Ealing Council
Statement of Accounts
2012-2013

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Explanatory Foreword by the Chief Finance Officer

1. Introduction

As the Council's statutory Chief Finance Officer, I am pleased to present the Council's 2012/13 Statement of Accounts. The purpose of this foreword is to highlight some of the most important matters reported in the accounts and provide a summary of the Council's overall financial position.

The Statement of Accounts is by necessity a lengthy document presented in the very formal manner required by regulation. However, in this foreword I can introduce the council's finances in plainer terms.

The original net budget was set by Council in February 2012 at £262.8m for the financial year 2012/13. This enabled the Council to implement a council tax freeze and also qualify for Council tax freeze grant funding from the Government of £3.2m, equivalent to a 2.5% increase in council tax. Approximately half of the Council's budget is funded by central government support through redistributed business rates (£132.9m) and Revenue Support Grant (£4.7m) with the balance of the Council's funding coming from local taxpayers, funded by a Band D council tax of £1,059.93 which the Council has kept at the same level since 2008/09.

During the financial year ended 31st March 2013 the Council's financial health has been maintained and this capacity is needed to provide a firm financial foundation for the Council to deliver services in a challenging financial climate for all local authorities in the medium term, with risks on economic recovery and uncertainty on local government funding.

Strong financial control at the Council has meant that:

- The Council delivered its services at a net cost of £262.753m against the approved budget of £262.803m, producing a net under spend against budget of £50k.
- The General Fund balance (the Council's financial safety net) as at 31st March 2013 stands at £15.413M, achieving the target figure in the medium term financial strategy and representing 5.6% of the Council's General Fund budget for 2013/14 of £275.3m.
- The accounts have been prepared in advance of the statutory deadline

The Council's financial management cycle includes an assessment of all the risks the Council faces at the start of the year. Having identified reductions of £30.8m to balance the 2012/13 budget it is very pleasing to now report that the Council carefully controlled and monitored its spending throughout the year and managed to keep its revenue budget spending to £50k under budget. This was achieved despite the pressures on demand led budget such as Adult Social Care where there was a £2.2m overspend (2.1% of Adults net budget) mainly due to care placement pressures. These accounts show that the council has again achieved its priority of providing value for money for residents, delivering an overall balanced budget through sound financial management including a tight monthly financial monitoring process. The scale of this achievement must be judged in the context of significant real terms reductions in funding (an 8.4% reduction in formula grant provided by central government in 2012/13 on a like for like basis), rising expectations of service users both in terms of quality and quantity, and economic uncertainty.

The process of planning and control to produce these statements has once more worked extremely well. The Closing Board monitored the production of these accounts and involved both the Corporate and Service Finance teams. This built on the continuing improvements in reconciliations and other financial controls across the Council.

I have ensured that the council has maintained its prudent position in a number of risk areas by maintaining a healthy but not excessive level of earmarked reserves, which (excluding school balances) stand at £82.3m, up from £75.5m. It is particularly important to maintain healthy reserves as we continue to operate in a period of great economic uncertainty in addition to a fiscal environment where the council's grant funding is likely to continue to be scaled back significantly by central government over the medium to longer term.

Although the Council was able to freeze Council Tax rates for the fourth successive year it was still able to raise net additional Council Tax charges of over £2.0m as a result of charging for additional properties and removing single person discounts from many properties following investigations by the collection team. Many of these additional charges were raised late in the financial year but despite this, and the economic difficulties, the in-year collection rate increased to 97.4%, the highest ever collection rate. Cash management will continue to be a key focus in 2013/14 to drive further value for money for residents of the borough.

Ealing's effort in reducing single person discount fraud on Council Tax was recognised by receiving the Innovation Award at the prestigious National Fraud Awards in December 2012 against stiff opposition from other local authorities and public sector bodies.

The Council continues to focus its resources to deliver services in accordance with Council priorities and the approved medium term financial strategy. The Council's financial objectives during 2012/13 were:

- Align spending plans with the Council's vision and strategic objectives and resident priorities
- Keep council tax as low as possible (including a further freeze in 2012/13)
- Maintain a balanced budget position and set a medium term financial plan maintaining and strengthening that position
- Provide a robust framework to assist the decision making process
- Undertake a prudent level of capital investment to meet the Council's strategic priorities and remain within prudential borrowing limits
- Manage Council finances within the context of a forward looking three year rolling business planning framework
- Deliver value for money to local taxpayers
- Exercise probity, prudence and strong financial control
- Manage risk, including strengthening reserves as appropriate & maintaining sustainable levels of debt
- Continually review budgets to ensure resources are targeted on key objectives

The Council's Pension Fund net assets increased from £691.5m to £800.0m during the year, an increase of 15.7%. The fund remains cash positive on its revenue account, showing an in year excess of income over expenditure of £22.9m.

Despite the strong performance on the Pension Fund Investments, the net pensions liability has increased from £378.7m to £451.4m, a major factor in this being that pension fund liabilities are measured off gilt yields and as gilt yields have fallen during the year the Funds liabilities have therefore risen. It is important to note that the net liability does not represent an immediate call on the Council's reserves, rather, it is a notional amount based on a snapshot in time which shows how much the Council's pension liabilities exceed the Fund's assets. The Council's actual liability is reviewed every three years as part of the required independent valuation of the Pension Fund and an investment strategy is in place which aims to recover the deficit over a stated period (currently 17 years).

The Housing Revenue Account (HRA) accumulated general balances as at the end of the financial year is £6.1m, an improvement on the target in the budget.

These accounts reflect the fact that the Council has received the full and final settlement in respect of the Council's £2m impaired Icelandic bank investment (interest £0.1m) from the Glitnir winding up board. However, due to capital controls that restrict the flow of funds out of Iceland, approx. £0.380m was retained within an escrow account in Iceland earning interest of 4.2%. As at 31 March 2013 this investment was re-valued at £0.424m after incorporating accrued interest and a small gain on foreign exchange movement. The Local Government Association (LGA) is monitoring developments in Iceland on behalf of local authorities with a view to securing repatriation of funds at the earliest opportunity.

The management of the Council debt was maintained within the local limits set under the prudential regime. The cost of servicing debt was maintained within the budget set by the Council for 2012/13 with the Council's borrowing costs at £35.2m. The Council undertook no long-term borrowing in 2012/13 and its long term debt reduced by £8.7m to £494.8m.

