>(132,398)</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

	Balance 31 March 2021 £000's	Balance 31 March 2022 £000's
<b>Table c - Revenue Grants Receipts in Advance</b>		
Housing Benefit Subsidy	-	(7,665)
Dedicated Schools Grant	(394)	-
Pupil Premium	(390)	(94)
6th Form Funding	(236)	(575)
Flexible Homelessness Support Grant	(630)	(629)
Covid Grants Receipts in Advance	(17,709)	(5,942)
Other	(7,495)	(19,688)
<b>Total</b>	<b>(26,854)</b>	<b>(34,593)</b>

## LONG-TERM LIABILITIES

	Balance 31 March 2021 £000's	Balance 31 March 2022 £000's
<b>Table d - Capital Grants Receipts in Advance</b>		
Disabled Facilities Grant	(1,427)	(2,147)
Local Implementation Plan	(284)	(476)
Council New Build	-	(664)
Schools Capital Grants	(2,804)	(3,109)
Green Homes Grant	(2,336)	(17,194)
Public Sector Decarbonisation Scheme	(1,056)	(93)
Other	(1,428)	(2,780)
<b>Total</b>	<b>(9,334)</b>	<b>(26,463)</b>

	Balance 31 March 2021 £000's	Balance 31 March 2022 £000's
<b>Table e - S106 Receipts in Advance</b>		
S106 Agreements	(26,287)	(37,695)
<b>Total</b>	<b>(26,287)</b>	<b>(37,695)</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.

### PENSION FUND

The council charged the Pension Fund £0.964m (£0.850m in 2020/21) for expenses incurred in administering the fund. The council owed the Pension Fund £1.624m at 31 March 2022 (the Pension Fund owed the council £0.375m at 31 March 2021).

### 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 Councils financial and operating policies. The total of members' allowance paid in 2021/22 is shown above in Note 21. Information relating to Councillors has been obtained from their individual Declarations of Interest. The significant declarations are:

- Two Councillors are on the Mortlake Crematorium Board for the year ended 31 March 2022. The board has £3.650m (£3.118m at 31 March 2021) invested with the council. Mortlake also purchased accountancy, internal audit and payroll services from the council, at a total cost of £15k (£15k in 2020/21).
- One Councillor is on the West London Waste Authority (WLWA) Board for the year ended 31 March 2022. In 2021/22 the council paid a levy of £13.204m (£12.867m in 2020/21) and loaned a total of £15.250m (£15.568m in 2020/21) to WLWA. As at 31 March 2022 Ealing held £23m (£17.5m in 2020/21) from WLWA to invest on their behalf.
- A number of Members and Officers have made declarations of their interests in voluntary organisations which receive grants through council decisions and in positions as school governors. Records of their interests are shown in publicly available records, particularly in the Register of Members Interest which is available on the council website.

### REGISTERS OF 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 2021/22 the Assistant Director Of Planning, Resources And Service Development and the Head Of Corporate Health And Safety acted as Directors of Broadway Living. Broadway Living is a wholly owned subsidiary which was set up to build homes over a range of tenures to assist in meeting the borough's current and future housing demand.
- In 2021/22 the Director of Customer Service and the Director of Strategy and Engagement 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 will have 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 £112.381m in 2021/22 (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. In 2021/22, BCF plan was increased by £2.086m for inflationary uplifts. The financial monitoring goes to the Joint Management Team (the membership of which is set out in the S75 Agreement) on a monthly basis.

## POOLED FUND MEMORANDUM ACCOUNT FOR EALING COMMUNITY EQUIPMENT SERVICES

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:

<b>Total Expenditure</b>	<b>2020/21 £000's</b>	<b>2021/22 £000's</b>
Community Equipment costs	2,725	3,102
<b>Funding:</b>		
Ealing Council	1,356	1,545
Ealing Clinical Commissioning Group	1,369	1,557
<b>Total Funding</b>	2,725	3,102

## 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 2021/22 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 provided Broadway Living with loans amounting to £8m (2020/21: £8m) and a share premium of £2.136m from Broadway Living Ltd (in 2020/21: £2.136m).

Broadway Living RP Limited earns income through renting its own residential properties. The council provided Broadway Living RP Limited with loans amounting to £6.8m (2020/21: £5.1m).

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 £22.5m income (2020/21: £16.1m) from the council, which is reflected within the Limited company accounts but has been removed as part of the consolidation into the group accounts.

## 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 £0.581m outstanding) into Future Ealing Phase 1 Limited's working capital which is shown as a short-term investment in these accounts. In 2016, Balfour Beatty sold their interest in the SPV to Amber Infrastructure Ltd who are now the primary shareholder.

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

## GUNNERSBURY ESTATE (2026) COMMUNITY INTEREST COMPANY

Gunnersbury Estate (2026) Community Interest Company is the organisation that runs Gunnersbury Park on behalf of Ealing and Hounslow councils. The Council had an outstanding loan of £0.171m from the Company in 2021/22 (£0.211m 2020/21).

## 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.

<b>Capital Expenditure and Capital Financing</b>	<b>2020/21 £000's</b>	<b>2021/22 £000's</b>
<b>Opening Capital Financing Requirement</b>	<b>792,253</b>	<b>798,338</b>
Capital Investment:		
Property, plant and equipment	114,024	104,187
Intangible Assets	879	671
Long Term Debtor Loans	1,153	2,984
Revenue expenditure funded from capital under statute	4,921	16,726
De minimis Capital Expenditure	170	197
Sources of finance:		
Capital receipts	(43,853)	(20,134)
Government grants and other contributions	(29,187)	(27,328)
Major Repairs Reserve	(14,251)	(15,826)
Repayment of Loan Principal	-	(323)
Sums set aside from revenue:		
Direct revenue contributions	(3,248)	(6,467)
Minimum Revenue Provision	(24,524)	(21,183)
Prudential Borrowing Re-alignment Adj	-	(1,061)
<b>Closing Capital Financing Requirement</b>	<b>798,338</b>	<b>830,781</b>
Explanation of movements in year:		
(Decrease) / Increase in underlying need to borrow (unsupported by Government financial assistance)	6,085	32,443
<b>Increase / (decrease) in Capital Financing Requirement</b>	<b>6,085</b>	<b>32,443</b>

## Note 29 Leases

### AUTHORITY AS LESSEE

#### Operating Leases

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

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

<b>Table a - Operating Lease - Other Land and Buildings</b>	<b>31 March 2021 £000's</b>	<b>31 March 2022 £000's</b>
Not later than one year	2,368	2,764
Later than one year and not later than five years	5,288	4,941
Later than five years	1,870	1,402
<b>Minimum lease payments</b>	<b>9,526</b>	<b>9,107</b>

<b>Table b - Vehicles, Plant &amp; Equipment</b>	<b>31 March 2021 £000's</b>	<b>31 March 2022 £000's</b>
Not later than one year	736	614
Later than one year and not later than five years	1,038	793
<b>Minimum lease payments</b>	<b>1,774</b>	<b>1,407</b>

#### Finance Leases

The council has acquired a number of vehicles under finance leases which have subsequently been sub-leased. The assets acquired under these leases were carried as Property, Plant and Equipment and subsequently disposed of in the Balance Sheet at the following net amounts:

<b>Table c - Finance Lease - Balance Sheet value</b>	<b>31 March 2021 £000's</b>	<b>31 March 2022 £000's</b>
<b>Value at 1 April</b>		
Additions	688	-
Disposals	(688)	-
<b>Value at 31 March</b>	<b>-</b>	<b>-</b>

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

<b>Table d - Finance Lease liabilities (net present value of minimum lease payments)</b>	<b>31 March 2021 £000's</b>	<b>31 March 2022 £000's</b>
Current	138	140
Non current	408	271
Finance costs payable in future years	29	21
<b>Value at 31 March</b>	<b>575</b>	<b>432</b>

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

<b>Table e - Finance Leases minimum payment</b>	<b>31 March 2021 £000's</b>	<b>31 March 2022 £000's</b>
Not later than one year	144	144
Later than one year and not later than five years	432	288
<b>Minimum lease payments</b>	<b>575</b>	<b>432</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 2021 £000's</b>	<b>31 March 2022 £000's</b>
Not later than one year	1,392	1,616
Later than one year and not later than five years	3,928	4,258
Later than five years	9,053	8,066
<b>Minimum lease payments</b>	<b>14,373</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 authority has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property, plant and equipment acquired by the lessee and finance income that will be earned by the authority in future years while the debtor remains outstanding. The gross investment is made up of the following amounts:

<b>Table g - Finance Lease receivables (net present value of minimum lease payments)</b>	<b>31 March 2021 £000's</b>	<b>31 March 2022 £000's</b>
Current	138	140
Non current	444	307
Unearned finance income	29	21
<b>Value at 31 March</b>	<b>611</b>	<b>468</b>

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

<b>Table h - Gross Investment in lease</b>	<b>31 March 2021 £000's</b>	<b>31 March 2022 £000's</b>
Not later than one year	144	144
Later than one year and not later than five years	468	324
<b>Minimum lease payments</b>	<b>611</b>	<b>468</b>

## 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 2021/22 was £6.2m (2020/21 £5.9m).

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 2021/22 was £9.6m (2020/21 £9.3m).

### 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 1 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 2021/22 was £4.4m (2020/21 £4.6m).

### 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 2021/22 was £16.4m (2020/21 £15.8m).

There are four homes, Elm Lodge, opened on the 8 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 2021/22 was £5.2m (2020/21 £5.0m).

## PRIVATE FINANCE INITIATIVE (PFI) PAYMENTS DUE

	2021/22					
To Write Down Liability	Schools 1 £000's	Schools 2 £000's	Street Lighting £000's	Care Homes £000's	BSF £000's	Total £000's
within 1 year	1,254	2,021	1,202	400	790	5,667
between 2 to 5 years	4,829	9,480	5,804	3,657	3,914	27,684
between 6 to 10 years	7,829	17,764	5,320	6,212	6,748	43,873
between 11 to 15 years	-	1,608	-	9,129	9,763	20,500
between 16 to 20 years	-	-	-	-	2,794	2,794
<b>Total</b>	<b>13,912</b>	<b>30,873</b>	<b>12,326</b>	<b>19,398</b>	<b>24,009</b>	<b>100,518</b>

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

	2021/22					
Interest Charges	Schools 1 £000's	Schools 2 £000's	Street Lighting £000's	Care Homes £000's	BSF £000's	Total £000's
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
<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>

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

	2021/22					
Service Charges & Lifecycle Costs	Schools 1 £000's	Schools 2 £000's	Street Lighting £000's	Care Homes £000's	BSF £000's	Total £000's
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
<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>

	2020/21					
<b>Service Charges &amp; Lifecycle Costs</b>	<b>Schools 1 £000's</b>	<b>Schools 2 £000's</b>	<b>Street Lighting £000's</b>	<b>Care Homes £000's</b>	<b>BSF £000's</b>	<b>Total £000's</b>
within 1 year	1,509	2,338	1,792	7,422	1,098	14,159
between 2 to 5 years	5,762	9,951	7,045	27,599	4,918	55,275
between 6 to 10 years	6,128	12,015	7,647	34,542	6,527	66,859
between 11 to 15 years	364	2,929	-	33,560	7,142	43,995
between 16 to 20 years	-	-	-	3,293	2,488	5,781
<b>Total</b>	<b>13,763</b>	<b>27,233</b>	<b>16,484</b>	<b>106,416</b>	<b>22,173</b>	<b>186,069</b>

## MOVEMENTS IN PFI ASSETS AND LIABILITIES

	<b>Assets at 31 March 2020 £000's</b>	<b>Movement In Year £000's</b>	<b>Assets at 31 March 2021 £000's</b>	<b>Movement In Year £000's</b>	<b>Assets at 31 March 2022 £000's</b>
<b>Assets:</b>					
Ealing Schools' 1 PFI - Ealing Schools' Partnership Ltd	71,666	2,415	74,081	1,949	76,030
Ealing Schools' 2 PFI - Seafort Ealing Ltd	73,252	(2,042)	71,210	3,290	74,500
Street Lighting PFI - EDF / Southern Electric	24,647	(639)	24,008	(639)	23,369
Resource Centre for Older People PFI - Ealing Care Alliance	30,813	437	31,250	1,950	33,200
<b>Total</b>	<b>200,378</b>	<b>171</b>	<b>200,549</b>	<b>6,550</b>	<b>207,099</b>

See Note 9 for details of the movements in year.

	<b>Liabilities at 31 March 2020 £000's</b>	<b>Payments In Year £000's</b>	<b>Liabilities at 31 March 2021 £000's</b>	<b>Payments In Year £000's</b>	<b>Liabilities at 31 March 2022 £000's</b>
<b>Liabilities:</b>					
Ealing Schools' 1 PFI - Ealing Schools' Partnership Ltd	(15,521)	702	(14,819)	907	(13,912)
Ealing Schools' 2 PFI - Seafort Ealing Ltd	(34,749)	1,945	(32,804)	1,931	(30,873)
Street Lighting PFI - EDF / Southern Electric	(14,317)	932	(13,385)	1,059	(12,326)
Resource Centre for Older People PFI - Ealing Care Alliance	(20,218)	617	(19,601)	203	(19,398)
Building Schools for the Future - Future Ealing Limited	(25,699)	845	(24,854)	845	(24,009)
<b>Total</b>	<b>(110,504)</b>	<b>5,041</b>	<b>(105,463)</b>	<b>4,945</b>	<b>(100,518)</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 2022 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 pensions board Ealing Council. Policy is determined in accordance with the Pensions Fund Regulations.

### RISKS

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, discount rate, bond yields, market prices and the performance of investments held by the scheme.

These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and HRA the amounts required by statute as described in the accounting policies note.

### TRANSACTIONS RELATING TO POST-EMPLOYMENT BENEFITS (31B)

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

<b>Table 31b</b>	<b>2020/21 £000's</b>	<b>2021/22 £000's</b>
Comprehensive Income and Expenditure Statement		
<i>Cost of Services:</i>		
Current service costs	41,292	53,861
Administration costs	982	1,015
Past service costs and settlements and curtailments	847	701
<i>Financing and Investment Income and Expenditure:</i>		
Net interest expense	13,046	12,023
<b>Total Post-employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>56,167</b>	<b>67,600</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	(214,972)	(55,297)
Actuarial (Gain)/Loss arising on changes in demographic assumptions	-	(74,756)
Actuarial (Gain)/Loss arising on changes in financial assumptions	252,946	(16,636)
Other Experience (Gain)/Loss	(35,926)	142,720
<b>Total Post-employment Benefit Remeasurments - Net (Gain)/Loss - Charged to Statement of Other Comprehensive Income and Expenditure</b>	<b>2,048</b>	<b>(3,969)</b>
<b>Total Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>58,215</b>	<b>63,631</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	(56,167)	(67,600)
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
Employers' contributions payable to the scheme	32,751	33,610

## 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:

<b>Table 31c i)</b>	<b>2020/21 £000's</b>	<b>2021/22 £000's</b>
Present Value of the defined benefit obligation	(1,901,513)	(2,012,594)
Fair value of plan assets	1,323,838	1,397,185
<b>Net Liability arising from defined benefit obligation</b>	<b>(577,675)</b>	<b>(615,409)</b>

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

<b>Table 31c ii)</b>	<b>2020/21 £000's</b>	<b>2021/22 £000's</b>
<b>Opening fair value of scheme assets</b>	<b>1,071,108</b>	<b>1,323,838</b>
Interest Income	25,861	27,549
Remeasurement gain/(loss) on the return on plan assets	214,972	55,297
Contributions from employer	32,751	33,610
Contributions from employees into the scheme	9,706	10,057
Benefits paid	(44,981)	(44,438)
Advance Payment of Past Service Deficit	15,403	(7,713)
Other	(982)	(1,015)
<b>Closing fair value of scheme assets</b>	<b>1,323,838</b>	<b>1,397,185</b>

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

<b>Table 31c iii)</b>	<b>2020/21 £000's</b>	<b>2021/22 £000's</b>
<b>Opening balance at 1 April</b>	<b>(1,638,722)</b>	<b>(1,901,513)</b>
Current service cost	(41,292)	(53,861)
Interest cost	(38,907)	(39,572)
Contributions from scheme participants	(9,706)	(10,057)
Remeasurement (gains) and losses:-		
Experience (gains) / loss	35,926	(142,720)
Actuarial (gains) and losses from changes in financial assumptions	(252,946)	16,636
Actuarial (gains) and losses from changes in demographic assumptions	-	74,756
Benefits paid	44,981	44,438
Past Service Cost	-	-
Losses / (gains) on curtailments	(847)	(701)
Liabilities extinguished on settlements	-	-
<b>Closing balance at 31 March</b>	<b>(1,901,513)</b>	<b>(2,012,594)</b>

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

<b>Table 31d Fair Value of Scheme Assets</b>	<b>2020/21 £000's</b>	<b>2021/22 £000's</b>
<b>Cash &amp; Cash Equivalents</b>	<b>79,960</b>	<b>22,354</b>
<b>Bonds</b>		
UK Corporate	318,515	319,955
<b>Sub-total Bonds</b>	<b>318,515</b>	<b>319,955</b>
<b>Property</b>	<b>112,791</b>	<b>124,349</b>
<b>Sub-total Property</b>	<b>112,791</b>	<b>124,349</b>
<b>Private Equity</b>		
UK	17,343	26,548
Overseas	795,229	903,979
<b>Sub-total Private Equity</b>	<b>812,572</b>	<b>930,527</b>
<b>Total Assets</b>	<b>1,323,838</b>	<b>1,397,185</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 31 March 2022.