In June 2010, central government invited schools across the country to become academies, making them independent of local authorities. During 2012/13 no schools became academies. As a result there were no assets and liabilities in respect of these schools transferred to the academies. However during 2012/13 Brentside High school became a foundation school and as a result the council wrote off £2.9m from its balance sheet in the year for the land and building of the school.

During the year the Council moved its facilities management from an external provider to in-house provision and despite this pressure the Council was able to manage these costs within budget and also make provision within the accounts for transition costs

On 15 December 2010 the Council entered into a PFI contract with Balfour Beatty Education as part of the Building Schools for the future scheme. 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 impact of the current economic climate on the Council and the services it provides.

The national and European economies remain in a difficult state, with major concerns around the future of the euro currency and other European economies. Interest rates remain very low, with base rate remaining at a historic low of 0.5%. Economic growth has been low and some commentators warn of a further recession. Against this unsettled background it is important that the Council has a level of reserves that allows it to withstand unanticipated financial impacts of future developments at a local and national level and the accounts as presented show that the Council has a general fund balance of £15.4m and earmarked reserves (excluding schools ringfenced balances) of £82.3m.

Summary of earmarked reserves

	Balance 31.3.12	Balance 31.3.13
	£M	**£M**
PFI reserves	29.7	32.6
Other earmarked reserves	45.8	49.7
Subtotal	**75.5**	**82.3**
Schools Balances	21.5	20.9
Total earmarked reserves	**97.0**	**103.2**

Looking forward to 2013/14 and beyond

Looking ahead to 2013/14 and beyond, the setting of the budget for 2013/14 was undertaken against the background of continued economic uncertainty. Although Ealing like other Councils has made substantial savings over the past two years, further savings will be required. Major changes in the welfare system coupled with economic hardship mean that many households are facing increasing financial pressure and this has an impact not only on the demand for support from the Council but on income levels for both statutory and discretionary services.

A number of Public Health responsibilities transferred to Local Authorities on the 1st April 2013. These new responsibilities and duties are funded by a ring fenced Public Health grant, and the allocation for Ealing is £21.4m in 13/14 and £22.0m in 14/15.

The Government's expectation is that funds will be utilised in-year, but if at the end of the financial year there is an underspend this can be carried over, as part of a public health reserve, into the next financial year. In utilising those funds the next year, the grant conditions will still need to be complied with. However, where there are repeatedly large underspends the Department will consider whether allocations should be reduced in future years. The level of Public Health grant allocation from 2015/16 is unclear. It is anticipated that a revised allocation formula will be implemented and there is a significant risk that Ealing's allocation will reduce in 2015/16. It is therefore crucial that the grant available in 2013/14 and 2014/15 is spent on schemes which are expected to make a significant impact on the health of the population, but which can be concluded if necessary in 2015/16. All proposals for this expenditure will be considered by Cabinet in July 2013 and have been prepared in a manner that takes into account this uncertainty in funding availability from 2015/16.

There are also significant changes from the government's new funding system for local authorities which came in from April 2013 replacing the previous formula grant system with the business rates retention system and also the localisation of council tax support in the same financial year which pose additional funding risks to the Council.

Business rates income is now part of the Council's core revenue funding under the Governments Business rates retention funding scheme. As such, any growth in business rates income goes towards assisting the Councils overall budget strategy in the context of further government funding reductions and does not represent an additional resource. The new funding system allows Ealing to retain 30% of growth and on the other side to bear the cost of 30% of reductions in yield.

The Council has also introduced a new localised council tax support scheme from 1 April 2013 as required by the Government. The Comprehensive Spending Review (CSR) 2010 included proposals to localise support for Council Tax from the beginning of the financial year 2013/14. The main change for the Council is that a grant is paid to the General Fund from 2013/14 to replace the Council Tax Benefit paid into the Collection Fund. The major change for recipients is that the grant will cover only around 90% of the current benefits and Local Authorities were expected to introduce revised local benefit schemes that in total reduced benefits by 10% overall or alternatively fund the reductions through other means. In addition certain recipients (pensioners) are legally excluded from the reduction. Therefore some current benefit recipients are required to pay a higher contribution towards their Council Tax bill from 2013/14.

The Council adopted a new scheme for the statutory deadline of 31 January 2013, with new processes ready to operate from the implementation date of 1 April 2013. There was a wide consultation exercise with stakeholders in order that their views were taken into account in the finalised scheme. Council Tax bills were sent to residents for 2013/14 based on the agreed Local Scheme.

The Department for Communities and Local Government (DCLG) also issued a consultation paper in October 2011 outlining some technical reforms to Council Tax. These changes were included within the Local Government Finance Bill and gave the Council local discretion from April 2013, as follows:

• The application of exemptions to Council Tax where, for example, improvement works make the building uninhabitable;
• To introduce an empty homes premium; and
• To abolish the second homes discount.

Ealing approved its Local Scheme in December 2012 to apply from 1st April 2013 which took advantage of those changes and which will increase the level of Council Tax that is raised and mitigate some of the potential effects of the Localisation changes.

Discussions were concluded early in 2013 between the Council and the trade unions on a range of changes to staff Terms and Conditions to enable the Council to achieve the savings it requires while also protecting staff benefits as far as possible. Savings of £1m related to changes in employee terms and condition were approved by Cabinet on 19th February 2013 and have been included in the 2013/14 budget.

The Government's Welfare Reform programme began on 1 April 2013 and these measures will impact on Ealing's finances in various ways. This includes the direct cut to Council funding from the localisation of Council Tax benefit, and increased service pressures arising, for example, from the Welfare Benefit cap which is expected to lead to increased homelessness and internal migration across London. The financial impact arising from the changes to welfare is being carefully monitored. To manage risks the Council holds a central contingency provision of £3m in the 2013/14 Budget and during the closing of accounts the opportunity has been taken to set aside £2m in a new reserve to protect against the numerous financial implications to the Council.