The significant assumptions used by the actuary have been:

<b>Table 31e i)</b>	<b>2020/21</b>	<b>2021/22</b>
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men current	23.0	21.9
Women current	25.1	24.2
Longevity at 65 for future pensioners:		
Men future	24.7	23.2
Women future	27.0	25.9
Rate of inflation - CPI	2.70%	3.30%
Rate of increase in salaries	3.95%*	4.55%
Rate of increase in pensions	2.80%	3.40%
Rate for discounting scheme liabilities	2.10%	2.80%

\*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.

<b>Table 31e ii)</b>	<b>Increase in Assumptions £000's</b>	<b>Decrease in Assumptions £000's</b>
Longevity (increase or decrease in 1 Year)	61,176	(61,176)
Rate of Inflation (increase or decrease by 0.25%)	90,630	(90,630)
Rate of increase in salaries (increase or decrease by 0.25%)	8,690	(8,690)
Rate of discounting scheme liabilities (increase or decrease by 0.5%)	(166,972)	166,972

## 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 benefits in relation to service after 31 March 2014.

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

The authority anticipates to pay £32.636m expected contributions to the scheme in 2022/23.

The weighted average duration of the defined benefit obligation for scheme members is 16 years, 2021/22 (16 years 2020/21).

## 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 2021/22 the council has paid £22.5m (2020/21 - £21.9m) to the Teachers Pensions Agency in respect of teachers' retirement benefits, which represented 23.68% of pensionable pay in 2021/22 (2020/21 - 23.68%). At 31 March 2022 the pension contributions due to the scheme in respect of the salaries were £1.86m (£1.86m as at 31 March 2021). The teachers' pensions employer's contributions due to be paid in the next financial year are estimated to be £23.2m.

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 2021/22 the council has paid £0.023m (2020/21 Outturn – £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 2020/21). At 31 March 2022 the pension contributions due to the scheme in respect of the March 2022 salaries were £0.002m (£0.002m as at 31 March 2021). The NHS pensions employer's contributions due to be paid in the next financial year are estimated to be £0.023m.

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

## Note 33 Contingent Liabilities

As at 31 March 2022, the council had the following material contingent liabilities:

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

## Note 34 Nature and Extent of Risks arising from Financial Instruments

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

The council's overall risk management programme focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the resources available. Risk management is carried out by a central treasury team under policies approved by the Full Council in the annual treasury management strategy report.

The procedures for risk management are set out through a legal framework underpinned by the Local Government Act 2003 and associated regulations. These require the council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. Overall, these procedures require the council to manage risk actively. The annual treasury management strategy for 2021/22, which incorporates the prudential indicators was approved by Council on 02 March 2021 and is available on the council's website.

The authority's activities expose it to a variety of financial risks, including 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 authority
- Liquidity Risk – the possibility that the council might not have funds available to meet its commitments to make payments
- Re-Financing Risk - the possibility that the council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market Risk – the possibility that financial loss may arise for the council as a result of changes in such measures as interest rates and stock market movements.

### Credit Risk - Investments

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

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

The council invests its cash balances on the basis of prudence first and returns second. As part of this prudent approach officers keep a daily watch on the council's investments, drawing upon the advice of experts in the field whilst remaining cognisant of emerging economic themes that may pose risks from

other sources including the financial press. This includes subscribing to the creditworthiness service provided by Link Asset Services.

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

The Annual Investment Strategy requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with either Fitch, Moody's 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
- CDS spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

The full Investment Strategy for 2021/22 was approved by Full Council on 02 March 2021 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 non-recoverability applies to all of the council's deposits, but there was no evidence at the 31 March 2022 that this was likely to crystallise.

## AMOUNTS ARISING FROM EXPECTED CREDIT LOSSES (34B)

The council has 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 investments held as at 31 March 2022.

## CREDIT RISK EXPOSURE (34C)

The table below shows the council's Exposure to Credit Risk at 31 March 2022. This is not the recognised credit losses but outlines the exposure only:

	Credit Risk Rating	Gross Carrying Amount £000's
12-Month Expected Credit Losses	A	33,003
12-Month Expected Credit Losses	Other	18,195

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.

## Credit Risk - Receivables

Trade receivables arise from the provision of goods and services and the carrying out of the council's functions. The impairment loss allowances shown in Note 13 reflect the credit quality of the debtors. These have been calculated for each service or debt type (such as adult social care, parking or sundry debt), by reference to the council's historic experience of default with an adjustment for current and forecast economic conditions specific to each area. The impairment loss allowances for receivables are reviewed annually.

Debts owed from central government and other public bodies are excluded from impairment losses and credit risk.

## 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:

<b>Maturity analysis of financial assets</b>	<b>31 March 2021 £000's</b>	<b>31 March 2022 £000's</b>
<b>Investments Outstanding:</b>		
Debt Management Office	196,501	492,130
UK Banks and Building Society	62,863	71,155
Other	2,145	2,910
<b>Total Investments outstanding</b>	<b>261,509</b>	<b>566,195</b>
Less than 1 year	260,689	563,343
Between 1 and 2 years	-	-
Between 2 and 5 years	198	116
Between 5 and 10 years	-	-
More than 10 years	622	2,736
<b>Total Investments outstanding</b>	<b>261,509</b>	<b>566,195</b>

## 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):

Maturity analysis of financial liabilities	Approved minimum limits	Approved maximum limits	31 March 2021 £000's	31 March 2022 £000's
<b>Loans Outstanding:</b>				
Public Works Loans Board			(554,414)	(779,728)
Market Debt			(90,817)	(89,466)
Temporary Borrowing			-	-
Other			(20,619)	(26,651)
<b>Total Loans outstanding</b>			<b>(665,850)</b>	<b>(895,845)</b>
Less than 1 year	0%	10%	(44,238)	(50,613)
Between 1 and 2 years	0%	20%	(15,930)	(10,556)
Between 2 and 5 years	0%	20%	(38,221)	(45,982)
Between 5 and 10 years	0%	20%	(63,827)	(63,951)
More than 10 years	30%	90%	(503,635)	(724,743)
<b>Total Loans outstanding</b>			<b>(665,850)</b>	<b>(895,845)</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 and investments 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. The council does not hold any borrowings or investments at variable rates, and any negative changes to the LOBO interest rates would allow the council the option to call the loan.

If the council were to maintain the current balance of fixed investments, deposits and cash equivalents of £528m and interest rates increased or decreased by 1% when these fixed terms expired and were renewed at a higher or lower rate, the council's interest receivable could increase or decrease by £5m.

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.

## INCOME AND EXPENDITURE STATEMENT

Housing Revenue Account Income and Expenditure Statement	Note	2020/21 £000's	2021/22 £000's
<b>Expenditure</b>			
Repairs and Maintenance		12,907	11,339
Supervision and management		21,993	25,554
Rent, rates, taxes and other charges		336	942
Depreciation and impairment of non-current assets	6	41,302	42,644
Debt Management Costs		33	57
Revenue expenditure funded from capital under statute	8	1,688	6,859
<b>Total Expenditure</b>		<b>78,259</b>	<b>87,395</b>
<b>Income</b>			
Dwelling rents		(55,978)	(55,609)
Non-dwelling rents		(1,397)	(1,473)
Charges for services and facilities		(4,913)	(4,788)
Contributions towards expenditure		(2,470)	(2,507)
<b>Total Income</b>		<b>(64,759)</b>	<b>(64,377)</b>
<b>Net Cost of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement</b>		<b>13,500</b>	<b>23,018</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		2,744	4,366
<b>Net Cost of HRA Services</b>		<b>16,522</b>	<b>27,662</b>
(Gain) or loss on disposal of HRA fixed assets		(27,907)	(16,776)
Interest payable and similar charges		7,699	7,113
Interest and investment income		(211)	(126)
Pension Interest cost and expected return on pension assets		1,080	1,059
Capital grants and contributions receivable		(1,052)	(362)
<b>(Surplus) or deficit for the year on HRA services</b>		<b>(3,869)</b>	<b>18,570</b>

## MOVEMENT ON THE HRA STATEMENT

	2020/21 £000's	2021/22 £000's
<b>Movement on the HRA Statement</b>		
Balance on the HRA at the end of the previous reporting period	4,925	4,925
Surplus or (deficit) for the year on the HRA Income and Expenditure Statement	3,869	(18,570)
Adjustments between accounting basis and funding basis under statute	(709)	18,570
<b>Net increase or decrease before transfers to or from reserves</b>	<b>3,160</b>	<b>-</b>
Transfers to or from reserves	(3,160)	-
<b>Increase or decrease in year on the HRA</b>	<b>-</b>	<b>-</b>
<b>Balance on the HRA at the end of the current year</b>	<b>4,925</b>	<b>4,925</b>

## ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER STATUTE

	2020/21 £000's	2021/22 £000's
<b>Adjustments between accounting basis and funding basis under statute</b>		
Holiday Pay (transferred to the Accumulated Absences Reserve)	94	(27)
Net gain or loss on sale of non-current assets	(27,907)	(16,776)
Pensions Costs (transferred to (or from) the Pension Reserve)	2,174	3,071
Capital Expenditure Financed from Revenue Balances (transfer to the Capital Adjustment Account)	(2,757)	(1,012)
Posting of HRA Resources from Revenue to the Major Repairs Reserve	(14,251)	(15,826)
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)	41,939	49,140
<b>Total Adjustments</b>	<b>(709)</b>	<b>18,570</b>

# Notes to the Housing Revenue Account

## Note 1 Housing Stock Units

The council's stock of dwellings increased during the year from 11,700 to 11,773, a net increase of 73 dwellings. This increase is due to new builds from regeneration programmes. In addition to the units listed below, the council also owns the freehold on 4,902 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 2021	Movement during the year			31 March 2022
Stock type	Units	RTB Disposals	Other Disposals	Acquisitions	Units
Flats	8,501	(41)	(10)	143	8,593
Houses	2,840	(15)	(6)	23	2,842
Temporary Accommodation (Hostels)	285	-	(21)	-	264
Shared Ownership	55	-	-	-	55
Short Leases	19	-	-	-	19
Long Leases	-	-	-	-	-
<b>Total Dwellings Units</b>	<b>11,700</b>	<b>(56)</b>	<b>(37)</b>	<b>166</b>	<b>11,773</b>

## Note 2 Non-current Assets Valuation

The vacant possession value of dwellings within the HRA as 31 March 2022 is £3,670m. 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 2021	2021/22					31 March 2022
Non-current Assets Valuation	Total Non-Current Assets £000's	Council Dwellings £000's	Other Land & Buildings £000's	Vehicles, Plant & Equipment £000's	Surplus Assets £000's	Assets Under Construction £000's	Total Non-Current Assets £000's
<b>Opening Net Book Value at 1 April</b>	<b>878,911</b>	<b>879,157</b>	<b>21,829</b>	<b>17</b>	<b>1,467</b>	<b>39,179</b>	<b>941,649</b>
Revaluations	31,323	41,292	1,732	-	(155)	-	42,869
Capital Expenditure	60,942	39,098	354	111	-	13,206	52,769
Disposals	(3,552)	(7,785)	-	-	-	-	(7,785)
Derecognitions	(10,710)	(4,693)	(464)	-	-	-	(5,157)
Depreciation for the year	(14,251)	(14,845)	(928)	(3)	(51)	-	(15,827)
Reclassification	-	12,324	-	-	-	(12,015)	309
Other movements	(1,017)	465	-	-	-	-	465
<b>Closing Net Book Value at 31 March</b>	<b>941,646</b>	<b>945,013</b>	<b>22,523</b>	<b>125</b>	<b>1,261</b>	<b>40,370</b>	<b>1,009,292</b>

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

	2020/21 £000's	2021/22 £000's
<b>Rent Arrears</b>		
<b>Tenants:</b>		
Dwellings	3,801	3,575
Temporary Accommodation (net)	1,359	1,421
Long Leases (net)	17	17
<b>Total</b>	<b>5,177</b>	<b>5,013</b>
<b>Leaseholders:</b>		
Service Charge - Capital	1,337	1,047
Service Charge - Revenue	644	671
<b>Total</b>	<b>1,981</b>	<b>1,718</b>

	2020/21 £000's	2021/22 £000's
<b>Provision for Bad or Doubtful Debts</b>		
<b>Tenants:</b>		
Provision at 1 April	3,200	3,557
Write-offs in year	(345)	(371)
Increase in provision	702	237
<b>Provision at 31 March</b>	<b>3,557</b>	<b>3,423</b>

## Note 4 Major Repairs Reserve

	2020/21 £000's	2021/22 £000's
<b>Major Repairs Reserve (MRR)</b>		
<b>Balance at 1 April</b>	-	-
Depreciation charges for all dwellings	14,251	15,826
Capital projects funded from the MRR	(14,251)	(15,826)
<b>Balance at 31 March</b>	-	-

## Note 5 Capital Receipts

	2020/21 £000's	2021/22 £000's
<b>Capital Receipts</b>		
Council Dwellings	42,169	29,717
<b>Total</b>	<b>42,169</b>	<b>29,717</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 2021/22 £1.5m (2020/21 £1.5m) of receipts was paid into the pool.

## Note 6 Depreciation and Impairment Charge

	2020/21 £000's	2021/22 £000's
<b>Depreciation and Impairment Charge</b>		
<b>Depreciation Charges</b>		
Council Dwellings	13,202	14,845
Other Land & Buildings	943	928
Vehicles, Plant, Furniture and Equipment	-	3
Surplus Assets	106	51
<b>Total</b>	<b>14,251</b>	<b>15,827</b>
<b>Impairment Charges / Revaluation Losses/(Gains)</b>		
Dwellings and Other Land and Buildings	27,051	26,817
<b>Total</b>	<b>41,302</b>	<b>42,644</b>

## Note 7 Capital Expenditure and Funding

	2020/21 £000's	2021/22 £000's
<b>Capital expenditure and funding</b>		
<b>Total Capital Expenditure</b>	<b>62,629</b>	<b>59,628</b>
Funded by:		
Borrowing	1,843	23,200
Capital Receipts	42,726	19,127
Revenue contributions	2,757	1,012
Major Repairs Reserve	14,251	15,826
Leaseholder's Income	524	463
Capital Grants	529	-
<b>Total</b>	<b>62,629</b>	<b>59,628</b>

## Note 8 Revenue Expenditure Funded from Capital Under Statute

	2020/21 £000's	2021/22 £000's
<b>Revenue Expenditure Funded from Capital under Statute</b>		
Dwellings	-	-
Other Properties	1,688	6,859
<b>Total</b>	<b>1,688</b>	<b>6,859</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 Statement

## THE COLLECTION FUND STATEMENT

	Council Tax £000's	NNDR/ BRS £000's	31 March 2021 Total £000's	Council Tax £000's	NNDR/ BRS £000's	31 March 2022 Total £000's
<b>COLLECTION FUND 2021/22</b>						
<b>INCOME</b>						
Income from Council Tax Payers	(186,257)	-	(186,257)	(199,599)	-	(199,599)
Income Collectable from Business Ratepayers	-	(99,152)	(99,152)	-	(121,056)	(121,056)
Income Collectable from Business Ratepayers - BRS	-	(2,731)	(2,731)	-	(3,311)	(3,311)
<b>TOTAL INCOME</b>	<b>(186,257)</b>	<b>(101,883)</b>	<b>(288,140)</b>	<b>(199,599)</b>	<b>(124,367)</b>	<b>(323,966)</b>
<b>EXPENDITURE</b>						
<b>Precepts &amp; Demands</b>						
Local Demand (LBE)	144,780	45,599	190,379	152,395	45,267	197,662
Greater London Authority (GLA)	38,798	56,239	95,037	42,598	55,829	98,427
Central Government (MHCLG)	-	50,159	50,159	-	49,794	49,794
	<b>183,578</b>	<b>151,997</b>	<b>335,577</b>	<b>194,993</b>	<b>150,890</b>	<b>345,883</b>
<b>Contributions Towards Previous Year Estimated Surplus/(Deficit)</b>						
Local Demand (LBE)	1,231	12	1,243	(2,969)	(17,848)	(20,817)
Greater London Authority (GLA)	331	7	338	(796)	(22,075)	(22,871)
Central Government (MHCLG)	-	584	584	-	(19,686)	(19,686)
	<b>1,562</b>	<b>603</b>	<b>2,164</b>	<b>(3,765)</b>	<b>(59,609)</b>	<b>(63,374)</b>
<b>Charges to the Collection Fund</b>						
Transitional Protection Payment (Reveivable)/Payable	-	209	209	-	252	252
Less: Costs of Collection - NNDR	-	499	499	-	498	498
Less: Write offs of uncollectable amounts	(2)	-	(2)	(4)	(4)	(8)
Less: Increase/(Decrease) in Bad Debt Provision	8,314	12,573	20,887	3,920	3,704	7,624
Less: Write offs of uncollectable amounts relating to appeals	-	-	-	-	(4,877)	(4,877)
Less: Increase/(Decrease) in Provision for Appeals	-	11,671	11,671	-	10,289	10,289
	<b>8,312</b>	<b>24,952</b>	<b>33,263</b>	<b>3,916</b>	<b>9,862</b>	<b>13,778</b>
<b>Business Rate Supplement (BRS)</b>						
Payment to Lewying Authority (GLA)	-	2,722	2,722	-	3,302	3,302
Costs of Collection - BRS	-	9	9	-	9	9
	<b>-</b>	<b>2,731</b>	<b>2,731</b>	<b>-</b>	<b>3,311</b>	<b>3,311</b>
<b>TOTAL EXPENDITURE</b>	<b>193,452</b>	<b>180,283</b>	<b>373,735</b>	<b>195,144</b>	<b>104,454</b>	<b>299,598</b>
<b>MOVEMENTS ON THE COLLECTION FUND</b>						
Opening Fund Balance 1 April	(168)	(796)	(964)	7,027	77,604	84,631
Closing Fund Balance 31 March	7,027	77,604	84,631	2,572	57,691	60,263
<b>MOVEMENT ON FUND BALANCE</b>	<b>7,195</b>	<b>78,400</b>	<b>85,595</b>	<b>(4,455)</b>	<b>(19,913)</b>	<b>(24,368)</b>
<b>ANALYSIS OF CLOSING FUND BALANCE</b>						
Ealing Council	5,552	23,246	28,798	2,039	17,307	19,346
Central Government (MHCLG)	-	25,570	25,570	-	18,983	18,983
Greater London Authority (GLA)	1,475	28,788	30,263	533	21,401	21,934
<b>CLOSING FUND BALANCE</b>	<b>7,027</b>	<b>77,604</b>	<b>84,632</b>	<b>2,572</b>	<b>57,691</b>	<b>60,263</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 (MHCLG) and the Greater London Authority (GLA).