In 2013 the Council is entering into plans for new joint library and leisure contracts which will save almost £0.5m a year. Cabinet approval was given in May 2013 and Ealing will act on behalf of Brent and Harrow as the client for leisure services and LB Harrow will act on behalf of Ealing as the client for library services. An established Leisure provider will run leisure services in the three boroughs for the next 10 years. Northolt Leisure Centre and Perivale Park Track would be managed this way from June 2013 and Acton Town Hall Leisure Centre from May 2014. In 2018 Gurnell Leisure Centre, Dormers Wells Leisure Centre and Swift Road Outdoor Sport Centre would be added to the contract. A well established service company incorporating a not-for-profit trust will run library services in Ealing and Harrow for five years.

In summary these accounts show the Council has worked hard to maintain its financial health and increase its financial resilience in the face of the many challenges ahead. However 2014/15 to 2016/17 will require further budget savings to continue this position. The approved general fund savings target for 2013/14 of £22.8m is demanding and there is always a risk of an in-year shortfall despite the Council's excellent track record in financial management as the Council still faces a range of significant financial risks particularly from demand-led budgets and further funding reductions from central government.

The Council must plan to contain expenditure on demand-led services if it is to sustain its strong position. In addition, the Council must develop robust plans for funding its long-term capital investment. The provision of primary school places continues to be a pressure on the Council and although contained within our medium term financial strategy will need to be continually monitored.

I hope that you find the following statement of accounts useful and informative in helping you to understand how the Council manages its finances in delivering value for money services for residents. There were no significant changes to the format of the accounts in 2012/13. If you have any questions or comments on the Council's accounts or their presentation, please e-mail **finalaccounts@ealing.gov.uk** or write to the Executive Director of Corporate Resources, Ealing Council, Perceval House, 14-16 Uxbridge Road, Ealing W5 2HL.

To help you understand the accounts a glossary of terms used is also attached.

2. The Statement of Accounts

2.1. 2012/13 Budget and Actual Comparison

The approved net revenue expenditure budget for 2012/13 was £262.803m and the Council achieved a surplus of £50k at the end of the financial year. Non-departmental underspends and tight financial control meant that it was not necessary to use the budgeted contingency, allowing a contribution to be made to earmarked reserves.

The accounts show a £28.95m deficit on the Comprehensive Income and Expenditure Statement (CI&E). However this is due to technical accounting adjustments which are reversed through the Movement in Reserves Statement and so have no impact on Council Tax. This deficit on the CI&E also reflects as a reduction in the net value on the balance sheet.

2.2 Housing Revenue Account

The Housing Revenue Account has made a deficit of £2.0m for 2012/13, in part due to a change in the regulation surrounding impairment and revaluation losses on non dwellings which no longer get reversed out, so impact on the HRA balances. This decreases the accumulated balance from £8.1m at 1 April 2012 to £6.1m at 31 March 2013.

2.3 Capital Expenditure

Capital expenditure for 2012/13 from the capital programme was £137.1m. Expenditure was lower than the revised budget of £147.3m by £10.2m. This was mainly due to rephasing of spending between years on Schools (£2.1m), Property and Regeneration (£3.2m) and the HRA (£2.1m). The capital expenditure by service and its financing is shown below:

	£M	%
Regeneration & Housing	38.0	28
Environment & Customer Services	19.2	14
Education	73.9	54
Corporate Services	4.0	3
Social Services	2.0	1
Total	**137.1**	**100**

Financed by:

	£M	%
Borrowing	38.2	28
Capital & Other Grants	54.7	40
Revenue Contributions	14.6	11
Major Repairs Reserve	29.5	21
Capital Receipts	0.1	-
Total	**137.1**	**100**

2.4 Collection Fund

The Collection Fund balance increased by £3.0m in 2012/13. There was an underlying surplus of £3.6m to the fund offset by the budgeted contribution to the Council General Fund (£0.5m) and the Greater London Authority (£0.1m) in respect of the distribution of the estimated surplus at 31 March 2012. The cumulative surplus has increased to £5.5m at 31 March 2013, of which £1.2m is the share due to the Greater London Authority. The surplus has arisen despite the economic downturn through strong collection performance including the Councils initiative on identifying and preventing single person discount fraud which has contributed to the positive position.

Statement of Responsibilities

1. Introduction

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).

2. The Council's Responsibilities

The Council is required to:

1.1. 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 Executive Director of Corporate Resources.

1.2. manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

1.3. approve the statement of accounts.

3. The Responsibilities of the Executive Director of Corporate Resources

As the Executive Director of Corporate Resources I am 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'), are 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 2013.

In preparing this statement of accounts I have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

4. Certificate of the Executive Director of Corporate Resources

I certify that the accounts set out on pages 2 to 86 give a true and fair view of the financial position of the London Borough of Ealing as at 31 March 2013 and its income and expenditure for the year then ended, and that the accounts set out on pages 87 to 106 give a true and fair view of the net assets of the London Borough of Ealing Pension Fund as at 31 March 2013 and its income and expenditure for the year then ended.

Ian O'Donnell BSc, CPFA
Executive Director of Corporate Resources
Date: 19 September 2013

5. Certificate of the Chairman of the meeting

I confirm that these accounts were approved by the Audit Committee at its meeting held on 19 September 2013.

Councillor Tim Murtagh
Audit Committee Chair
Date: 19 September 2013

CORE FINANCIAL STATEMENTS

MOVEMENT IN RESERVES STATEMENT

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

	General fund balance £000	Earmarked reserves £000	Housing Revenue Account £000	Usable Capital Receipts £000	Capital Grants Unapplied £000	Earmarked HRA Reserves £000	Total usable reserves £000	Revaluation reserve £000	Capital adjustment account £000	Deferred Capital Receipts £000	Collection fund adjustment account £000	Financial instruments adjustment account £000	Short Term Accumulating Compensated Absences Account £000	Pensions reserve £000	Total unusable reserves £000	Total Authority Reserves £000
Balance at 1 April 2011	**15,311**	**100,655**	**6,986**	**6,595**	**7,944**	**31,072**	**168,563**	**121,606**	**346,925**	**10,893**	**4,534**	**(2,669)**	**(5,332)**	**(304,519)**	**171,438**	**340,001**
Movement in reserves during 2011/12 (Restated)																
Surplus or (deficit) on provision of services	(9,280)	-	235,510				226,230								-	226,230
Other Comprehensive Income and Expenditure	-	-	-				-	(32,039)						(64,292)	(96,331)	(96,331)
Total Comprehensive Income and Expenditure	(9,280)	-	235,510	-	-	-	226,230	(32,039)	-	-	-	-	-	(64,292)	(96,331)	129,899
Adjustments between accounting basis & funding basis under regulations (note 7)	5,455	-	(227,560)	1,207	2,104	(2,004)	(220,798)	-	232,928	(88)	(2,566)	455	(34)	(9,897)	220,798	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves	**(3,825)**	**-**	**7,950**	**1,207**	**2,104**	**(2,004)**	**5,432**	**(32,039)**	**232,928**	**(88)**	**(2,566)**	**455**	**(34)**	**(74,189)**	**124,467**	**129,899**
Transfers to/from Earmarked Reserves	**3,877**	**(3,695)**	**(6,861)**	**(321)**		**7000**	**-**	**(1,257)**	**1,257**						-	-
Increase/(Decrease) in Year	**52**	**(3,695)**	**1,089**	**886**	**2,104**	**4,996**	**5,432**	**(33,296)**	**234,185**	**(88)**	**(2,566)**	**455**	**(34)**	**(74,189)**	**124,467**	**129,899**
Balance at 31 March 2012 carried forward (As Restated)	**15,363**	**96,960**	**8,075**	**7,481**	**10,048**	**36,068**	**173,995**	**88,310**	**581,110**	**10,805**	**1,968**	**(2,214)**	**(5,366)**	**(378,708)**	**295,905**	**469,900**
Movement in reserves during 2012/13																
Surplus or (deficit) on provision of services	611		(145,162)				(144,551)								-	(144,551)
Other Comprehensive Expenditure and Income							-	177,017						(61,416)	115,601	115,601
Total Comprehensive Expenditure and Income	611	-	(145,162)	-	-	-	(144,551)	177,017	-	-	-	-	-	(61,416)	115,601	(28,950)
Adjustments between accounting basis & funding basis under regulations (note 7)	5,532	-	158,648	4,572	29,753	(16,414)	182,091	-	(170,983)	(67)	2,324	375	(2,455)	(11,285)	(182,091)	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves	**6,143**	**-**	**13,486**	**4,572**	**29,753**	**(16,414)**	**37,540**	**177,017**	**(170,983)**	**(67)**	**2,324**	**375**	**(2,455)**	**(72,701)**	**(66,490)**	**(28,950)**
Transfers to/from Earmarked Reserves	**(6,093)**	**6,244**	**(15,437)**	**-**		**15,286**	**-**	**(3,552)**	**3,552**						**-**	-
Increase/(Decrease) in Year	**50**	**6,244**	**(1,951)**	**4,572**	**29,753**	**(1,128)**	**37,540**	**173,465**	**(167,431)**	**(67)**	**2,324**	**375**	**(2,455)**	**(72,701)**	**(66,490)**	**(28,950)**
Balance at 31 March 2013 carried forward	**15,413**	**103,204**	**6,124**	**12,053**	**39,801**	**34,940**	**211,535**	**261,775**	**413,679**	**10,738**	**4,292**	**(1,839)**	**(7,821)**	**(451,409)**	**229,415**	**440,950**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards (IFRS), rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

	2012/2013			2011/2012 Restated
	Gross Expenditure £000	Income £000	Net Expenditure £000	Net Expenditure £000
Adult Social Care	109,843	(27,523)	82,320	79,992
Central Services to the Public	68,730	(53,791)	14,939	10,288
Children's and Education Services	457,958	(319,000)	138,958	87,130
Culture and Related Services	21,115	(6,206)	14,909	23,393
Environmental and Regulatory Services	25,732	(6,517)	19,215	23,639
Planning Services	11,530	(5,186)	6,344	11,682
Highways and transport services	50,350	(25,206)	25,144	24,684
Local authority housing (HRA)	202,789	(68,418)	134,371	(67,724)
Exceptional Item - HRA Pension deficit transfer (note 45.1)	-	-	-	17,412
Other housing services	305,041	(290,102)	14,939	20,387
Corporate and Democratic Core	4,797	(150)	4,647	4,960
Non Distributed Costs	4,458	(158)	4,300	2,667
Cost of Services	1,262,343	(802,257)	460,086	238,510
(Gain) or loss on disposal of non-current assets			6,235	14,387
Levies (note 14)			12,695	10,443
Contribution to / (from) Housing Act Advances (note 15)			13	1
Contribution of Housing Capital Receipts to Government Pool			1,100	20
Other Operating Expenditure			20,043	24,851
Financing and investment income and expenditure				
Interest and Investment Income			(1,701)	(2,741)
Interest Payable and similar charges			35,212	96,871
Pension interest cost & expected return on pension assets			14,146	12,212
Total financing and investment income and expenditure			47,657	106,342
Taxation and non-specific grant income				
Income from Council Tax			(129,632)	(126,908)
General Government Grants (note 9)			(120,684)	(99,262)
Distribution from non-domestic rate pool			(132,919)	(111,031)
Exceptional Item - HRA Subsidy Debt repayment (HRA note 11)			-	(258,732)
Total Taxation and non-specific grant income			(383,235)	(595,933)
(Surplus)/Deficit on provision of services			**144,551**	**(226,230)**
Other comprehensive income & expenditure				
(Surplus)/deficit arising on revaluation of non-current assets			(177,017)	32,039
Actuarial (gains)/losses on pension assets and liabilities			61,416	64,292
Total comprehensive (surplus)/ loss for the year			**28,950**	**(129,899)**

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 council (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves is 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. The second category of reserves is those that the council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses, where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

BALANCE SHEET as at 31 March 2013	**See Note**	**31 March 2013 £000**	**£000**	**31 March 2012 Restated £000**
Property, plant and equipment	(18)	1,342,345		1,282,162
Intangible Assets	(19)	1,069		736
Heritage Assets	(26)	2,741		1,982
Assets Held for Sale	(20)	-		1,869
Long Term Investments	(48)	600		-
Long Term Debtors	(27)	10,848		10,898
Total long term assets			1,357,603	1,297,647
Current assets				
Short Term Investments	(48)	232,493		248,411
Available for sale financial assets	(48)	500		
Short term debtors	(29)	50,040		44,565
Cash and cash equivalents	(28)	34,088		41,155
			317,121	334,131
Current Liabilities				
Short term borrowings	(48)	(8,835)		(7,066)
Short term creditors	(30)	(112,999)		(117,781)
Provisions	(33)	(3,868)		(3,326)
			(125,702)	(128,173)
Long term liabilities				
Long term borrowings	(48)	(494,756)		(503,453)
Long term creditors	(31)	(152,521)		(114,467)
Capital grants receipts in advance	(32)	(5,780)		(33,574)
Provisions	(33)	(3,606)		(3,503)
Pensions Liability	(45)	(451,409)		(378,708)
			(1,108,072)	(1,033,705)
Net assets			440,950	469,900
Usable reserves			211,535	173,995
Unusable reserves			229,415	295,905
Total Reserves			440,950	469,900

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 council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the 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 (ie borrowing) to the council.