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

## Note 2 Council Tax

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

The council tax base was 117,138 for 2021/22 (116,838 for 2020/21).

The basic amount of council tax for a Band D property (£1,664.65 for 2021/22 (£1,571.23 for 2020/21)) is multiplied by the proportion specified for the particular band to give an individual amount due.

### COUNCIL TAX BASE

The council tax base for 2021/22 was approved at the Council meeting on 2 March 2021. Details are shown below:

Band	Estimated No. of properties after discounts, exemptions and council tax support	Ratio	Equivalent No. of Band D properties
A	3,063	6/9	2,042
B	7,882	7/9	6,130
C	25,343	8/9	22,527
D	37,914	9/9	37,914
E	20,262	11/9	24,765
F	9,188	13/9	13,272
G	6,584	15/9	10,974
H	952	18/9	1,905
<b>Total Council Tax Base</b>	<b>111,189</b>		<b>119,529</b>
Adjustment for actual collection rate			2,391
<b>Council Tax Base for 2021/22</b>			<b>117,138</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 2022 was £375.4m (£379.7m at 31 March 2021). The national multipliers for 2021/22 were 49.9p for qualifying small businesses (49.9p in 2020/21) and the standard multiplier being 51.2p for all other businesses (51.2p in 2020/21).

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

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

## Note 4 Business Rates Supplements

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

## Note 5 London Business Rates Pool

This council was part of the London Business Rates Pool in 2020/21, however this arrangement was dissolved in 2021/22.

# Pension Fund Account

FUND ACCOUNT			
	Notes	2020/21 £'000	2021/22 £'000
<b>Dealings with members, employers and others directly involved in the fund</b>			
Contributions	6	(65,828)	(44,243)
Transfers in from other Pension Funds	6a	(7,213)	(6,121)
		<b>(73,041)</b>	<b>(50,364)</b>
Benefits	7	48,485	51,464
Payments to and on account of leavers	7a	7,735	4,306
		<b>56,220</b>	<b>55,770</b>
<b>Net (additions)/withdrawals from dealings with Members</b>		<b>(16,821)</b>	<b>5,406</b>
Management Expenses	8	5,068	5,186
<b>Net (additions)/withdrawals Including Fund Management Expenses</b>		<b>(11,753)</b>	<b>10,592</b>
<b>Returns on Investments</b>			
Investment Income	9	(23,862)	(24,751)
Taxes on Income	9	8	6
Profit and losses on disposal of investments and changes in Value of investments	14	(245,378)	(58,895)
<b>Net return on investments</b>		<b>(269,232)</b>	<b>(83,640)</b>
<b>Net (Increase) in the Net Assets Available for Benefits During the Year</b>		<b>(280,985)</b>	<b>(73,048)</b>
<b>Opening Net Assets of the Scheme</b>		<b>(1,192,157)</b>	<b>(1,473,142)</b>
<b>Closing Net Assets of the Scheme</b>		<b>(1,473,142)</b>	<b>(1,546,190)</b>

NET ASSET STATEMENT			
	Notes	2020/21 £'000	2021/22 £'000
Investment Assets	11	1,448,031	1,542,522
Investment Liabilities	11	(2,686)	(2,780)
<b>Total net investments</b>		<b>1,445,345</b>	<b>1,539,742</b>
Current Assets	17	29,150	8,531
		<b>1,474,495</b>	<b>1,548,273</b>
Current Liabilities	18	(1,353)	(2,083)
<b>Net Assets of the Fund available to fund benefits at the end of the reporting period</b>		<b>1,473,142</b>	<b>1,546,190</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.

Emilly Hill  
Strategic Director Resources  
4 December 2024

Councillor Nagpal  
Chair of the Audit Committee  
4 December 2024

# Notes to the Pension Fund Account

## Note 1 General Description of the Pension Fund

### GENERAL

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

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

The Fund was established under section 7 of the Superannuation Act 1972 and is currently governed by the Public Service Pensions Act 2013 and the following secondary legislation:

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

### FUNDING

The Fund is financed by contributions from members, the Council, other admitted and scheduled bodies and from interest and dividends on the Fund's investments. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013. Contributions range from 5.50% to 12.50% and 2.75% to 6.25% of pensionable pay for the main scheme and 50/50 section respectively, for the financial year ended 31 March 2022. Employers pay contributions into the Fund based on rates determined by the appointed actuary following triennial funding valuations. The last such valuation was as at 31 March 2019. The employer contributions rates emerging from the 2019 valuation range from 13.5% to 24.7% of the pensionable pay.

### BENEFITS

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

	Service pre 1 April 2008	Service post 31 March 2008
<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 1/49th. Accrued pension is updated annually in line with the Consumer Prices Index. Benefits for service prior to 1 April 2014 are protected and continue to be based on the table shown above.

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

## GOVERNANCE

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

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

## INVESTMENT PRINCIPLES

The LGPS (Management and Investment of Funds) Regulations 2016 require administering authorities to prepare and keep up-to-date, a written statement recording the investment policy of the Pension Fund. The Investment Strategy Statement is publicly available via the Council's website, on the 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
Ark Soane	Greenwich Leisure
Beaconsfield Primary	Innovate - Northolt High School
Brentside High School	Innovate Services Ltd
Brentside Primary Academy	IFS Ltd (International Facilities Services)
Christ the Saviour CofE Primary School	Minster Care
Dormers Wells Infant (Dormers Wells Learning Trust)	Mitie
Dormers Wells Junior Academy (Dormers Wells Learning Trust)	Pabulum
Dormers Wells High Academy (Dormers Wells Learning Trust)	Serco Group
Drayton Manor Academy	SLM - community leisure
Ellen Wilkinson High School	SLM - Dormers Wells
Featherstone Academy (Grand Union Multi Academy Trust)	
Greenford High School	
Northolt High School	
Selborne Primary School	
St Anne's School	
St Marys Church of England Academy	
Twyford Ce Academies Trust	
University of West London	
Wood End Academy	
Wood End Infant School	
Woodlands Academy (Grand Union Multi Academy Trust)	

The following table summarises the membership numbers of the Fund:

	31 March 2021	31 March 2022
<b>Number of Active Members</b>		
London Borough of Ealing	5,617	5,401
Other employers	2,066	2,004
<b>Total</b>	<b>7,683</b>	<b>7,405</b>
<b>Number of pensioners</b>		
London Borough of Ealing	6,688	6,826
Other employers	912	969
<b>Total</b>	<b>7,600</b>	<b>7,795</b>
<b>Number of Deferred pensioners</b>		
London Borough of Ealing	7,745	7,892
Other employers	2,048	2,197
<b>Total</b>	<b>9,793</b>	<b>10,089</b>
<b>Total number of members in the scheme</b>	<b>25,076</b>	<b>25,289</b>

## Note 2 Basis of Preparation of Financial Statements

The Statement of Accounts (SoA) summarises the Fund's transactions for 2021/22 and its position as at 31 March 2022. The SoA has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (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.

Employer's augmentation and pension strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid is classed as a current financial asset.

#### TRANSFERS TO AND FROM OTHER SCHEMES

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the LGPS Regulations. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged. Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

#### INVESTMENT INCOME

Dividends from quoted securities are accounted for when the security is declared ex-dividend. Investment income is reported gross of withholding taxes which are accrued in line with the associated investment income. Investment income arising from the underlying investments of the Pooled Investment Vehicles is either reinvested within the Pooled Investment Vehicles and reflected in the unit price or taken as a cash dividend to support the Fund's outgoing cash flow requirements. Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination distributions from Pooled Investment Vehicles are recognised at the date of issue.

Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset. Where the amount of an income distribution has not been received from an investment manager by the balance sheet date, an estimate based upon the market value of their mandate at the end of the year is used.

Accrued interest is excluded from the market value of fixed interest securities but is included in investment income receivable. Income from cash and short-term deposits are also accounted for on an accruals basis.

Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits and losses during the year.

## **FUND ACCOUNT – EXPENSE ITEMS**

### **BENEFITS PAYABLE**

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

### **TAXATION**

The Fund is an exempt approved fund under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. As the Council is the administering authority for the Fund, VAT input tax is recoverable on all Fund activities including expenditure on investment expenses. Where tax can be reclaimed, investment income in the accounts is shown gross of UK tax. Income from overseas investments suffers withholding tax in the country of origin unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

### **MANAGEMENT EXPENSES**

The Pension Fund management expenses are accounted for in accordance with the CIPFA guidance on 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 fund account.

## 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 Assets 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 pound 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 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 2021/22.

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

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

This applies particularly to the estimation of the net liability to pay pensions, which depends upon a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The Council's actuaries are engaged to provide the Fund with expert advice about the assumptions to be applied (see Appendix A).

The financial statements contain figures that are based on assumptions made by our Private Equity managers. Estimates are made taking into account historical experience, current trends and other relevant factors. The items in the Net Assets Statement at 31 March 2022 for which there is a risk of material adjustment during the financial year is as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (appendix A)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and returns on fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in assumptions can be measured. For instance, a 0.1% p.a. increase in the discount rate would reduce the liabilities by c£41.1m.
Private equity	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 equity investments are valued at £52.510m (£40.199m: 2020/21) in the financial statements. The fair value of these investments is based on forward-looking estimates. Further details are shown in note 14a if actual results differ from assumptions.
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 £54.726m (£27.455m: 2020/21). The fair value of these investments is based on forward-looking estimates. Further details are shown in note 14a if actual results differ from assumptions.

## 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 'Employee Benefits'. These assumptions are summarised in **Appendix A**. The estimates are sensitive to changes in the underlying assumptions underpinning the valuations.

## EVENTS AFTER THE NET ASSET STATEMENT DATE

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

## Note 6 Contributions Receivable

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

By Category	2020/21 £'000	2021/22 £'000
Employees' normal contributions	(11,539)	(12,106)
<b>Employer's contributions:</b>		
Normal contributions	(28,234)	(29,504)
Deficit recovery contributions	(25,433)	(2,080)
Augmentation contributions	(622)	(553)
<b>Total employers' contributions</b>	<b>(54,289)</b>	<b>(32,137)</b>
<b>Total contributions receivable</b>	<b>(65,828)</b>	<b>(44,243)</b>

By type of Employer	2020/21 £'000	2021/22 £'000
Administering Authority	(55,613)	(33,448)
Scheduled bodies	(9,797)	(10,261)
<b>Admitted bodies</b>	<b>(418)</b>	<b>(534)</b>
<b>Total</b>	<b>(65,828)</b>	<b>(44,243)</b>

## Note 6a Transfers In From Other Pension Funds

	2020/21 £'000	2021/22 £'000
Individual transfers	(7,213)	(6,121)
	<b>(7,213)</b>	<b>(6,121)</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	2020/21 £'000	2021/22 £'000
Pensions	42,211	42,822
Commutation and lump sum retirement benefits	5,358	7,168
Lump sum death benefits	916	1,474
<b>Total</b>	<b>48,485</b>	<b>51,464</b>

By type of Employer	2020/21 £m	2021/22 £m
Administering Authority	44,647	47,041
Scheduled Bodies	3,531	4,096
Admitted Bodies	307	327
	<b>48,485</b>	<b>51,464</b>

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

By Type	2020/21 £'000	2021/22 £'000
Refunds to members leaving service	162	141
Individual transfers	7,573	4,165
	<b>7,735</b>	<b>4,306</b>

## Note 8 Management Expenses

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

	2020/21 £'000	2021/22 £'000
Administrative costs	1,271	1,465
Investment management expenses	3,350	3,322
Oversight and Governance costs	447	399
	<b>5,068</b>	<b>5,186</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.

	2020/21 £'000	2021/22 £'000
Management fees	2,956	2,871
Performance fees	25	28
Custody fees	118	126
Transaction costs	251	297
<b>Total</b>	<b>3,350</b>	<b>3,322</b>

## Note 9 Investment Income

	2020/21 £'000	2021/22 £'000
Fixed interest securities	12,883	13,798
Equity dividends	2,981	1
Pooled investments	7,905	10,932
Interest and cash deposits	87	18
<b>Investment income</b>	<b>23,856</b>	<b>24,749</b>
Other income	5	2
<b>Total before taxes</b>	<b>23,861</b>	<b>24,751</b>
Taxes on income	(8)	(6)
<b>Total</b>	<b>23,853</b>	<b>24,745</b>

## Note 10 External Audit Costs

The fees payable to the Fund's external auditors Deloitte was £43k (£46k: in 2020/21).

	2020/21 £'000	2021/22 £'000
Payable in respect of external audit	46	43
	<b>46</b>	<b>43</b>

## Note 11 Investments

The table shows the analysis of investments held by the Fund as at 31 March 2022:

	Market Value 31 March 2021 £'000	Market Value 31 March 2022 £'000
<b>Investment Assets</b>		
<b>Bonds</b>	<b>354,740</b>	<b>352,223</b>
<b>Equities</b>	<b>-</b>	<b>6</b>
<b>Pooled Funds</b>		
Fixed Income Unit Trusts	10,391	10,766
Infrastructure Funds	27,455	54,726
Global Equity	814,675	902,865
	<b>852,521</b>	<b>968,357</b>
<b>Other Investments</b>		
Pooled Property Investments	118,664	136,588
Private Equity	40,199	52,510
	<b>158,863</b>	<b>189,098</b>
Cash Deposits	77,569	27,483
Investment Income Due	4,273	5,291
Amounts Receivable for Sales	65	64
	<b>81,907</b>	<b>32,838</b>
<b>Total Investment Assets</b>	<b>1,448,031</b>	<b>1,542,522</b>
<b>Investment liabilities</b>		
Amounts payable for purchases	(2,686)	(2,780)
<b>Total investment assets</b>	<b>1,445,345</b>	<b>1,539,742</b>

## Note 12 Reconciliation in movement in Investments

2021/22	Market value 1 April 2021 £'000	Purchases during the year £'000	Sales during the year £'000	Change in market value during the year £'000	Market value 31 March 2022 £'000
Bonds	354,740	65,291	(40,486)	(27,322)	352,223
Equities	-	6	-	-	6
Pooled Investments	852,521	69,834	(20,189)	66,190	968,357
Pooled Property Investments	118,664	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>210,517</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>1,445,345</b>			<b>58,114</b>	<b>1,539,742</b>

2020/21	Market value 1 April 2020 £'000	Purchases during the year £'000	Sales during the year £'000	Change in market value during the year £'000	Market value 31 March 2021 £'000
Bonds	304,277	71,550	(35,655)	14,568	354,740
Equities	201,695	43,422	(257,503)	12,386	-
Pooled Investments	471,994	327,227	(166,455)	219,755	852,521
Pooled Property Investments	119,023	13	-	(372)	118,664
Private Equity	21,556	22,140	(2,559)	(938)	40,199
Cash Instruments	48,734	203,866	(182,660)	-	69,940
<b>Total</b>	<b>1,167,279</b>	<b>668,219</b>	<b>(644,832)</b>	<b>245,399</b>	<b>1,436,064</b>
Investment Cash	7,420			(118)	7,629
Amounts receivable from Sales	231			-	65
Investment Income due	5,563			(4)	4,273
Payable for Purchases	(1,091)				(2,686)
<b>Net investment assets</b>	<b>1,179,402</b>			<b>245,275</b>	<b>1,445,345</b>

## Note 13 Investments analysed by Fund Manager

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

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

Fund Manager	Mandate	Market Value 31 March 2021 £'000	%	Market Value 31 March 2022 £'000	%
<b>Investments managed within the London CIV</b>					
Baillie Gifford	Global Equity (Active)	273,632	19	255,990	17
<b>Investments managed outside of the LCIV</b>					
Royal London	UK Corporate (Active)	371,880	26	358,119	23
	UK Government (Active)	3,752	0	-	0
	UK corporate (Pooled)	10,391	1	10,766	1
BlackRock	Global Equities	-	0	48,370	3
Legal & General	Future World - Global Equities (Passive)	274,702	19	301,093	20
	MSCI World - Global Equities (Passive)	266,263	18	297,838	19
Brightwood	Private Debt (Overseas Pooled)	5,610	0	6,638	0
Churchill	Private Debt (Overseas Pooled)	15,085	1	16,756	1
Permira	Private Debt (UK Pooled)	19,161	1	29,124	2
Lothbury	UK Property (Pooled)	44,139	3	50,619	3
Hermes	UK Property (Pooled)	42,985	3	50,408	3
Standard Life	UK Property (Pooled)	38,525	3	43,918	3
JP Morgan	Infrastructure (Overseas Pooled)	27,455	2	54,726	4
Ealing In-house Cash		51,765	4	15,377	1
<b>Total outside the pool</b>		<b>1,171,713</b>	<b>81</b>	<b>1,283,752</b>	<b>83</b>
<b>Total Investments</b>		<b>1,445,345</b>	<b>100</b>	<b>1,539,742</b>	<b>100</b>

## Note 13a Investments Exceeding 5% of Net Assets

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

	2020/21		2021/22	
	Market Value £'000	Holding %	Market Value £'000	Holding %
LCIV GLOBAL ALPHA GROWTH FUND	273,632	19	255,990	17
FUTURE WORLD FUND	274,702	19	301,093	20
MSCI WORLD CARBON TARGET FUND	266,263	18	297,838	19
<b>Total</b>	<b>814,597</b>	<b>56</b>	<b>854,921</b>	<b>56</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 instruments 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 2022.