	2012/2013 £000	2012/2013 £000	2011/2012 £000
Cash flows from operating activities			
Net surplus or deficit on the provision of services		144,551	(226,230)
Adjust net surplus or deficit on the provision of services for non cash movements:			
Depreciation	(36,322)		(34,197)
Revaluation gains / (losses) charged to CIES	(185,518)		29,643
Movement in debtors	(9,878)		2,774
Movement in creditors	8,689		(11,835)
Pension liability	(11,285)		(9,897)
Movement in provisions	(645)		967
Adjustment for impairment losses on investments	-		-
Adjustments for effective interest rate	21		20
Carrying amount of non-current assets sold	(11,980)		(16,302)
Deferred capital receipts	(67)		
		(246,985)	(38,827)
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities:			
Capital Grants credited to surplus or deficit on the provision of services	52,658		42,729
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	5,744		1,902
		58,402	44,631
Net cash flows from operating activities		(44,032)	(220,426)
Investing activities			
Purchase of property, plant and equipment, investment property and intangible assets	75,241		59,196
Purchase of short-term and long-term investments	10,672,671		6,624,533
Other payments for investing activities	67		6
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(5,811)		(1,990)
Proceeds from shot-term and long-term investments	(10,686,427)		(6,556,118)
Other receipts from investing activities	(14,884)		(53,659)
Net cash flows from investing activities		40,857	71,968
Financing activities			
Cash receipts of short- and long-term borrowing	-		(60,100)
Council Tax and NNDR adjustments	(822)		(775)
Other receipts from financing activities	-		-
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	4,231		2,663
Repayments of short- and long-term borrowing	6,833		203,039
Other payments for financing activities			-
Net cash flows from financing activities		10,242	144,827
(Increase) / decrease in cash and cash equivalents		**7,067**	**(3,631)**
Cash and cash equivalents at the beginning of the financial year		41,155	37,524
Cash and cash equivalents at the end of the financial year		34,088	41,155

Notes to the Core Financial Statements

1. Accounting policies

1) General Principles

The Statement of Accounts summarises the council's transactions for the 2012/13 financial year and its position at the year-end of 31 March 2013. The council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 and the Service Reporting Code of Practice 2012/13, supported by International Financial Reporting Standards (IFRS) and statutory guidance.

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.

2) Accruals of Income and Expenditure

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

a) Revenue from the sale of goods is recognised when the council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the council.

b) Revenue from the provision of services is recognised when the council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the council.

c) 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.

d) 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.

e) 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.

f) 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.

3) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than one working day. Cash equivalents are highly liquid investments due to mature within one working day and those in Money Market Funds and call accounts 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.

4) Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the council's financial performance.

5) 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.

6) 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:

a) depreciation attributable to the assets used by the relevant service

b) 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

c) 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 equal to an amount calculated on a prudent basis determined by the council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

However there is a charge for revaluation and impairment losses and amortisation charged to non dwelling properties in the Housing Revenue Account in accordance with DCLG regulation which came into effect from 2012/13.

7) Employee Benefits

a) 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 non-monetary 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.

b) 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.

c) Post Employment Benefits

Employees of the council are members of two separate pension schemes:

i) The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).

ii) The Local Government Pensions Scheme, administered by Ealing council.

Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the council.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

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

The liabilities of the Ealing pension fund attributable to the council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.

The assets of Ealing 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 seven components:

i) 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

ii) past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs

iii) interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

iv) expected return on assets – the annual investment return on the fund assets attributable to the council, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

v) gains or losses on settlements and curtailments – the result of actions to relieve the council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs

vi) 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 – debited to the Pensions Reserve

vii) contributions paid to the Ealing 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.

d) 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.

8) 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.

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

9) Financial Instruments

a) 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 interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

b) Financial Assets

Financial assets are classified into two types:

i) loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market

ii) available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

i) Loans and Receivables

Loans and receivables 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 of the loans that the council has made, 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.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

The adoption of the amendments to IFRS 7 Financial Instruments: Disclosures (issued October 2010) by the code which requires local authorities to disclose detailed information where the level of soft loans granted by the council is material. The council has no material soft loans therefore this change does not have a material impact on the council's Financial statements.

10) 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:

a) the council will comply with the conditions attached to the payments, and

b) 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 acquired using 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 (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.

General grants allocated by central government directly to local authorities as additional revenue funding which are non ring-fenced are credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

11) Business Improvement Districts

A Business Improvement District (BID) scheme applies in the Ealing Broadway area. The scheme is funded by a BID levy paid by non-domestic ratepayers. The council acts as an agent under the scheme, with the balance of income collected or expenditure incurred on the BID body's behalf showing as a debtor or creditor in the Balance Sheet.

12) Interests in Companies and Other Entities

The council has interests in other companies that have the nature of associates. As the council's interests in these companies are not material to the council's accounts, these interests are not consolidated into the council's own accounts. As a result the council has not prepared group accounts in 2012/13.

13) Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

The council currently does not have any Investment Properties.

14) 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.

a) The Council as Lessee

i) 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:

(1) a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and

(2) 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.

ii) 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.

b) The Council as Lessor

i) 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:

(1) a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and

(2) 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 in the Movement in Reserves Statement. When the 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 fixed 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.

ii) 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 normal accruals basis.

15) Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2012/13* (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

a) Corporate and Democratic Core – costs relating to the council's status as a multi-functional, democratic organisation.

b) Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

16) Carbon Reduction Commitment Scheme

The council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in its introductory phase which will last until 31 March 2014. The council is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the council is recognised and reported in the costs of the council's services and is apportioned to services on the basis of energy consumption.

17) Property, Plant and Equipment

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.

a) 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.

b) Measurement

Assets are initially measured at cost, comprising:

i) the purchase price

ii) 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., it 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.

Assets are then carried in the Balance Sheet using the following measurement bases:

i) infrastructure, community assets, heritage assets and assets under construction – depreciated historical cost

ii) dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)

iii) all other assets – fair 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 fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair 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 Comprehensive Income and Expenditure Statement 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:

i) 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)

ii) 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.

c) 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:

i) 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)

ii) 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.

d) Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the 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, Community Assets and heritage assets) and assets that are not yet available for use (i.e., assets under construction).

Depreciation is calculated on the following bases:

i) dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer

ii) vehicles, plant and equipment – straight-line allocation over the useful life of the asset, as advised by a suitably qualified officer

iii) infrastructure – straight-line allocation over the useful life of the asset, as advised by a suitably qualified officer.

iv) 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 and the useful economic life is significantly different than that of the main asset, the components are depreciated separately.

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.

e) 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. To meet the criteria to be an Asset Held for Sale, the asset must be actively marketed and available for sale in its current condition with the sale probable within the next 12 months.

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 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 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). 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. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts 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 fixed 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.

18) 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, it 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. These insurance valuations are normally updated on a 5 yearly basis, however revaluation of the heritage assets are the responsibility of the service departments and can be re-valued for insurance purposes as required based on the knowledge of the assets and known changes in value. 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. This is because of the diverse nature of the assets held and lack of comparable market values. 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, eg 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 – see item 17c within these accounting policies. 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 (again see item 17e within these accounting policies).

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

19) Intangible Assets

Intangible assets are non-monetary assets that do not have physical substance but are controlled by the council. Expenditure is capitalised when it is expected that future economic benefits or service potentials will flow from the intangible asset to the council.

Internally generated assets are capitalised where the council can demonstrate that the project is technically feasible and is intended to be completed and the council will be able to generate future economic benefit 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 development phase (research expenditure is not 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 the intangible assets is amortised over their useful lives to the relevant service lines in the Comprehensive Income and Expenditure Statement (CIES). Any gain or loss arising on the disposal or abandonment is posted to the Other Operating Expenditure line in the CIES.

Where the expenditure on an intangible asset 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 Reserve Statement and posted to the Capital Adjustment Account or Capital Receipt Reserve for sales proceeds greater than £10,000.

20) Private Finance Initiative (PFI) and Similar Contracts

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

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

Non current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the council.

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

a) fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement

b) finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

c) contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

d) payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)

e) lifecycle replacement costs – debited to the relevant service in the Comprehensive Income and Expenditure Statement

21) Provisions, Contingent Liabilities and Contingent Assets

a) 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 becomes aware of the 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 reimbursement will be received if the council settles the obligation.

b) 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.

c) Contingent Assets

A contingent asset arises where an event has taken place that gives the council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

23) 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.

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

24) 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.

25) VAT

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.

26) Foundation Schools

Non-Current assets and long term liabilities relating to Foundation Schools created by the School Standards and Framework Act 1998 are not shown on the balance sheet as they remain vested in the relevant Governing Bodies. The liabilities relating to the PFI schemes which include two Foundation Schools remain on balance sheet as the council is the liable party.

27) Collection Fund

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 national non-domestic rates (NNDR). The key features of the fund relevant to accounting for council tax in the core financial statements are:

a) In its capacity as a billing authority the council acts as agent; it collects and distributes council tax income on behalf of the preceptor (the GLA) and itself.

b) While the council tax income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the General Fund of the billing authority and paid out of the Collection Fund to the GLA as the preceptor.

c) From the year commencing 1 April 2009 the council tax income included in the Comprehensive Income and Expenditure Statement for the year is the accrued income for the year. The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the Collection Fund is taken to the Collection Fund Adjustment Account and then adjusted in the Movement in Reserves Statement.

Since the collection of council tax and NNDR Income is in substance an agency arrangement:

a) Cash collected from council tax debtors belongs proportionately to Ealing and the GLA as billing authority and preceptor. There will therefore be a debtor/creditor position between Ealing and the GLA to be recognised since the net cash paid to the GLA in the year will not be the same as its true share of the cash collected from council taxpayers and

b) Cash collected from NNDR taxpayers by the council (net of the cost of collection allowance) belongs to the Government, (or the GLA in the case of the Cross-Rail business rates supplement) and the amount not yet paid to the Government at the Balance Sheet date shall be included in the Balance Sheet as a creditor. Similarly, if cash paid to the Government exceeds the cash collected from NNDR taxpayers (net of the billing authority's cost of collection allowance), the excess shall be included in the Balance Sheet as a debtor.

2. Accounting standards that have been issued but have not yet been adopted

There are no new accounting standards not yet adopted that will impact on the financial statements for the council in 2012/13

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in note 1, 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:

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

4. Events after the reporting period

No events have arisen after the 31 March 2013 to result in changes to the financial statements.

5. Prior Period Adjustments - HRA Garages

Prior period adjustments have been made to the 2011/12 Statement of Accounts to reflect the change in the valuation of Council owned garages. This has reduced the value of Plant, Property and Equipment held by the Council at 31 March 2012 by £8.753M.
This also has an impact on the figures shown in the Housing Revenue Account (HRA) though it has no effect in the HRA balances at the end of the year.
The adjustments to the following statements for 2011/12 are as follows:

5.1 Movement in Reserves Statement (MiRS)

	2011/12 Movements Previously Stated £000	Restatement £000	2011/12 Movements Restated £000
Surplus or (deficit) on provision of services - Housing Revenue Account HRA)	244,372	(8,862)	235,510
Other Comprehensive Expenditure and Income - Revaluation Reserve (RR)	(32,148)	109	(32,039)
Total Comprehensive Expenditure and Income	138,652	(8,753)	129,899
Adjustments between accounting basis & funding basis under regulations (note 7) - HRA	(236,422)	8,862	(227,560)
Adjustments between accounting basis & funding basis under regulations (note 7) - Capital Adjustment Account (CAA)	241,790	(8,862)	232,928
Net Increase/(Decrease) before Transfers to Earmarked Reserves	138,652	(8,753)	129,899
Transfers to/from Earmarked Reserves-RR	(1,035)	(222)	(1,257)
Transfers to/from Earmarked Reserves-CAA	1,035	222	1,257
Increase/(Decrease) in Year	138,652	(8,753)	129,899
Balance at 31 March 2012 carried forward	478,653	(8,753)	469,900