Assets exposed to Volatility risk	Value £'000	1 year expected Volatility %	Value on Increase £'000	Value on decrease £'000
<b>As at 31 March 2022</b>				
Private Debt	52,510	9.0	57,236	47,784
Infrastructure	54,726	14.6	62,716	46,736
<b>Total</b>	<b>107,236</b>		<b>119,952</b>	<b>94,520</b>
<b>As at 31 March 2021</b>				
Private Debt	40,199	4.6	42,048	38,350
Infrastructure	27,455	21	33,221	21,689
	<b>67,654</b>		<b>75,269</b>	<b>60,039</b>

## 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 2021			31 March 2022		
	Quoted market price	Using observable inputs	With significant unobservable inputs	Quoted market price	Using observable inputs	With significant unobservable inputs
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
<b>Financial Assets</b>						
Held at fair value through profit and loss	58,646	1,317,393	67,654	10,336	1,374,502	149,612
	<b>58,646</b>	<b>1,317,393</b>	<b>67,654</b>	<b>10,336</b>	<b>1,374,502</b>	<b>149,612</b>
<b>Grand Total</b>		<b>1,443,693</b>			<b>1,534,450</b>	

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

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

2021/22	Opening balance	Transfers out Level 3	Purchases	Sales	Unrealised gains/losses	Realised gains/losses	Closing balance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Pooled investments - private Debt	40,199	-	12,863	(1,971)	1,461	(42)	52,510
<b>Total</b>	<b>40,199</b>	<b>-</b>	<b>12,863</b>	<b>(1,971)</b>	<b>1,461</b>	<b>(42)</b>	<b>52,510</b>
Pooled investments - Infrastructure	27,455	-	26,584	(189)	892	(16)	54,726
<b>Total</b>	<b>27,455</b>	<b>-</b>	<b>26,584</b>	<b>(189)</b>	<b>892</b>	<b>(16)</b>	<b>54,726</b>

## Note 14d Classification of Financial Instruments

	31 March 2021			31 March 2022		
	Financial Assets held at Fair Value through Profit and Loss	Financial Assets held at Amortised cost	Financial liabilities at amortised cost	Financial Assets held at Fair Value through Profit and Loss	Financial Assets held at Amortised cost	Financial liabilities at amortised cost
	£'000	£'000	£'000	£'000	£'000	£'000
Bonds	354,740	-	-	352,223	-	-
Equities	-	-	-	6	-	-
<b>Pooled investment vehicles</b>						
Fixed Income Unit Trusts	10,391	-	-	10,766	-	-
Property	118,664	-	-	136,588	-	-
Infrastructure Funds	27,455	-	-	54,726	-	-
Global Equity	814,675	-	-	902,865	-	-
Private Equity	40,199	-	-	52,510	-	-
<b>Cash Instruments</b>						
Cash deposits	77,569	-	-	27,483	-	-
Unsettled sales	-	65	-	-	64	-
Accrued income	-	4,273	-	-	5,291	-
<b>Total investment assets</b>	<b>1,443,693</b>	<b>4,338</b>	<b>-</b>	<b>1,537,167</b>	<b>5,355</b>	<b>-</b>
<b><u>Investment Liabilities</u></b>						
Unsettled Purchases	-	-	(2,686)	-	-	(2,780)
<b>Net Investment assets</b>	<b>1,443,693</b>	<b>4,338</b>	<b>(2,686)</b>	<b>1,537,167</b>	<b>5,355</b>	<b>(2,780)</b>
<b><u>Other financial assets</u></b>						
Contributions Due	-	566	-	-	7,721	-
Cash Balances	-	28,401	-	-	672	-
Other debtors	-	183	-	-	138	-
	<b>1,443,693</b>	<b>33,488</b>	<b>2,686)</b>	<b>1,537,167</b>	<b>13,886</b>	<b>(2,780)</b>
<b><u>Financial Liabilities</u></b>						
Current Liabilities	-	(919)	-	-	(1,610)	-
	-	<b>(919)</b>	-	-	<b>(1,610)</b>	-
<b>Total</b>	<b>1,443,693</b>	<b>32,569</b>	<b>(2,686)</b>	<b>1,537,167</b>	<b>12,276</b>	<b>(2,780)</b>
<b>Grand Total</b>	<b>1,473,576</b>			<b>1,546,663</b>		

The classification of current liabilities excludes the Fund's liability for PAYE of £473k (2021: £334k) as this is not classified as a financial instrument. Included within those financial instruments held at fair value through profit and loss, are bonds of £352,223k (2021: £354,740k) that were designated as fair value through profit and loss on initial purchase.

## Note 15 Net Gains and Losses on Financial Instruments

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

	31 March 2021 £'000	31 March 2022 £'000
<b>Financial Assets</b>		
Held at fair value through profit and loss	245,382	58,899
	<b>245,382</b>	<b>58,899</b>
<b>Financial Liabilities</b>		
Held at fair value through profit and loss	(4)	(4)
<b>Total</b>	<b>245,378</b>	<b>58,895</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.

There has been uncertainty in financial markets as a result of the conflict in Ukraine, and the associated sanctions against Russia which led to volatility in investment markets. The Fund engaged with fund managers as events unfolded to ensure they were following the guidelines which applied to the portfolios they are responsible for. Exposure across the Fund's assets was small. Officers continue to monitor developments and collaborate with fund managers to ensure that any changes to sanctions regimes are implemented immediately.

## 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 share price 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 by factors affecting all such instruments in the market. 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 12.8% (10.01%: 2021). The Fund believes that 12.8% 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:

<b>Assets exposed to price risk</b>	<b>Value £'000</b>	<b>Value on 12.8% price increase £'000</b>	<b>Value on 12.8% price decrease £'000</b>
As at 31 March 2022	1,094,179	1,234,234	954,124
As at 31 March 2021	960,794	1,056,970	864,619

## INTEREST RATE RISK

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

The table below demonstrates the change in value of these assets had the interest rate increased or decreased by 1% along with an average duration of 7.2 years (8.2 years: 2021). It should be noted that an increase in the interest rates results in a decrease in the value of the portfolio and vice versa.

<b>Assets exposed to interest rate risk</b>	<b>Value £'000</b>	<b>Value on 7.2% interest rate increase £'000</b>	<b>Value on 7.2% interest rate decrease £'000</b>
As at 31 March 2022	442,982	411,087	474,877
As at 31 March 2021	482,700	406,399	479,001

## 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 9.5% (9.8%: 2021) strengthening/weakening of the pound against foreign currencies:

<b>Assets exposed to currency risk</b>	<b>Value £'000</b>	<b>Value on 9.5% foreign exchange rate increase £'000</b>	<b>Value on 9.5% foreign exchange rate decrease £'000</b>
As at 31 March 2022	980,985	1,074,179	887,791
As at 31 March 2021	862,826	947,383	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:

<b>Summary</b>	<b>Rating</b>	<b>Balances as at 31 March 2021 £'000</b>	<b>Balances as at 31 March 2022 £'000</b>
<b>Bank Current Accounts</b>			
Lloyds Bank	A+	28,401	672
<b>Money Market Funds</b>			
BNY Mellon Goldman Sachs MMF	AAA	69,940	18,300
<b>Total</b>		<b>98,341</b>	<b>18,972</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 of its investments can be liquidated within a matter of days if required.

## Note 17 Current Assets

	31 March 2021 £'000	31 March 2022 £'000
<b>Debtors:</b>		
Contributions due - employers	431	6,635
Contributions due - employees	135	1,086
Sundry debtors	183	138
	<b>749</b>	<b>7,859</b>
<b>Cash balances - Lloyds Bank</b>	28,401	672
<b>Total</b>	<b>29,150</b>	<b>8,531</b>

	31 March 2021 £'000	31 March 2022 £'000
<b>Analysis of Debtors</b>		
Central government bodies	415	421
Local authorities	130	7,139
Other entities and individuals	204	299
<b>Total</b>	<b>749</b>	<b>7,859</b>

## Note 18 Current Liabilities

	31 March 2021 £'000	31 March 2022 £'000
Unpaid benefits	-	(100)
Sundry creditors and accrued expenses	(1,353)	(1,983)
<b>Total</b>	<b>(1,353)</b>	<b>(2,083)</b>

<b>Analysis of Current Liabilities</b>	31 March 2021 £'000	31 March 2022 £'000
Central government bodies	(477)	(516)
Local authorities	(633)	(1,140)
Other entities and individuals	(243)	(427)
<b>Total</b>	<b>(1,353)</b>	<b>(2,083)</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.

Contributions 2020/21 £'000	Market Value 2020/21 £'000		Contributions 2021/22 £'000	Market Value 2021/22 £'000
64	592	Scottish Widows (as at 31 March 2022)	56	610
-	275	Utmost (as at 31 October 2021)	-	260
<b>64</b>	<b>867</b>	<b>Total</b>	<b>56</b>	<b>870</b>

## Note 20 Related Party Transactions

The Fund is administered by the London Borough of Ealing (the Council). In 2021/22, the Council charged the Fund £1.0m for expenses incurred in administering the Fund (2021: £0.9m). Through its administration of the fund, the Council has a related party interest with the Fund.

The creditor balance due to the Council at year end was £1.1m at 31 March 2022 (2021: £0.5m).

## Note 21 Key Management Personnel Remuneration

The key management personnel of the Fund are the Members of the Pension Fund Panel and Pension Board, as detailed in the Pensions Fund annual report for 2021/22. There was a £1k (2021: £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 2022 were £12.1m (2021: £48.6m). These commitments relate to outstanding call payments due on the Private Debt portfolios. The amounts called by these funds are irregular in both size and timing over a period of between four and six years from the date of each original commitment. The Fund has no material contingent assets or liabilities as at 31 March 2022. In addition, the Fund's actuary has estimated the past service liabilities in relation McCloud to be £6.0m, details of this are contained within the actuary statement at appendix A.

## Note 23 Goodwin, Brewster and Langford judgments

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

## Appendix A Actuarial statement

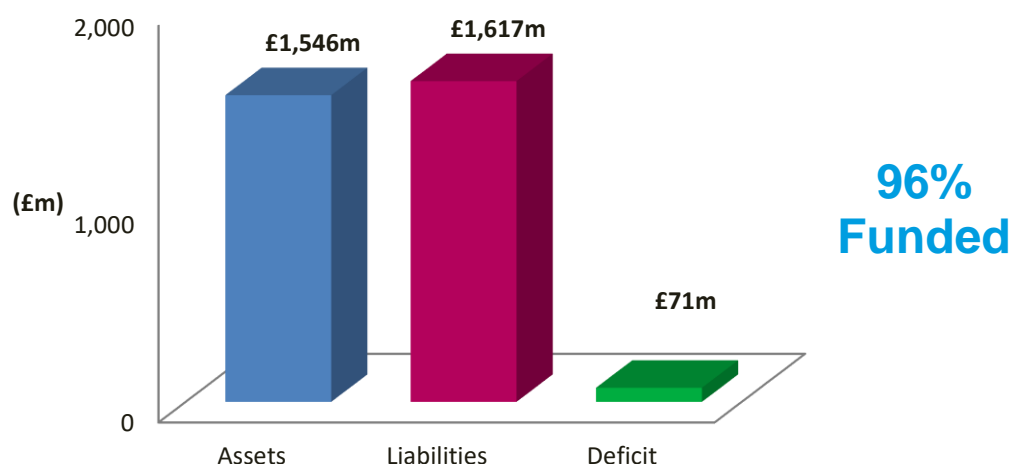
# LONDON BOROUGH OF EALING PENSION FUND

## ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022 - 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 pay increases (long term)</b>	4.35% per annum	4.35% 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 2022 (the 31 March 2021 assumptions are included for comparison):**

	31 March 2021	31 March 2022
<b>Rate of return on investments (discount rate)</b>	2.10% per annum	2.80% per annum
<b>Rate of CPI Inflation / CARE benefit revaluation</b>	2.70% per annum	3.30% per annum
<b>Rate of pay increases</b>	3.95% per annum*	4.55% per annum
<b>Increases on pensions (in excess of GMP) / Deferred revaluation</b>	2.80% per annum	3.40% 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
- 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>Interest on liabilities</b>	£45m
<b>Net benefits accrued/paid over the period*</b>	£29m
<b>Actuarial (gains)/losses (see below)</b>	£61m
<b>End of period liabilities</b>	<b>£2,290m</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 over the year, with a corresponding increase in discount rate from 2.1% p.a. to 2.8% p.a.. This on it's own would have led to a significantly lower value placed on the liabilities but it was largely offset by an increase in the expected long-term rate of assumed CPI inflation during the year, from 2.7% p.a. to 3.3% p.a.. In combination, these factors lead to a slight 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:** The figures allow for the impact of the April 2022 pension increase of 3.1% which was slightly higher than the start of year assumption, leading to a small increase in 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**

**October 2024**

## 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.

# 5. Group Accounts

## INTRODUCTION

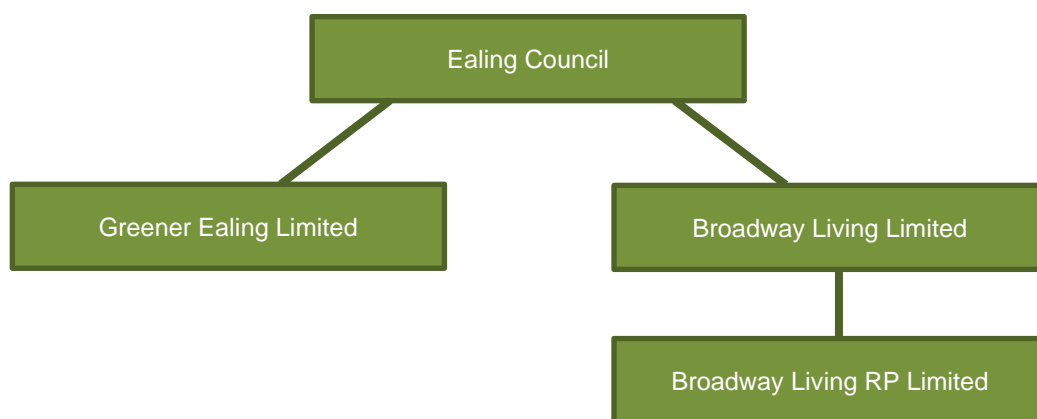
The CIPFA Code of Practice sets out a requirement for authorities to prepare group accounts where the authority has interests in subsidiaries, associates and/or joint ventures, subject to consideration of materiality.

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.

The Council has investments with two companies, Future Ealing Ltd (20% minority shareholding) and Gunnersbury Estate CiC (joint control with the London Borough of Hounslow). The Council's group accounts does not consolidate both Future Ealing Ltd and Gunnersbury Estate CiC balances due to immaterial balances and includes any trading transactions in the Council's single entity accounts.



# Group Core Financial Statements

## GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	31 March 2021			31 March 2022		
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's	Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's
<b>Continuing Services</b>						
Chief Executive Directorate	60,375	(13,177)	47,198	71,929	(18,364)	53,565
Children & Schools	428,498	(363,804)	64,694	450,932	(379,302)	71,630
Adults & Public Health	140,905	(65,194)	75,711	154,637	(71,692)	82,945
Place	263,536	(179,469)	84,067	258,732	(196,941)	61,791
Housing Benefits	214,481	(208,340)	6,141	189,186	(185,018)	4,168
Council Wide Other	19,515	(15,179)	4,336	36,852	(22,033)	14,819
<b>Cost of Services</b>	<b>1,127,310</b>	<b>(845,163)</b>	<b>282,147</b>	<b>1,162,268</b>	<b>(873,350)</b>	<b>288,918</b>
<b>Other Operating Expenditure &amp; Income</b>						
Precepts and Levies			14,161			14,463
Payments to the Government Housing Capital Receipts Pool			1,520			1,520
(Gains)/Losses on Disposal of Non-Current Assets			(30,227)			(13,045)
			<b>(14,546)</b>			<b>2,938</b>
<b>Financing and Investment Income &amp; Expenditure</b>						
Interest Payable and Similar Charges			37,099			38,544
Net Interest on the Net Defined Benefit Liability (Asset)			13,046			12,023
Interest Receivable and Similar Income			(2,109)			(2,255)
Impairment Losses			16,909			10,303
			<b>64,946</b>			<b>58,615</b>
<b>Taxation and Non-Specific Grants</b>						
Council Tax Income			(140,327)			(152,940)
Non-Domestic Rates Income and Expenditure			(23,360)			(33,358)
Business Rates Top-Up			(31,499)			(31,499)
Non-Ringfenced Government Grants			(99,397)			(80,568)
Capital Grants and Contributions			(27,183)			(20,331)
			<b>(321,766)</b>			<b>(318,696)</b>
<b>Tax Expenses of Subsidiaries</b>			<b>43</b>			<b>86</b>
<b>(Surplus) / Deficit on Provision of Services</b>			<b>10,824</b>			<b>31,861</b>
(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			(104,555)			(152,150)
Remeasurement of the Net Defined Benefit Liability / (Asset)			2,048			(3,969)
Deferred Taxation			229			(147)
<b>Other Comprehensive (Income) / Expenditure</b>			<b>(102,278)</b>			<b>(156,266)</b>
<b>Total Comprehensive (Income) / Expenditure</b>			<b>(91,454)</b>			<b>(124,405)</b>

## GROUP MOVEMENT IN RESERVES STATEMENT

	Revenue Reserves				Capital Reserves							
	General Fund	Housing Revenue Account	General Fund	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves	Council's Share Reserves of Subsidiaries	Total Group Reserves
MOVEMENT IN RESERVES STATEMENT	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Balance at 31 March 2020	15,919	83,826	4,925	12,089	-	36,869	25,673	179,301	734,716	914,017	(517)	913,500
Movement in Reserves during 2020/21												
Total Comprehensive Income & Expenditure	1,985	-	3,869	-	-	-	-	5,854	101,301	107,155	(15,701)	91,454
Adjustments Between Accounting Basis & Funding Basis Under Regulations	46,996	-	(709)	-	-	981	294	47,562	(47,562)	-	-	-
Adjustments between group accounts and authority accounts	(14,619)	-	-	-	-	-	-	(14,619)	-	(14,619)	14,619	-
Net Increase/(Decrease) before Transfers to Reserves	34,362	-	3,160	-	-	981	294	38,797	53,739	92,536	(1,082)	91,454
Transfers to/(from) Reserves	(34,362)	34,362	(3,160)	3,160	-	16	305	321	(321)	-	-	-
Increase/(Decrease) in Year 2020/21	-	34,362	-	3,160	-	997	599	39,118	53,418	92,536	(1,082)	91,454
Balance at 31 March 2021	15,919	118,188	4,925	15,249	-	37,866	26,272	218,419	788,134	1,006,553	(1,600)	1,004,953
Movement in Reserves during 2021/22												
Total Comprehensive Income & Expenditure	7,292	-	(18,570)	-	-	-	-	(11,278)	156,894	145,616	(21,211)	124,405
Adjustments Between Accounting Basis & Funding Basis Under Regulations	18,967	-	18,570	-	-	11,148	1,670	50,355	(50,355)	-	-	-
Adjustments between group accounts and authority accounts	(20,581)	-	-	-	-	-	-	(20,581)	-	(20,581)	20,581	-
Net Increase/(Decrease) before Transfers to Reserves	5,678	-	-	-	-	11,148	1,670	18,496	106,539	125,035	(630)	124,405
Transfers to/(from) Reserves	(5,678)	5,678	-	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in Year 2021/22	-	5,678	-	-	-	11,148	1,670	18,496	106,539	125,035	(630)	124,405
Balance at 31 March 2022	15,919	123,866	4,925	15,249	-	49,014	27,942	236,915	894,673	1,131,588	(2,230)	1,129,358

The council's share reserves and subsidiaries includes £1.223m (2020/21 = £1.731m) of revaluation reserve balances from Broadway Living Ltd.

## GROUP BALANCE SHEET

	31 March 2021 £000's	31 March 2022 £000's
<b>BALANCE SHEET</b>		
Property, Plant & Equipment	2,205,441	2,355,423
Intangible Assets	2,931	12,164
Heritage Assets	2,741	2,741
Long-Term Investments	820	716
Long-Term Debtors	19,844	20,742
<b>Long-term Assets</b>	<b>2,231,777</b>	<b>2,391,786</b>
Short-Term Investments	131,026	494,038
Short-Term Debtors	94,368	73,250
Cash and Cash Equivalents	133,401	76,804
Inventories	-	170
<b>Current Assets</b>	<b>358,795</b>	<b>644,262</b>
Short-Term Borrowings	(44,206)	(50,631)
Short-Term Creditors	(160,983)	(175,976)
Short-Term Provisions	(13,437)	(15,302)
Grants Receipts in Advance - Revenue	(26,854)	(34,593)
<b>Current Liabilities</b>	<b>(245,480)</b>	<b>(276,502)</b>
Long-Term Borrowings	(621,644)	(845,232)
Long-Term Creditors	(127,873)	(133,510)
Long-Term Provisions	(3,135)	(2,535)
Grants Receipts in Advance - Capital	(9,334)	(33,068)
Pensions Liability	(577,747)	(615,584)
Deferred Tax Liability	(406)	(259)
<b>Long-term Liabilities</b>	<b>(1,340,139)</b>	<b>(1,630,188)</b>
<b>Net Assets</b>	<b>1,004,953</b>	<b>1,129,358</b>
Represented by:		
General Fund	15,919	15,919
Earmarked Reserves	118,188	123,866
Housing Revenue Account	4,925	4,925
Capital Receipts Reserve	37,865	49,014
Capital Grants Unapplied	26,273	27,942
Housing Revenue Account Earmarked Reserves	15,249	15,249
Profit and Loss Account	(3,332)	(3,453)
<b>Usable Reserves</b>	<b>215,087</b>	<b>233,462</b>
<b>Unusable Reserves</b>	<b>789,866</b>	<b>895,896</b>
<b>Total Reserves</b>	<b>1,004,953</b>	<b>1,129,358</b>

## GROUP CASH FLOW

	2020/21 £000's	2021/22 £000's
<b>CASH FLOW STATEMENT</b>		
Net Surplus / (Deficit) on the Provision of Services	(10,824)	(31,861)
Adjustments to Net Surplus / (Deficit) on the Provision of Services for Non-Cash Movements	160,447	160,741
Adjustments for Items Included in Net Surplus / (Deficit) on the Provision of Services that are Investing or Financing Activities	(80,326)	(61,772)
<b>Net Cash Inflows from Operating Activities</b>	<b>69,296</b>	<b>67,108</b>
Investing Activities	(2,625)	(377,499)
Financing Activities	(11,775)	253,794
<b>Net Increase or (Decrease) in Cash and Cash Equivalents</b>	<b>54,897</b>	<b>(56,597)</b>
Cash and Cash Equivalents at the Beginning of the Reporting Period	78,504	133,401
<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	<b>133,401</b>	<b>76,804</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

	2020/21 £000's	2021/22 £000's
<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 (Council)	391	133
Fees payable to Deloitte LLP with regard to external audit services carried out by the appointed auditor for the year (Subsidiaries)	64	-
Fees payable to Beever and Struthers Services Ltd with regard to external audit services carried out for the year (Subsidiaries)	-	43
Fees payable to KPMG for the certification of grant claims and returns for the year	39	39
<b>Total</b>	<b>494</b>	<b>215</b>

The external audit fees disclosed for Deloitte LLP for the financial year 2021/22 are the reported baseline figures. Due to the audit backstop dates, final audit cost will be subject to the PSAA fee variation process.

## Note 2 Property, Plant and Equipment

Property, Plant & Equipment Movements in 2021/22	Council Dwellings £000's	Other Land & Buildings £000's	Other Land & Buildings (PFI) £000's	Vehicles, Plant & Equipment £000's	Community Assets £000's	Surplus Assets £000's	Assets Under Construction £000's	Total Property, Plant & Equipment £000's	Intangible Assets £000's
<b>Cost or Valuation</b>									
<b>At 1 April 2021</b>	<b>880,712</b>	<b>830,376</b>	<b>176,541</b>	<b>115,523</b>	<b>43,857</b>	<b>2,804</b>	<b>90,740</b>	<b>2,140,553</b>	<b>6,493</b>
Additions	39,098	22,519	108	3,321	1,330	63	33,942	100,381	749
Revaluation increases/(decreases) recognised in the Revaluation Reserve	54,853	55,856	7,082	-	85	(82)	-	117,794	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(28,406)	(12,469)	-	-	4,674	(119)	-	(36,320)	-
Derecognition - disposals	(7,785)	-	-	-	-	-	(3,970)	(11,755)	-
Derecognition - other	(4,693)	(4,289)	-	(16)	-	-	-	(8,998)	-
Other Reclassifications	12,324	6,548	-	-	1,138	-	(29,167)	(9,157)	9,070
<b>At 31 March 2022</b>	<b>946,103</b>	<b>898,541</b>	<b>183,731</b>	<b>118,828</b>	<b>51,084</b>	<b>2,666</b>	<b>91,545</b>	<b>2,292,498</b>	<b>16,312</b>
<b>Accumulated Depreciation and Impairment</b>									
<b>At 1 April 2021</b>	<b>(1,555)</b>	<b>(4,224)</b>	<b>-</b>	<b>(101,659)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(107,438)</b>	<b>(3,562)</b>
Depreciation charge	(14,845)	(18,906)	(2,911)	(3,287)	(333)	(51)	-	(40,333)	(586)
Depreciation written out to the Revaluation Reserve	13,544	17,840	2,911	-	12	49	-	34,356	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,301	1,867	-	-	321	2	-	3,491	-
Impairment losses/reversals to Surplus/Deficit on Provision of Services	465	1,566	-	-	-	-	-	2,031	-
Derecognition - other	-	59	-	-	-	-	-	59	-
<b>At 31 March 2022</b>	<b>(1,090)</b>	<b>(1,798)</b>	<b>-</b>	<b>(104,946)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(107,834)</b>	<b>(4,148)</b>
<b>Net Book Value</b>									
<b>At 31 March 2022</b>	<b>945,013</b>	<b>896,743</b>	<b>183,731</b>	<b>13,882</b>	<b>51,084</b>	<b>2,666</b>	<b>91,545</b>	<b>2,184,664</b>	<b>12,164</b>
<b>At 31 March 2021</b>	<b>879,157</b>	<b>826,152</b>	<b>176,541</b>	<b>13,864</b>	<b>43,857</b>	<b>2,804</b>	<b>90,740</b>	<b>2,033,115</b>	<b>2,931</b>

Property, Plant & Equipment Comparative Movements in 2020/21	Council Dwellings £000's	Other Land & Buildings £000's	Other Land & Buildings (PFI) £000's	Vehicles, Plant & Equipment £000's	Community Assets £000's	Surplus Assets £000's	Assets Under Construction £000's	Total Property, Plant & Equipment £000's	Intangible Assets £000's
<b>Cost or Valuation</b>									
<b>At 1 April 2020</b>	<b>832,303</b>	<b>789,947</b>	<b>176,751</b>	<b>113,142</b>	<b>39,408</b>	<b>5,351</b>	<b>69,718</b>	<b>2,026,620</b>	<b>4,643</b>
Additions	30,759	17,998	208	2,919	1,259	798	55,268	<b>109,209</b>	1,724
Revaluation increases/(decreases) recognised in the Revaluation Reserve	46,719	22,714	(418)	-	1,500	(527)	-	<b>69,988</b>	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(28,429)	(17,654)	-	-	1,690	(2,808)	-	<b>(47,201)</b>	-
Derecognition - disposals	(3,552)	(195)	-	-	-	-	-	<b>(3,747)</b>	-
Derecognition - other	(6,961)	(4,891)	-	(688)	-	(10)	(170)	<b>(12,720)</b>	-
Other Reclassifications	9,873	22,457	-	150	-	-	(34,076)	<b>(1,596)</b>	126
<b>At 31 March 2021</b>	<b>880,712</b>	<b>830,376</b>	<b>176,541</b>	<b>115,523</b>	<b>43,857</b>	<b>2,804</b>	<b>90,740</b>	<b>2,140,553</b>	<b>6,493</b>
<b>Accumulated Depreciation and Impairment</b>									
<b>At 1 April 2020</b>	<b>(540)</b>	<b>(11,298)</b>	<b>(1,020)</b>	<b>(97,214)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(110,072)</b>	<b>(3,131)</b>
Depreciation charge	(13,202)	(16,005)	(2,941)	(4,445)	(288)	(106)	-	<b>(36,987)</b>	(431)
Depreciation written out to the Revaluation Reserve	10,558	18,377	3,961	-	-	106	-	<b>33,002</b>	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	2,629	4,560	-	-	288	-	-	<b>7,477</b>	-
Impairment losses/reversals to Surplus/Deficit on Provision of Services	(1,015)	-	-	-	-	-	-	<b>(1,015)</b>	-
Derecognition - disposals	-	32	-	-	-	-	-	<b>32</b>	-
Derecognition - other	15	110	-	-	-	-	-	<b>125</b>	-
<b>At 31 March 2021</b>	<b>(1,555)</b>	<b>(4,224)</b>	<b>-</b>	<b>(101,659)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(107,438)</b>	<b>(3,562)</b>
<b>Net Book Value</b>									
At 31 March 2021	<b>879,157</b>	<b>826,152</b>	<b>176,541</b>	<b>13,864</b>	<b>43,857</b>	<b>2,804</b>	<b>90,740</b>	<b>2,033,115</b>	<b>2,931</b>
At 31 March 2020	<b>831,763</b>	<b>778,649</b>	<b>175,731</b>	<b>15,928</b>	<b>39,408</b>	<b>5,351</b>	<b>69,718</b>	<b>1,916,548</b>	<b>1,512</b>

## INFRASTRUCTURE ASSETS

<b>2a Property, Plant &amp; Equipment Infrastructure Assets Movements</b>	<b>Non PFI £000's</b>	<b>PFI £000's</b>	<b>TOTAL Infrastructure Assets £000's</b>
<b>Net Book Value 1 April 2021</b>	<b>148,318</b>	<b>24,008</b>	<b>172,326</b>
Additions	7,806	-	7,806
Reclassification from Asset Under Construction	87	-	87
Depreciation	(8,821)	(639)	(9,460)
<b>Net Book Value 31 March 2022</b>	<b>147,390</b>	<b>23,369</b>	<b>170,759</b>

<b>2b Property, Plant &amp; Equipment Infrastructure Assets Movements</b>	<b>Non PFI £000's</b>	<b>PFI £000's</b>	<b>TOTAL Infrastructure Assets £000's</b>
<b>Net Book Value 1 April 2020</b>	<b>147,938</b>	<b>24,647</b>	<b>172,585</b>
Additions	7,523	-	7,523
Reclassification from Asset Under Construction	1,471	-	1,471
Depreciation	(8,614)	(639)	(9,253)
<b>Net Book Value 31 March 2021</b>	<b>148,318</b>	<b>24,008</b>	<b>172,326</b>

<b>2c Reconciliation to Property, Plant &amp; Equipment</b>	<b>1 April 2020</b>	<b>31 March 2021</b>	<b>31 March 2022</b>
Infrastructure Assets	172,585	172,326	170,759
Property Plant Equipment	1,916,548	2,033,115	2,184,664
<b>Total</b>	<b>2,089,133</b>	<b>2,205,441</b>	<b>2,355,423</b>

In accordance with the temporary relief offered by the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022, this note does not include disclosure of gross costs and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statement.