5.2 Comprehensive Income and Expenditure Statement

	2011/12 Net Expenditure Previously Stated £000	Restatement £000	2011/12 Net Expenditure Restated £000
Local authority housing (HRA)	(75,971)	8,247	(67,724)
Cost of Services	230,263	8,247	238,510
(Gain) or loss on disposal of non-current assets	13,772	615	14,387
Other Operating Expenditure	24,236	615	24,851
(Surplus)/Deficit on provision of services	(235,092)	8,862	(226,230)

5. Prior Period Adjustments - HRA Garages (continued)

The adjustments to the following statements for 2011/12 are as follows:

5.3 Balance Sheet

	31 March 2012 Previously Stated £000	Restatement £000	31 March 2012 Restated £000
Property plant and Equipment	1,290,915	(8,753)	1,282,162
Long Term Assets	1,306,400	(8,753)	1,297,647
Total Net Assets	478,653	(8,753)	469,900
Unusable Reserves	304,658	(8,753)	295,905
Net Worth/ Total Reserves	478,653	(8,753)	469,900

5.4 Adjustments between accounting basis and funding basis under regulations

	31 March 2012 Previously Stated £000	Restatement £000	31 March 2012 Restated £000
Revaluation gains / losses on Property Plant and Equipment - HRA	(51,377)	8,247	(43,130)
Revaluation gains / losses on Property Plant and Equipment - CAA	37,890	(8,247)	29,643
Revaluation gains / losses on Property Plant and Equipment - Total Usable Reserves	(37,890)	8,247	(29,643)
Revaluation gains / losses on Property Plant and Equipment - Total Unusable Reserves	37,890	(8,247)	29,643
Net gain or loss on sale of non-current assets - HRA	(1,086)	615	(471)
Net gain or loss on sale of non-current assets - CAA	(15,687)	(615)	(16,302)
Net gain or loss on sale of non-current assets - Total Usable Reserves	15,762	615	16,377
Net gain or loss on sale of non-current assets - Total Unusable Reserves	(15,762)	(615)	(16,377)
Total Adjustments - Usable Reserves - HRA	(236,422)	8,862	(227,560)
Total Adjustments - Total Usable Reserves	(229,660)	8,862	(220,798)
Total Adjustments - Unusable Reserves - CAA	241,790	(8,862)	232,928
Total Adjustments - Total Unusable Reserves	229,660	(8,862)	220,798

5. Prior Period Adjustments - HRA Garages (continued)
The adjustments to the following statements for 2011/12 are as follows:

5.5 Property, plant and equipment (PPE note 18.1)

	31 March 2012 Previously Stated £000	Restatement £000	31 March 2012 Restated £000
Revaluation Increases / (decreases) to Revaluation Reserve - Other Land and Buildings (OLB)	10,931	109	11,040
Revaluation Increases / (decreases) to Surplus / Deficit on Provision of Services - OLB	(16,011)	(8,247)	(24,258)
Derecognition-Disposals - OLB	(15,572)	(615)	(16,187)
Total - Cost or Valuation - OLB	426,721	(8,753)	417,968
Total - Cost or Valuation - PPE	1,432,187	(8,753)	1,423,434
Net Book Value - OLB	415,568	(8,753)	406,815
Net Book Value - PPE	1,290,915	(8,753)	1,282,162

	2011/12 Previously Stated £000	Restatement £000	2011/12 Restated £000
5.6 Revaluation Reserve (note 34)			
Disposal of revalued fixed assets - HRA	-	(113)	(113)
Disposal of revalued fixed assets - Total	(597)	(113)	(710)
Balance at 31 March - HRA	21,698	(113)	21,585
Balance at 31 March - Total	88,423	(113)	88,310
5.7 Capital Adjustment Account (note 35)			
Revaluation Gains / Losses charged to CIES	37,890	(8,247)	29,643
Disposal of Fixed Assets	(15,687)	(393)	(16,080)
Balance at 31 March	589,750	(8,640)	581,110

5. Prior Period Adjustments - HRA Garages

The adjustments to the following Housing Revenue Account statements for 2011/12 are as follows:

5.8 Housing Revenue Account Income and Expenditure Statement

	2011/12 Net Expenditure Previously Stated £000	Restatement £000	2011/12 Net Expenditure Restated £000
Depreciation and impairment of non-current assets	(40,152)	8,247	(31,905)
Total Expenditure	13,106	8,247	21,353
Net Cost of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement	(58,559)	8,247	(50,312)
Net Cost of HRA Services	(57,591)	8,247	(49,344)
(Gain) or loss on disposal of HRA fixed assets	(1,086)	615	(471)
(Surplus) or deficit for the year on HRA services	(244,372)	8,862	(235,510)
Movement on the HRA Statement			
(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	244,372	(8,862)	235,510
Adjustments between accounting basis and funding basis under statute	(236,422)	8,862	(227,560)
Adjustments between accounting basis and funding basis under statute			
Revaluation losses on Dwellings and Other Land and Buildings	(51,377)	8,247	(43,130)
Net gain or loss on sale of non-current assets	(1,086)	615	(471)
Total Adjustments	(236,422)	8,862	(227,560)

	31 March 2012 Previously Stated £000	Restatement £000	31 March 2012 Restated £000
5.9 Stock Valuation at Net Book Value (HRA note2)			
Other Land & Buildings - Garages	32,150	(8,719)	23,431
Other Land & Buildings - Land and Buildings	3,782	(35)	3,747
Total	671,647	(8,753)	662,894
5.10 Depreciation and Impairment Charge (HRA note 7)			
Impairment Charges / Revaluation Losses/(Gains)			
Dwellings and Other Land and Buildings	(51,377)	8,247	(43,130)

6. 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 2013 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected return on pension fund assets. A firm of actuaries is engaged to provide the council with expert advice about the assumptions to be applied and these are documented within the disclosure note on retirement benefits	There are a number of assumptions relating to the calculation of the net pensions liability and they interact in complex ways. The council's actuaries update these assumptions and the calculation of the liability annually based on the latest available data.