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

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

## Note 3 Financial Instruments

### CATEGORIES OF FINANCIAL INSTRUMENTS

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

	31 March 2021					31 March 2022				
	Non-Current		Current		Total £000's	Non-Current		Current		Total £000's
	Investments £000's	Debtors £000's	Investments £000's	Debtors £000's		Investments £000's	Debtors £000's	Investments £000's	Debtors £000's	
<b>Financial Assets</b>										
Amortised Cost	820	19,827	264,259	75,250	360,155	716	20,726	570,632	63,637	655,711
Fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Fair value through Profit and Loss	-	-	-	-	-	-	-	-	-	-
<b>Total Financial Assets</b>	<b>820</b>	<b>19,827</b>	<b>264,259</b>	<b>75,250</b>	<b>360,155</b>	<b>716</b>	<b>20,726</b>	<b>570,632</b>	<b>63,637</b>	<b>655,711</b>
Non-Financial Assets	-	17	-	19,118	19,135	-	16	-	9,613	9,629
<b>Total</b>	<b>820</b>	<b>19,844</b>	<b>264,259</b>	<b>94,368</b>	<b>379,290</b>	<b>716</b>	<b>20,742</b>	<b>570,632</b>	<b>73,250</b>	<b>665,340</b>

	31 March 2021					31 March 2022				
	Non-Current		Current		Total £000's	Non-Current		Current		Total £000's
	Borrowings £000's	Creditors £000's	Borrowings £000's	Creditors £000's		Borrowings £000's	Creditors £000's	Borrowings £000's	Creditors £000's	
<b>Financial Liabilities</b>										
Financial liabilities at amortised cost	(621,644)	(101,586)	(44,206)	(98,105)	(865,541)	(845,232)	(95,815)	(50,631)	(101,544)	(1,093,222)
Financial liabilities at fair value through profit and loss	-	-	-	-	-	-	-	-	-	-
<b>Total Financial Liabilities</b>	<b>(621,644)</b>	<b>(101,586)</b>	<b>(44,206)</b>	<b>(98,105)</b>	<b>(865,541)</b>	<b>(845,232)</b>	<b>(95,815)</b>	<b>(50,631)</b>	<b>(101,544)</b>	<b>(1,093,222)</b>
Non-Financial Liabilities	-	(26,287)	-	(62,878)	(89,165)	-	(37,695)	-	(74,432)	(112,127)
<b>Total</b>	<b>(621,644)</b>	<b>(127,873)</b>	<b>(44,206)</b>	<b>(160,983)</b>	<b>(954,706)</b>	<b>(845,232)</b>	<b>(133,510)</b>	<b>(50,631)</b>	<b>(175,976)</b>	<b>(1,205,349)</b>

## Note 4 Cash Flow Statements

### OPERATING ACTIVITIES (NOTE 4A)

The cash flows from operating activities include the following items:	2020/21 £000's	2021/22 £000's
Interest Received	2,597	2,100
Interest Paid	(23,932)	(37,684)

The Surplus/(Deficit) on the Provision of Services has been Adjusted for the Following Non-Cash Movements:	2020/21 £000's	2021/22 £000's
Depreciation and Amortisation	46,673	50,134
Impairment and Downward Valuations	42,300	30,678
Increase/(Decrease) in Impairment for Bad Debts	16,379	11,425
Increase/(Decrease) in Creditors	53,356	20,789
(Increase)/Decrease in Debtors	(28,252)	(214)
Movement in Pension Liability	8,085	26,403
Carrying Amount of Non-Current Assets and Non-Current Assets Held for Sale, Sold or Derecognised	20,617	20,787
<b>Other Non-Cash Items Charged to the Net Surplus or (Deficit) on the Provision of Services</b>		
Increase/(Decrease) in Provisions	(615)	1,265
Increase/(Decrease) in Accumulated Absences	1,903	(526)
<b>Total</b>	<b>160,447</b>	<b>160,741</b>

The Surplus/(Deficit) on the Provision of Services has been Adjusted for the Following Items that are Investing and Financing Activities:	2020/21 £000's	2021/22 £000's
Proceeds from the Sale of Property Plant and Equipment, Investment Property and Intangible Assets	(50,845)	(32,774)
Grant Receipts for the Financing of New Capital Expenditure	(29,481)	(28,998)
<b>Net cash flows from operating activities</b>	<b>(80,326)</b>	<b>(61,772)</b>

### INVESTING ACTIVITIES (NOTE 4B)

Investing Activities	2020/21 £000's	2021/22 £000's
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(117,873)	(104,138)
Purchase of Short-Term and Long-Term Investments	(5,344,102)	(2,716,717)
Payments for Other Long Term Loans	(257)	(3,778)
Proceeds From the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	46,636	29,826
Proceeds from Short-Term and Long-Term Investments	5,374,151	2,357,052
Proceeds from Other Long-Term Loans	624	1,285
Grant Receipts for the Financing of New Capital Expenditure	38,196	58,971
<b>Net cash flows from investing activities</b>	<b>(2,625)</b>	<b>(377,499)</b>

## FINANCING ACTIVITIES (NOTE 4C)

	2020/21 £000's	2021/22 £000's
<b>Financing Activities</b>		
Cash Receipts of Short-Term and Long-Term Borrowing	20,375	253,639
Cash Receipts from Other Short-Term and Long-Term Liabilities	129	530
Cash Payments for the Reduction of Outstanding Liabilities Relating to Finance Leases and on-Balance Sheet PFI Contracts	(6,092)	(5,134)
Repayments of Short-Term and Long-Term Borrowing	(16,758)	(19,084)
Repayments of Other Short-Term and Long-Term Liabilities	(85)	(555)
Billing Authorities - Council Tax and NDR Adjustments	(9,344)	24,398
<b>Net cash flows from financing activities</b>	<b>(11,775)</b>	<b>253,794</b>

# 6. Accounting Policies

# Accounting Policies

## I. GENERAL PRINCIPLES

The Statement of Accounts summarises the council's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022.

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 2021/22, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act).

The accounts have been prepared on a going concern basis, under the assumption that the council will continue in existence for the foreseeable future.

## II. ACCRUALS OF EXPENDITURE & INCOME

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

## III. CASH AND CASH EQUIVALENTS – (SEE NOTE 14)

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the council's cash management.

#### IV. PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

#### V. CHARGES TO REVENUE FOR NON-CURRENT ASSETS

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible assets attributable to the service.

The council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision (MRP)) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

#### VI. COUNCIL TAX AND NON-DOMESTIC RATES

In its capacity as a billing authority the council acts as agent; it collects and distributes council tax and NDR income on behalf of the preceptors (the Greater London Authority (GLA) and the Ministry of Housing, Communities and Local Government (MHCLG)) and itself. Billing authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of council tax and Non-Domestic Rate (NDR). Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

#### ACCOUNTING FOR COUNCIL TAX AND NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made 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:

- i. The Teachers' Pension Scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- ii. NHS Pension Scheme administered by NHS Pensions.
- iii. The Local Government Pensions Scheme administered by Ealing Council.

These schemes provide defined benefits to members (retirement lump sums and pensions), earned whilst employees worked for the council.

However, the arrangements for the teachers' and NHS scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the council. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children 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.
  - 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, and
- Fair value through other comprehensive income (FVOCI).

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

### FINANCIAL ASSETS MEASURED AT AMORTISED COST

Financial assets measured at amortised cost are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most financial assets held by the council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

## EXPECTED CREDIT LOSS MODEL

The council recognises expected credit losses on all of its financial assets held at amortised cost either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

## FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets that are measured at 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 other comprehensive income.

## 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.

## BUSINESS IMPROVEMENT DISTRICTS

A business improvement district (BID) scheme applies to three areas within the authority. The scheme is funded by a BID levy paid by non-domestic ratepayers. The authority acts as principal under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the comprehensive income and expenditure statement.

## XI. INFRASTRUCTURE ASSETS

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

### Recognition

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

### Measurement

Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost.

Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

### Depreciation

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis. Annual depreciation is the depreciation amount allocated each year. Useful lives of the various parts of the highways network are assessed by the Chief Highways Engineer using industry standards where applicable as follows:

Part of the Highways Network	Useful Life
Carriageways/Roads	10 to 41 years
Community infrastructure	10 to 30 years
Drainage systems	20 to 75 years
Footways and cycle tracks	10 to 30 years
Street Furniture	10 to 30 years
Street Lighting	20 years
Structure (bridges and footbridge)	15 to 25 years
Traffic Management Systems	10 to 40 years

### Disposals and derecognition

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the Other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

The written-off amounts of disposals are not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the capital adjustment account from the General Fund in the Movement in Reserves Statement.

## **XII. HERITAGE ASSETS**

Heritage assets are assets with historic, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture and this purpose is central to the objectives of the entity holding them.

Heritage assets (other than operational heritage assets) will be measured at valuation in accordance with FRS 30. Where this is not practicable, they will be valued at historical cost (less any accumulated depreciation, amortisation and impairment losses). Where possible the council's heritage assets have been reported in the Balance Sheet at insurance valuation, which is based on market values. This is because to procure valuers to carry out detailed valuation work would involve a disproportionate cost in comparison to the benefits to the users of the council's financial statements and consequently the council uses the insurance valuation as its basis for estimating the carrying value. There is no requirement for valuations to be carried out or verified by external valuers, nor is there any prescribed minimum period between valuations. However, where heritage assets are measured at valuation, the carrying amounts have been reviewed with sufficient frequency to ensure the valuations remain current. The council does not consider that reliable cost or valuation information can be obtained for some of its heritage assets, which are detailed in the disclosure notes. The cost of obtaining professional valuations is prohibitive due to the diverse nature of the assets held and the lack of comparable values on some collections. Consequently, the council does not recognise all its heritage assets on the balance sheet.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the council's general policies on impairment. The proceeds of such items are accounted for in accordance with the council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

All the council's heritage assets are considered to have an indefinite useful life and are not depreciated.

## **XIII. INTANGIBLE ASSETS**

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

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

Intangible Assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the council can be determined by reference to an active market. No intangible asset held by the council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account of the Capital Receipts Reserve for any sale proceeds greater than £10,000.

## **XIV. 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.

## XV. 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

## XVI. 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.

## XVII. 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.

## XVIII. 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 – straight line allocation over the useful life of the asset as advised by a suitably qualified officer
- Intangible assets - straight-line allocation over the useful life of the asset, as advised by a suitably qualified officer.

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately if they have different economic useful lives. The minimum value for separate components has been set at £1m as it is believed that anything below this would result in a trivial impact on the council's accounts. However, the major components of land and buildings have already been separated for many years, with no depreciation being applied to the land element.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

## DISPOSALS AND NON-CURRENT ASSETS HELD FOR SALE

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure

line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line of the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The receipt is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written off value of disposals is not a charge against council tax, as the cost of the non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

## **XIX. PRIVATE FINANCE INITIATIVES (PFI) AND SIMILAR CONTRACTS**

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the authority is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the authority at the end of the contracts for no additional charge, the authority carries the assets used under the contracts on its balance sheet as part of property, plant and equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the balance sheet are revalued and depreciated in the same way as property, plant and equipment owned by the authority.

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

- 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.

## **XX. 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.

## XXI. RESERVES

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the council – these reserves are explained in the relevant policies.

## XXII. 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.

## XXIII. 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.

## XXIV. 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.

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

## AUDITOR'S OPINION

The opinion required by statute, from the council's external auditors, indicating whether the statement of accounts give a true & fair view of the financial position of the Authority.

## BALANCE SHEET

A statement of recorded assets, liabilities and other balances at the end of the accounting period.

## BALANCES

The capital or revenue reserves of the council made up of the accumulated surplus of income over expenditure on the General Fund or any other fund.

## BUDGET

A statement of the council's spending plans for revenue and capital expenditure over a specified period of time.

## CAPITAL ADJUSTMENT ACCOUNT

Represents the amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets or to make repayments relating to external loans or other types of capital finance.

## CAPITAL CHARGE

A charge to revenue accounts to reflect the cost of fixed assets used in the provision of services.

## CAPITAL EXPENDITURE

Spending on the acquisition and substantial renovation of assets either directly by the council or indirectly in the form of grants to other persons or bodies. The Code of Practice on Local Authority Accounting in the UK defines “expenditure for capital purposes”. Expenditure which does not fall within the definition must be charged to a revenue account.

## CAPITAL FINANCING COSTS

The annual cost of borrowing (principal repayments and interest charges), leasing charges and other costs of funding capital expenditure.

## CAPITAL GRANTS UNAPPLIED

Government grants and other contributions are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with. This reserve holds the balance of grants unapplied at year-end.

## CAPITAL RECEIPTS

Income from the sale of capital assets. Such income may only be used for purposes authorised by regulations under Local Government Act 2003, for example to repay loan debt and to finance new capital expenditure.

## CAPITAL RECEIPTS - DEFERRED

These represent amounts derived from the sale of assets, which will be received in instalments over agreed periods of time.

## CARRYING AMOUNT

Is the amount at which an asset is recognised after deducting any accumulated depreciation and impairment losses.

## CIPFA

The Chartered Institute of Public Finance and Accountants is the accountancy body which recommends accounting practice for the preparation of local authority accounts.

## CIPFA PRUDENTIAL CODE

This Code was introduced from 1 April 2004. The basic principle of the Code is that local authorities will be free to invest so long as their capital spending plans are affordable, prudent and sustainable. The Code sets out indicators that the Authority must use and factors that they must take into account to demonstrate that they have fulfilled this objective.

## CODE OF PRACTICE

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) specifies the principles and practices of accounting required to give a ‘true and fair’ view of the financial position and transactions of a local Authority.

The Code sets out the proper accounting practices required by section 21(2) of the Local Government Act 2003. These proper practices apply to:

- Statements of Accounts prepared in accordance with the statutory framework established for England by the Accounts and Audit Regulations 2015 & 2020.
- The audit of those accounts undertaken in accordance with the statutory framework established by section 5 of the Audit Commission Act 1998 for England.

The Code prescribes the accounting treatment and disclosures for all normal transactions of a local Authority, and is based on the following hierarchy of standards:

- International Financial Reporting Standards (IFRSs) (including International Accounting Standards (IASs) and International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC) interpretations) as adopted by the European Union (i.e. EU-adopted IFRS).
- International Public Sector Accounting Standards (IPSASs).
- UK Generally Accepted Accounting Practice (GAAP) (Financial Reporting Standards (FRSs), Statements of Standard Accounting Practice (SSAPs) and Urgent Issues Task Force (UITF) Abstracts).

The Code has effect for financial years commencing on or after 1 April 2010.

## COLLECTION FUND

The Collection Fund shows the transactions of the council in relation to the collection from taxpayers and distribution to precepting authorities, the council and the Government of council tax and Non-Domestic Rates. The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing Authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and Non-Domestic Rates.

## COMMUNITY ASSETS

Assets that the council intends to hold in perpetuity that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

## CONSISTENCY

The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.

## CONSOLIDATED BALANCE SHEET

The combined fund balance sheets of the council.

## CONTINGENCY SUM

A sum set aside to provide for foreseen but unquantifiable future commitments or for unforeseen expenditure which may become necessary during the year.

## CONTINGENT LIABILITY

A contingent liability is either:

- (a) A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control, or
- (b) A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

## CORPORATE GOVERNANCE

The authoritative rules and controls in place within the council required to promote openness, inclusivity, integrity and accountability.

## COST OF MANAGEMENT AND ADMINISTRATION

An allocation to service accounts of the net cost of the administrative and professional departments which support all of the council's services.

## CREDITORS

Are financial liabilities arising from the contractual obligation to pay cash in the future for goods or services or other benefits that have been received or supplied and have been invoiced or formally agreed with the supplier.

## CURRENT ASSET

Is an asset that is intended to be sold within the normal operating cycle; the asset is held primarily for the purpose of trading or the Authority expects to realise the asset within 12 months after the reporting date.

## CURRENT LIABILITY

An amount which will become payable or could be called in within the next accounting period e.g. creditors or cash overdrawn.

## CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

## DEBT REDEMPTION

The repayment of external loans previously raised to finance capital expenditure.

## DEBTOR

Are financial assets not traded in an active market with fixed or determinable payments that are contractual rights to receive cash or cash equivalents.

## DEFERRED CHARGES

Expenditure which does not result in, or remain matched with, tangible assets. An example of a deferred charge is expenditure on items such as improvement grants. Deferred charges are written off to the revenue account in the year of account.

## DEFERRED DEBTORS

Debts of a capital nature repayable over a period of time in excess of one accounting period e.g. mortgages.

## DEPRECIATION

The measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, passage of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

## EXCEPTIONAL ITEMS

Material items which derive from events or transactions that fall within the ordinary activities of the council and which need to be disclosed separately by virtue of their size or incidence to give a fair presentation of the accounts.

## EXPECTED RATE OF RETURN ON PENSIONS ASSETS

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

## EXPENSES

Are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or increases of liabilities that result in decreases

in reserves. Expenses include expenses that arise in the course of the ordinary activities and losses such as revaluation of fixed assets.

### FAIR VALUE

Is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms-length transaction.

### FINANCE LEASE

A finance lease is one that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. It should be presumed that such a transfer of risks and rewards occurs if at the inception of a lease the present value of the minimum lease payments including any initial payment amounts to substantially all (normally 90% or more) of the fair value of the leased asset.

### FINANCIAL YEAR

In the context of a local Authority this means the period from 1 April to the following 31 March inclusive.

### FIXED ASSETS

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

### FORMULA GRANT

General Government Grant towards the Councils net revenue budget; and which comprises entitlements of Revenue Support Grant and the council's business rates retained.

### GENERAL FUND

The main revenue fund of the council. Day-to-day spending on services is met from the fund.

### GOING CONCERN

The Authority's financial statements have been prepared on a going concern basis; that is, the accounts have been prepared on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future.

### GROSS EXPENDITURE

The cost of service provision before allowing for Government grants, council taxes and other income.

### HISTORICAL COST

Is deemed to be the carrying amount of an asset as at 1 April 2007 (i.e. b/f from 31 March 2007) or at the date of acquisition, whichever date is the later, and adjusted for subsequent depreciation or impairment (if applicable).

### IMPAIRMENT

This is where the useful working life of an asset is significantly reduced – for example, because of damage to a piece of equipment or changes in technology which mean that a service can be provided more efficiently in other ways.

### INCOME

Is the gross inflow of economic benefits or service potential during the reporting period when those inflows or enhancements of assets or decreases of liabilities result in an increase in reserves. Income includes both revenue arising in the course of ordinary activities and gains such as the revaluation of fixed assets.

## INFRASTRUCTURE ASSETS

Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

## INTANGIBLE ASSET

An intangible asset is an identifiable non-monetary asset without physical substance. It must be controlled by the Authority as a result of past events, and future economic or service benefits must be expected to flow from the intangible asset to the Authority. The most common class of intangible asset in local authorities is computer software.

## INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

## INVESTMENT PROPERTY

An investment property is one that is used solely to earn rentals or for capital appreciation or both.

## LEASING

A method of utilising assets where a rental charge is paid for a specified period of time, instead of outright purchase.

## LIABILITIES

Are present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential.

## LOANS OUTSTANDING

The total amounts borrowed from external lenders for capital and temporary revenue purposes but not repaid at the balance sheet date.

## MATERIALITY

The relevance of information contained in the financial statements is affected by its nature and materiality. Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor. Therefore, materiality provides a threshold or cut-off point rather than a primary qualitative characteristic which information must have if it is to be useful. An Authority need not comply with the Code, as to both disclosure and accounting principles, if the information is not material to the true and fair view of the financial statements and to the understanding of users.

## MINIMUM REVENUE PROVISION

The minimum amount that the council must charge to the income and expenditure account to provide for the repayment of debt.

## NON-DOMESTIC RATES (NDR)

With effect from April 1990 all non-domestic properties were revalued and the Government determines a national non-domestic rating multiplier every year which is applicable to all local authorities. The rateable values are set by the Valuation Office Agency of HM Revenue & Customs, and there is a statutory revaluation every 5 years. The proceeds of the business rates are partly retained by the council and the balance is redistributed to the Government and Greater London Authority.

## NET EXPENDITURE

Gross expenditure less specific Government grants and other income.

## NET BOOK VALUE

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost of current value, less the cumulative amounts provided for depreciation.

## NON-OPERATIONAL ASSETS

Fixed assets held by the council but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment property and assets that are surplus to requirements, pending sale or redevelopment.

## OPERATING LEASE

A lease under which the ownership of the asset remains with the lessor; for practical purposes it is equivalent to contract hiring.

## OPERATIONAL ASSETS

Fixed assets held and occupied, used or consumed by the council in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

## PAST SERVICE COST

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

## PRECEPT

The levy made by precepting authorities (Greater London Authority) on the council, requiring the council to collect income from council taxpayers on behalf of the precepting authorities and paying over the cash collected to them.

## PROVISION

An amount set aside in the accounts for liabilities which are certain to be incurred in the future but cannot be quantified accurately at the balance sheet date.

## PRUDENCE

Accounts should be prepared in accordance with the concept of prudence. Income should only be anticipated to the extent that it will be received, as cash or other assets, with reasonable certainty and full and proper allowance should be made for all known and foreseeable losses and liabilities.

## PRUDENTIAL FRAMEWORK

One of the principal features of the Local Government Act 2003 was to provide the primary legislative requirements to introduce a new prudential regime for the control of Local Authority capital expenditure. The regime relies upon both secondary legislation in the form of regulations, and a prudential code which has been published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Under the prudential framework local authorities are free to borrow without specific Government consent if they can afford to service the debt without extra Government support. The basic principle is that authorities will be free to invest as long as their capital spending plans are affordable, sustainable and prudent. As a control mechanism to ensure this occurs all authorities must follow the prudential code published by CIPFA. This involves setting various prudential limits and indicators that must be approved by the council.

## PUBLIC WORKS LOAN BOARD (PWLB)

A body, now part of the Debt Management Office (a Government agency), which lends money to public bodies for capital purposes. At present nearly all borrowers are local authorities. Monies are drawn from the National Loans Fund and rates of interest are determined by the Treasury.

## RELATED PARTIES

Two or more parties are related parties when at any time during the financial period:

- One party has direct or indirect control of the other party; or
- The parties are subject to common control from the same source; or
- One party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

## RELATED PARTY TRANSACTIONS

A related party transaction is the transfer of assets or liabilities or the performance of services by, to, or for, a related party irrespective of whether a charge is made. The materiality of related party transactions should be judged not only in terms of their significance to the Authority, but also in relation to its related party.

## RENT ALLOWANCE

A subsidy payable by the council to low-income tenants in private rented accommodation.

## RESERVE

The residual interest in the assets of the Authority after deducting all its liabilities. The Movement in Reserves Statement shows the true economic cost of providing the Authority's services, represented by the line 'Surplus or (deficit) on the provision of services. Some income and expenditure is required to be recognised on a different basis or in a different accounting period (i.e. in accordance with legislation) in the General Fund. These differences are shown in the line 'Adjustments between accounting basis and funding basis under regulations'. Voluntary transfers to or from the General Fund Balance also affect the amount to be funded from council tax; these are shown in the line 'Transfers to or from reserves available to fund services'. The Movement in Reserves Statement also shows Other Comprehensive Income and Expenditure, for example revaluation gains.

## RESIDUAL VALUE

Of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

## REVALUATION RESERVE

From April 2007, this replaced the former Fixed Asset Restatement Account. The Revaluation Reserve will, like the Fixed Asset Restatement Account, measure the gains or losses on assets where a revaluation has taken place.

## REVENUE ACCOUNT

An account that records an Authority's day-to-day expenditure and income on such items as salaries and wages and other running costs of services.

## REVENUE EXPENDITURE FINANCED FROM CAPITAL UNDER STATUTE (REFFCUS)

Expenditure to be classified as capital for funding purposes when it does not result in it being carried on the balance sheet as a fixed asset.

## REVENUE SUPPORT GRANT (RSG)

A grant paid by Central Government to every Local Authority to help to finance its expenditure generally and not specific services. It is based on the Government's assessment of how much the council needs to spend in order to provide a standard level of service.

## STOCKS AND WORK IN PROGRESS

Items of stores and raw materials which have been procured for use on an on-going basis and which have not yet been used at the end of the accounting period.

## TEMPORARY LOANS

Loans where repayment is due to be made or repayment can be demanded, within one year from the date of advance.

## TREASURY MANAGEMENT

This relates to Borrowing and Cash activities (including Investment) of the Authority, and the effective management of any associated risks. Local authorities' treasury management activities are prescribed by statute – in England & Wales the source of such powers is the Local Government Act 2003, which simplified past complexities and gave further clarification. A local Authority may borrow or invest for any purpose relevant to its functions, under any enactment (law) for the purpose of the prudent management of its financial affairs. The council also applies the CIPFA code of practice on treasury management in public services.

# 8. Annual Governance Statement

## Annual Governance Statement

### 1. Scope of Responsibility

- 1.1** Ealing Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2** In discharging this overall responsibility, the council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3** The council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA / SOLACE Framework Delivering Good Governance in Local Government 2016 Edition. A copy of the code can be located on Ealing Council's Internet website at [https://www.ealing.gov.uk/download/downloads/id/2550/corporate\\_code\\_of\\_governance.doc](https://www.ealing.gov.uk/download/downloads/id/2550/corporate_code_of_governance.doc) , or can be obtained from the Monitoring Officer.
- 1.4** This statement explains how the council has complied with the code and also meets the requirements of regulation 6(2) Accounts and Audit Regulations 2015, in relation to the approval of the Annual Governance Statement. It also highlights how the council's financial management arrangements conform to the governance requirements of CIPFA's Statement on the Role of the Chief Finance officer in Local Government (2016).

### 2. The Purpose of the Governance Framework

- 2.1** The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled for the direction and control of the authority and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2** The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of not fully achieving policies, aims and objectives and, therefore, provides a reasonable rather than absolute assurance of effectiveness. The system of

internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

- 2.3** Ealing Council has interests in a number of entities ranging from sole ownership to representation on Community Interest Companies. Group companies are assessed as part of the risk based internal audit planning process to ensure adequate assurance can be provided to the Council regarding the control environment these bodies operate in.
- 2.4** Governance arrangements for Council Owned Companies are monitored by the Council Owned Companies Advisory Board, chaired by the Director of Legal and Democratic Services.
- 2.5** The normal governance oversight arrangements have been in place at Ealing Council for the year ended 31 March 2022 and up to the date of approval of the statement of accounts. It is noted that a section resulting from the Covid pandemic has been incorporated to reflect necessary changes.

### **Creating and Implementing a Vision for the Local Area**

- 2.6** Ealing Council has put in place arrangements regarding the key systems and processes that comprise its governance framework. The administration's three priorities form the basis of the Council's Plan 2021-22 and provides focus for improvement. The Council Plan specifies three priorities for Ealing:
- Creating good jobs
  - Tackling the climate crisis
  - Fighting inequalities
- 2.7** All Cabinet and Committee reports are required to be referenced to one or more of these three priorities. The Council Plan and any amendments or updates to it are considered and approved by Full Council.
- 2.8** The council has moved to an outcome led approach to strategic planning and budget setting better align resources with priorities and meet the challenges the Council faces. This work is being delivered through a programme called Future Ealing which was agreed by Cabinet in March 2017 with specific proposals incorporated into the programme through the annual budget setting process.

### **Roles and Responsibilities of Members and Officers**

- 2.9** A Scheme of Delegation sets out the powers delegated to officers, at part 8 of the Constitution. The Financial Regulations and the Budget and Policy Framework Rules are also part of the Constitution, together with the Code of Corporate Governance and the Contract Procedure Rules. The Constitution is reviewed regularly, with all changes approved by the Council and published on the external website.
- 2.10** The Code of Conduct for Councillors is contained within the Constitution. All councillors receive training on the requirements of the Code of Conduct and related issues. The council also has a Planning Code of Conduct and a Licensing Code of Conduct for members. Both of these codes are subject to ongoing revision and training is provided (and compulsory) for all members working in these areas.
- 2.11** The Employee Code of Conduct is also contained within the Constitution and a copy of this is provided to all new employees when they start work for the council.
- 2.12** The New Starters Induction Programme requires all new joiners, whether Council employees or agency staff, to undertake a corporate induction on their first day of work for the Council. This induction is led by an officer from the HR directorate and entails an introduction to the Council, and the completion of council policies including the employee code of conduct, data protection and health and safety in addition to a number of e-learn modules.
- 2.13** The statutory Forward Plan is published monthly on the internet, and details all key decisions proposed to be made by the council during the relevant period. Any key decision which is not on the Forward Plan may not be taken within that period, unless the report author is able to demonstrate to the Monitoring Officer and relevant members that urgency procedure requirements are met. All urgent decisions taken are monitored by the Monitoring Officer and regular reports taken to Full Council.
- 2.14** Cabinet and Full Council reports, and other committee reports which have significant financial or legal implications, must be 'signed off' by a finance and a legal services officer, as well as by the responsible service director, before they are accepted onto a meeting agenda. Where draft reports fail to address key requirements, they are either amended or rejected and removed from the agenda as part of the approval process. Both reports and minutes of all decisions taken are published on the internet, including the reason for the decision.
- 2.15** Responsibilities of the council's decision making bodies are set out in Part 3 of the constitution.

## **Standards of Conduct and Behaviour**

- 2.16** Good governance means promoting appropriate values for the council and demonstrating the values of good governance by upholding high standards of conduct and behaviour. The following describes how the council achieve this:

All members and chief officers are required to complete statements relating to third party transactions and a register of members' interests, which is updated by members, is maintained and published on the Council's website.

The Local Council Code of Conduct for Councillors (Constitution Part 5), which was most recently revised in July 2020, defines the standards of conduct expected of elected representatives including a requirement for members to declare any interests at the start of every meeting, which are recorded in a public register. That Code is reviewed regularly by the council's Standards Committee.

In addition, the following codes, protocols and systems are well established within the council. All are regularly reviewed and updated to account for developments in governance arrangements and changes in local government.

These include:

- A declaration of interest process for members and senior officers as described above;
- Rules and protocols are in place and are being further developed for all partnership working;
- Organisation-wide performance appraisal conversations and employee development schemes are in operation;
- Organisational values and behaviours to demonstrate expectations with regards approach, attitude and underpinning of our people processes and training interventions.
- There is a corporate complaints procedure in place in line with Ombudsman good practice requirements;
- Whistle-blowing, anti-fraud and anti-corruption / bribery policies are in place and publicised in compliance with the national transparency agenda; senior officers' remuneration is published on the council website.

## **Decision Making, Scrutiny and Risk Management**

- 2.17** Good governance means taking informed and transparent decisions that are effectively scrutinised and which manage risk. The following describes how the Council achieves this:

The Leader and Cabinet are responsible both individually and collectively for all

‘executive’ decisions, as set out in Part 3 of the constitution – “Responsibility for Functions”. Some executive decisions are delegated to council officers as outlined in Part 8 of the Constitution – “Delegations to Officers”

All forthcoming ‘Key’ decisions are publicised on the Cabinet’s Forward plan, which is published every month on the Council’s website.

Reports and minutes of formal meetings are also published on the council’s website. This includes delegated decisions made by individual Cabinet Members, and key decisions by officers. Where decisions were made using urgency provisions, this is shown on the agenda front sheet, together with the reasons for urgency and the provision used. Where appropriate, urgent decisions are subsequently reported to the next meeting of either cabinet or full council.

- 2.18** The council has an Audit Committee with clear terms of reference and an annual work programme for internal audit and risk management.
- 2.19** The Council maintains an Internal Audit and Risk Management service that operates in accordance with the published internal audit standards expected of a local authority in the United Kingdom. The Assistant Director Internal Audit and Investigation has direct access to the Chief Executive, the Chief Finance Officer (Section 151 Officer) and the Chair of the Audit Committee.
- 2.20** An embedded Risk Management Framework is in place, with each Directorate maintaining a risk register. The risk management framework was approved by the then Corporate Board (now Strategic Leadership Team) and the Audit Committee.
- 2.21** Robust business continuity management arrangements exist within the council, with all critical services having business continuity plans in place. The Interim Resilience Standards have been used as the guide to measure council emergency planning and business continuity arrangements. We have been assessed via a peer challenge against these standards which established that the arrangements have been implemented and are effective.
- 2.22** The council has a four year Medium Term Financial Strategy, which is reviewed and updated annually as part of the budget setting process to support the achievement of the council’s corporate priorities. The budget and policy framework outlines the process and timetable to be followed each year when setting the council’s budget. The financial management framework includes quarterly budget monitoring reports to the Financial Strategy Group, departmental management teams, Strategic Leadership Team and regular reports to Cabinet.

- 2.23** The budgeting process requires departments to submit budget proposals that are aligned to the council's objectives, and which are based on a required savings target. Throughout the year, Cabinet Members receive regular updates on the Finance Monitor which shows the financial position for each department and what is being done to address potential overspends. In addition, a budget monitoring report which includes the delivery of agreed savings is also presented.

### **Developing the Capacity & Capability of Members and Officers**

- 2.24** Good governance means developing the capacity and capability of members and officers to be effective. The following describes how the council achieves this:

A full member training and development programme is in place and there is a comprehensive induction programme for all councillors within the first few weeks of their election to office. Training on the council's Code of Conduct for Councillors is compulsory. The council has adopted specific codes of conduct for councillors involved in planning or licensing decision-making and these councillors receive additional training in these areas as a pre-condition of their participation.

All new directors and executive directors meet with the Director of Legal and Democratic Services for a one to one induction briefing on governance issues. Other new senior officers may meet with the Director of Legal and Democratic Services for a one to one induction, depending on requirements.

There is a corporate learning programme which consists of a variety of learning interventions and is delivered using a blend of approaches i.e. face to face workshops, e-learn modules and books. The programme typically includes corporate activities such as New Starter Induction (key information and policies for Health & Safety, Data Protection, Equality, Diversity & Inclusion, Appraisal and Recruitment), personal development (Resilience, Presentation, Apprenticeship Qualifications) and management development and their responsibilities. We continue to run a number of development sessions in relation to Values and Behaviours and New Ways of Working (incorporating support on building digital skills and inclusion) and have introduced a range of development to support the Equality, Diversity & Inclusion (EDI) agenda to ensure our staff have the right skills and capabilities to enable the achievement of the council's future vision.

### **Engaging with Local People and Stakeholders**

- 2.25** The council's strategic planning priorities are directly aligned with those of the Local Strategic Partnership (LSP), through the LSP Borough Plan 2018-22. The council is therefore better able to relate its own performance to the outcomes it

seeks for the borough. This also facilitates greater alignment of priorities between the council and other key partners and service delivery agencies, such as NHS Ealing and the Police.

- 2.26** The council includes a definition of a partnership within its Constitution. Work has been undertaken to identify and assess key partners and ensure that robust protocols are in place for partnership working. The commercial hub maintain a list of significant partners. Evidence has been gathered to support good governance arrangements for these significant contractors. Assurance is gained through the Joint Contract Board.
- 2.27** Commitments to deliver against our responsibilities in relation to equality and diversity feature strongly in the Council Plan. During 2020/21 the council's objectives under its Public Service Equality Duty were updated. Regard to equality, diversity and human rights duties is embedded in the budget setting and business planning process, and templates for each require that officers and members consider the equality, diversity and human rights impacts of proposed decisions. The council's approach is to embed equality diversity and inclusion within all of its work so that equality considerations are part of day-to-day management. This incorporates feedback from 'deep dive' engagement interventions to ensure that the right attention is afforded to protected characteristic groups. The Strategic Leadership Team takes regular updates on progress and developments in relation to implementation of the Equality Act, the council's equality action plan and the Cabinet report process and pro-forma have been amended to ensure that service directors sign off on service related equality impact assessments before any Cabinet decision. During 2020/21 the Chief Executive chaired a tackling inequalities working group which has overseen a number of internal workstreams. This was formalised into an equalities board with representation from newly established staff equalities groups during 2021/22. Through the year the council has provided support to the independent Race Equality Commission appointed by members which reported in January 2022 with Cabinet accepting the recommendations in February 2022. All salient points from equality impact assessments carried out on Cabinet reports are included in the body of the report. Proposals that impact on staffing/workforce are signed off by HR Business Partners and service directors.

### **3. Review of Effectiveness**

- 3.1** The council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control.
- 3.2** The council's review of the effectiveness of its system of internal control is informed by:

- Annual Assurance Opinion of the Head of Internal Audit;
- Performance against targets;
- Annual Assurance Statement; and
- A review of the previous year's Annual Governance Statement.

**3.3** The review of effectiveness of the council's governance framework is informed by the work of the Executive Directors who have responsibility for the development and maintenance of the governance environment, the Assistant Director of Audit and Investigations' Annual Report, and by comments made by the external auditors and other review agencies and inspectorates. The Annual Governance Statement Working Group (AGSWG) considers these sources of information and informs the creation of the Annual Governance Statement.

**3.4** The AGSWG consists of senior officers from multiple disciplines with responsibility for the preparation of the AGS and relevant supporting evidence. The AGSWG meets on a targeted engagement cycle during the year to ensure compliance with the corporate timetable. The AGSWG also undertook a review of the 2021/22 AGS, in particular the disposition of the significant governance issues identified. The key evidence to support the review of effectiveness is outlined below:

**3.5 Planning** – The Strategy and Engagement Department monitors and oversees the delivery of the Council Plan, working closely with directorates.

**3.6 Performance Management** – The Strategy and Engagement Department works with all directorates to monitor performance against the agreed corporate performance indicator suite. Regular performance reports are taken to the Strategic Leadership Team and (quarterly) to Cabinet. In addition, a number of governance mechanisms are in place to support performance management across the council, including monitoring the delivery of the budget and the Budget Steering Group.

**3.7** Council projects are run in line with an appropriate control framework that defines the control processes needed in consideration of risk profile and other factors. Within this framework, individual departments develop their own detailed processes that reflect their different needs, risk profile and working practices. The key governance control is that each project in the council reports into an appropriate project board or managerial group. The Project Management Office oversees core projects as agreed through the Future Ealing Framework with progress reported to the Future Ealing Delivery Board and SLT.

**3.8** The council continues to implement an extensive efficiency/value for money programme to improve services and identify significant on-going savings in both the current and future years. This is achieved through financial management and

budget proposal scrutiny, including on-going line-by-line analysis of individual budgets.

- 3.9** A quarterly stock take report incorporating risk management, performance and key areas for assurance is reported to the Strategic Leadership Team. There is also a comprehensive revisit of the Strategic Risk Register undertaken annually ahead of the March reporting round.
- 3.10** Members play a regular role in performance management, providing challenge to officers. Cabinet receives a report on performance each quarter. Cabinet portfolio holders have monthly meetings with Executive Director Team and review finance and performance indicators each month. Audit Committee receive a quarterly report on the Strategic Risk Register.
- 3.11 The Cabinet** – The council operates a Leader and Cabinet model of local government. Cabinet has ten members; each member has a specific area of responsibility known as a ‘portfolio’ and is accountable for the council’s decisions. Cabinet carries out all the local authority’s functions which are not the responsibility of any other part of the local authority.
- 3.12 Opposition** – The Opposition comprises members of the largest opposition party. The Opposition has access to all relevant documents and officer advice.
- 3.13 General Purposes Committee** – This committee takes an overview of regulatory functions such as development control, parliamentary proceedings, election, registration and inspection of homes and member training. It also exercises any other functions referred to it.
- 3.14 Licencing Panel and Licensing Committee** exercise the council’s various licensing functions.
- 3.15 Overview and Scrutiny Committee** – There is a respected and active scrutiny function managed by the Overview and Scrutiny Committee (OSC) to discharge the functions conferred by section 21 of the Local Government Act 2000. In addition to the Health and Adult Social Services Standing Scrutiny, the council has four scrutiny panels that select new topics of focus every year in response to circumstances.
- 3.16 The Standards Committee** – The Standards Committee has nine members, drawn from all political groups currently represented on the council. In line with regulatory requirements, the committee is supported by two independent people. The committee carries out the council’s statutory responsibility to promote and maintain high standards of conduct by councillors and co-opted members and deals with complaints. The committee also reviews and oversees member

development, freedom of information work and the council's Whistle-blowing Policy. The committee submits an annual report on its work to Full Council. Fifteen complaints were made concerning Councillors in 2021/22; one was referred for full investigation. No councillors were found to have acted in breach of the council's Local Code of Conduct for Councillors. All have been reviewed by the Director of Legal and Democratic Services.

**3.17 The Audit Committee** – The council has an Audit Committee that provides independent, effective assurance on the adequacy of the council's governance environment. All major political parties are represented, in addition there is an independent member.

**3.18** The Audit Committee met regularly during 2021/22, considering reports (including the Annual Internal Audit Report) from the Assistant Director Audit & Investigation and the External Auditor. This also includes other key financial information for example Treasury Management.

**3.19** The remit of the Audit Committee is to:

- Provide independent assurance of the adequacy of the risk management framework and the associated control environment.
- Provide independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority exposure to risk and weakens the control environment; and
- Oversee the financial reporting process.

**3.20** The Audit Committee also reviews Internal Audit performance against targets and quality assurance results.

**3.21** Audit Board comprises of the Chief Finance Officer, Assistant Director Audit with invites to PWC Management, the Audit and Risk Manager and Reactive Fraud Manager as required. The Audit Board meets quarterly and seeks to strengthen the assurance framework of the Council. Internal Audit and Investigation provides progress reports on internal control and counter fraud to the Audit Board. As and when required, officers are held to account by the Audit Board through the use of challenge sessions to focus on any areas of weakness or non-compliance.

**3.22 Statutory Officers** – The Constitution sets out how the council operates, how decisions are made and the policies which are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by law, while others are a matter for the council to choose. The Constitution comprises eight parts which sets out the basic rules for governing the council's business, as well as detailed procedures and codes of practice.

**3.23** The Constitution is regularly reviewed by the Monitoring Officer and any significant change proposals are considered by the Constitutional Review Group (an informal group of senior councillors) and advertised on the web prior to adoption by full council on the presentation of a detailed report. The Constitution sets out the responsibilities of both members and officers. In particular the council has identified the following statutory posts:

- Head of Paid Service – Chief Executive
- Chief Financial Officer (Section 151) – Chief Finance Officer
- Monitoring Officer – Director of Legal and Democratic Services
- Director of Children’s Services – Executive Director, Children, Adults and Public Health.
- Director of Adult Social Services – Director of Adult Services
- Director of Public Health – Director of Public Health
- Data Protection Officer – Corporate Information and Governance Manager

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.

**3.24 Management** – The Chief Executive, each Executive Director/Director has provided a self-assurance statement in respect of 2021/22, confirming that:

- They fully understand their roles and responsibilities;
- They are aware of the principal statutory obligations and key priorities of the council which impact on their services;
- They have made an assessment of the significant risks to the successful discharge of the council’s key priorities; and
- They acknowledge the need to develop, maintain and operate effective control systems to manage risks.

**3.25** All staff, in particular managers, are responsible for ensuring that laws and regulations are complied with and that the authority’s policies are implemented in practice. The Monitoring Officer and the Legal Services team monitor compliance with, and awareness of, key laws and regulations. Executive Directors, Directors, Assistant Directors, and service heads are responsible for monitoring implementation of the council’s policies.

**3.26** One of the key elements in obtaining the required internal controls assurance for the Annual Governance Statement is the completion of the Annual Assurance Statement by senior officers. The Statements noted that for the year ended 31 March 2022, senior officers were aware of their responsibilities and had complied with the council’s policies and procedures.

**3.27** Executive Directors were asked to compile their statement after reviewing the statements from their direct reports. Direct reports were asked to compile their statement after taking assurance from their senior management teams.

**3.28 Internal Audit** – The council takes assurance about the effectiveness of the governance environment from the work of Internal Audit which provides independent and objective assurance across the whole range of the council's activities. It is the duty of the Assistant Director of Audit and Investigations to give an opinion, at least annually, on the adequacy and effectiveness of internal control within the council. This opinion has been used to inform the Annual Governance Statement.

**3.29** The Assistant Director Audit & Investigations provided his annual report to the Audit Committee in July 2022. This report outlined the key findings of the audit work undertaken during 2021/22, including areas of significant weakness in the internal control environment.

**3.30** An assurance mechanism is used to reflect the effectiveness of the council's internal control environment. The table below details the four levels of assurance provided:

Level	Definition
Substantial	There is a sound system of internal control designed to achieve the council's objectives. The control processes tested are being consistently applied.
Reasonable	While there is a basically sound system of internal control, there are weaknesses, which put some of the council's objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the council's objectives at risk.
Limited	Weaknesses in the system of internal controls are such as to put the client's objectives at risk. The level of non-compliance puts the council's objectives at risk.
None	Control processes are generally weak leaving the processes / systems open to significant error or abuse. Significant noncompliance with basic control processes leaves the processes / systems open to error or abuse.

**3.31** It is the opinion of the Head of Audit and Investigations that, taking into account all available evidence, there is limited assurance on the overall control framework for the Council. There is, however, also reasonable assurance on the key financial systems. These opinions are based on the audit work and consider how the system of internal control within the Council are designed to meet the

organisation's objectives and whether controls are applied consistently. This compares with 2020/21 where the overall opinion was limited.

- 3.32** It is important to note that the decision to provide an overall audit opinion of limited assurance, was based upon 38% of reports receiving limited or no assurance, but the assurance level also considered the nature of reports and thematic issues. The no assurance report for fire safety along with other reports identifying weaknesses in relation to health and safety significantly influence the level of assurance. It is important to reflect that the council has introduced significant measures, including regular strategic oversight in response to these reports and to ensure that the issues raised are addressed.

It is important to also frame this decision; the changes to audit planning over recent years has encouraged senior management to be open about risks and concerns to help target towards key risks to optimise value of the audit work.

- 3.33 External Audit** – Deloitte is currently the council's appointed external auditor. As well as an examination of the council's financial statements, the work of the council's external auditor includes an assessment of value for money.

- 3.34 Risk Management** – The council managed its risks during 2021/22 in accordance with the approved Risk Management Policy. The Strategic Leadership Team formally considers risks, with quarterly reports also being presented to the Audit Committee.

- 3.35** The indicative Internal Audit Plan for 2021/22, presented to the Audit Committee in March 2021, is chiefly based upon the key risks faced by the council as identified in the corporate and directorate risk registers, such that Internal Audit will provide assurance on the effectiveness of the internal control framework during 2021/22.

- 3.36 Developing Capacity** – The council has operated procedures during the period covered by this statement to ensure the training needs of staff are assessed against core competencies and any key training needs are met. Line managers are primarily responsible for identifying individual and service needs and sharing their requirements with the corporate learning team in order to ensure that commissioning arrangements are effective and cost efficient; key areas of development have included digital skills, team/leadership development and building resilience. This also includes exploring opportunities to resource needs through external funding arrangements i.e. Apprenticeship Levy and access free of charge opportunities through our partners (Microsoft, Solace, LGA etc) Additionally, the council has provided and makes available ongoing training opportunities to councillors to enable them to effectively fulfil their duties as councillors of the council.

**3.37 Engagement** – Regular consultation on formal decisions is also undertaken with residents to ensure that the council makes decisions based on resident requirements and feedback regarding general provision and quality of service. The council has created an additional post of Assistant Director Equality & Engagement supported by a small central team to increase its capacity in this area.

#### **4. Covid Pandemic Response**

- 4.1** During the Covid Pandemic it has been essential to make adjustments to ways of working. The governance framework has been maintained to ensure compliance with overarching governance requirements and the Constitution.
- 4.2** Committee meetings – Central Government allowed meetings to continue virtually until May 2021. The council has continued to operate hybrid meetings, to maximise participation, noting that for most (though not all) meetings, only members attending in person may vote and will be counted as having formally attended.

#### 4. Update to matters raised in 2020/21

<b>Table 1</b> <b>2020/21 Governance Issues</b>		
<b>Issue</b>	<b>Actions</b>	<b>Update</b>
<b>Financial Uncertainty</b>  The council has continued to manage financial pressures and uncertainty and 2021/22 funding has been set with a balanced budget. There are, however, expected to be changes to the funding regime and business rates, resulting in uncertainty for 2022/23 which could have a material negative impact on future funding for the Council. Work also continues to manage demographic and government policy changes that have led to service demand pressures and resultant budget pressures in recent years.	Monitoring and benchmarking is taking place to plan for funding scenarios and help mitigate future funding pressures.  Trying to ensure that Council reserves are sufficient to mitigate an adverse and material change.  Demand management programmes in Children's and Adult services continue.  Work in temporary accommodation to switch to affordable housing, including the development of Broadway Living to progress these works.	The governments planned review of funding was deferred to 2022/23. As such the risk and uncertainty remain and the Council continues to plan for. The demand pressures were managed for 2021/22, however remain an ongoing risk.
<b>Covid</b>  The council has continued to manage response to the global pandemic. Work continues to consider the risk of subsequent waves or variants as well as to support the community in their recovery.	SLT Gold continue to oversee arrangements.  Contingency planning arrangements have been in place throughout the pandemic with gold structure taking responsibility. The council has supported through local partnerships, dynamic risk assessments.  Processes during response have included support processes such as Covid grants payments, self isolation payments, test, track and trace.  A recovery plan is in place to support the community.	The council continued to support the community and respond to Covid. Recovery work continues, although overall risk levels are considered to have reduced.

<b>Table 1</b> <b>2020/21 Governance Issues</b>		
<b>Issue</b>	<b>Actions</b>	<b>Update</b>
<b>Health and Safety (H&amp;S)</b>  A programme of work to support the ongoing monitoring arrangements to ensure that all health and safety inspections and action programmes are implemented across the staff/service occupied, leased, tenanted council properties.	A board level H&S Committee to monitor inspections and action programmes.  Ongoing internal audit coverage to consider H&S risk management and the supporting control environment.  Recruitment and retention arrangements for key H&S posts.	This issue has been raised again this year.

## 6. Significant Governance Issues 2021/22

6.1 Based on the council's established risk management approach, the issue detailed below have been assessed as being significant for the purpose of the 2021/22 Annual Governance Statement. The Council propose over the coming year to take steps to address these matters to further enhance our governance arrangements and are satisfied that the actions will address the issues raised. Progress will be monitored throughout the year.

**Table 2**  
**2021/22 Governance Issues**

Issue	Actions	Officer Responsible	Timescale
<p><b>1) 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 compliance work and remedials in relation to Council and Broadway Living RP housing and council owned leased properties has been developed. This includes governance and oversight measures to track performance.</p>	<p>A board level H&amp;S Committee and Housing Safety Executive Board to monitor inspections and remedial work.</p> <p>A full action plan to address backlog in compliance and remedial work. The programme includes measures to improve governance and future reporting and monitoring, aid recruitment and retention has been set out with target dates.</p> <p>An independent quality assurance review to ensure accuracy and robustness of processes.</p>	<p>Lucy Taylor, Executive Director Place</p> <p>Darren Henaghan Interim Director of Housing .</p> <p>Jessica Tamayao Assistant Director Strategic Property and Investments</p>	<p>The majority of actions to be completed by December 2022 with additional measures programmed to September 2023.</p>
<p><b>2) 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. Challenging inflation environment and increases to the cost of living will create some cost pressures, but may also see additional service demand pressures which will need to be monitored and managed.</p>	<p>Monitoring, benchmarking is taking place to plan for funding scenarios and help mitigate future funding and inflation pressures.</p> <p>Continuing to review council reserves to help ensure they are sufficient to mitigate an adverse and material change.</p> <p>Demand management programmes in Children and Adult services continue.</p> <p>Work in temporary accommodation to switch to affordable housing, including the development of Broadway Living to progress these works.</p>	<p>Emily Hill, Chief Finance Officer</p>	<p>Ongoing</p>

**Table 2**  
**2021/22 Governance Issues**

Issue	Actions	Officer Responsible	Timescale
<p><b>3) Covid Recovery</b></p> <p>Ongoing work to support the recovery post pandemic. Managing impacts on demand for services and economic pressures.</p>	<p>Managing demand on services post pandemic. An ongoing need to monitor and manage demand for social care, particular Children's services.</p> <p>Governance and Oversight to assist small businesses and the community as we recover.</p> <p>Support for the community and economy through regeneration and support for unemployment, measures include:</p> <ul style="list-style-type: none"> <li>• investing resources</li> <li>• high streets taskforce</li> <li>• inward investment program</li> <li>• partnership working</li> <li>• job entry and targeted support programmes</li> <li>• work coaches</li> <li>• work and health programme</li> </ul>	<p>Judith Finley, Executive Director – Children and Adults.</p> <p>Lucy Taylor, Executive Director – Place</p>	<p>Ongoing</p>

## Conclusion and Evaluation

As Leader and Chief Executive, we have been advised of the implications of the results of the review of the effectiveness of the Council's governance framework.

Our overall assessment is that this Annual Governance Statement is a balanced reflection of the governance environment and that an adequate framework exists within the London Borough of Ealing to ensure effective internal control is maintained.

We are also satisfied that there are appropriate plans in place to address the weaknesses and ensure continuous improvement in the system of internal control.

Signed

Chief Executive – Ealing Council  
Tony Clements  
4 December 2024

Signed

Leader of the Council  
Cllr. Peter Mason  
4 December 2024