7. Adjustments between accounting basis and funding basis under regulations (continued)

2012/13	General fund balance £000	Housing Revenue Account £000	Usable Capital Receipts £000	Capital Grants Unapplied £000	Major Repairs Reserve £000	Total Usable Reserves £000	Revaluation reserve £000	Capital adjustment account £000	Deferred Capital Receipts £000	Collection fund adjustment account £000	Financial instruments adjustment account £000	Short-term Accumulating Compensated Absences Account £000	Pensions reserve £000	Total Unusable reserves £000	Total Authority Reserves £000
Charges for depreciation and impairment of non current assets	23,245				13,077	**36,322**		(36,322)						**(36,322)**	-
Excess of depreciation charged to HRA services over the Major Repairs Allowance element of housing subsidy						**-**		-						**-**	-
Revaluation losses on Property Plant and Equipment	28,672	156,846				**185,518**		(185,518)						**(185,518)**	-
Movements in the market value of Investment Properties						**-**								**-**	-
Capital grants and contributions credited to the CIES and application of grants to capital financing transferred to the Capital Adjustment Account	(84,496)			29,753		**(54,743)**		54,743						**54,743**	-
Revenue expenditure funded from capital under statute	52,707	1,156				**53,863**		(53,863)						**(53,863)**	-
Net gain or loss on sale of non-current assets	4,088	2,148	5,811			**12,047**		(11,980)	(67)					**(12,047)**	-
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	(15)	(360)				**(375)**					375			**375**	-
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	34,992	1,354				**36,346**							(36,346)	**(36,346)**	-
Employer's pensions contributions and direct payments to pensioners payable in the year	(24,245)	(816)				**(25,061)**							25,061	**25,061**	-
Amount by which council tax income included in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulation	(2,324)					**(2,324)**				2,324				**2,324**	-
Statutory provision for the repayment of debt	(16,097)	(1,777)				**(17,874)**		17,874						**17,874**	-
Capital expenditure charged against the General Fund and HRA balances	(14,466)	13			(29,491)	**(43,944)**		43,944						**43,944**	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	1,100		(1,100)			**-**								**-**	-
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	2,371	84				**2,455**						(2,455)		**(2,455)**	-
Use of the Capital Receipts Reserve to finance new capital expenditure			(139)			**(139)**		139						**139**	-
Total Adjustments	5,532	158,648	4,572	29,753	(16,414)	**182,091**	-	(170,983)	(67)	2,324	375	(2,455)	(11,285)	**(182,091)**	-

7. Adjustments between accounting basis and funding basis under regulations

2011/12 Restated	General fund balance £000	Housing Revenue Account £000	Usable Capital Receipts £000	Capital Grants Unapplied £000	Major Repairs Reserve £000	Total Usable Reserves £000	Revaluation reserve £000	Capital adjustment account £000	Deferred Capital Receipts £000	Collection fund adjustment account £000	Financial instruments adjustment account £000	Short-term Accumulating Compensated Absences Account £000	Pensions reserve £000	Total Unusable reserves £000	Total Authority Reserves £000
Charges for depreciation and impairment of non current assets	22,972				11,729	**34,701**		(34,701)						**(34,701)**	**-**
Excess of depreciation charged to HRA services over the Major Repairs Allowance element of housing subsidy		(504)				**(504)**		504						**504**	**-**
Revaluation gains / losses on Property Plant and Equipment	13,487	(43,130)				**(29,643)**		29,643						**29,643**	**-**
Movements in the market value of Investment Properties						**-**								**-**	**-**
Capital grants and contributions credited to the CIES and application of grants to capital financing transferred to the Capital Adjustment Account	(42,729)			2,091		**(40,638)**		40,638						**40,638**	**-**
HRA Subsidy - Capital Grants Contributions Determination Settlement ; Capital reciept from Secretary of State		(203,039)	203,039			**-**								**-**	**-**
HRA Subsidy - Capital Grants Contributions Determination Settlement ; Capital reciept appled to repayment of Debt			(203,039)			**(203,039)**		203,039						**203,039**	**-**
HRA Subsidy - Capital Grants Contributions Determination Settlement ; Capitial reciept for charges on redemption of debt		(55,693)	55,693			**-**								**-**	**-**
HRA Subsidy - Capital Grants Contributions Determination Settlement ; charges on redemption of debt		55,693	(55,693)			**-**								**-**	**-**
Revenue expenditure funded from capital under statute	30,967	2,623				**33,590**		(33,577)	(13)					**(33,590)**	**-**
Net gain or loss on sale of non-current assets	14,858	(471)	1,990			**16,377**		(16,302)	(75)					**(16,377)**	**-**
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	(10)	(445)				**(455)**					455			**455**	**-**
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	26,376	957				**27,333**							(27,333)	**(27,333)**	**-**
Employer's pensions contributions and direct payments to pensioners payable in the year	(33,881)	(967)				**(34,848)**							34,848	**34,848**	**-**
Transfer of Ealing Homes Pension deficit		17,412				**17,412**							(17,412)	**(17,412)**	**-**
Amount by which council tax income included in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulation	2,566					**2,566**				(2,566)				**(2,566)**	**-**
Statutory provision for the repayment of debt	(14,867)					**(14,867)**		14,867						**14,867**	**-**
Capital expenditure charged against the General Fund and HRA balances	(14,334)			13	(13,733)	**(28,054)**		28,054						**28,054**	**-**
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	20		(20)			**-**								**-**	**-**
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	30	4				**34**						(34)		**(34)**	**-**
Use of the Capital Receipts Reserve to finance new capital expenditure			(763)			**(763)**		763						**763**	**-**
Total Adjustments	5,455	(227,560)	1,207	2,104	(2,004)	**(220,798)**	-	232,928	(88)	(2,566)	455	(34)	(9,897)	**220,798**	**-**

8. Amounts Reported for Resource Allocation Decisions

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

- charges made in relation to capital expenditure are excluded from management reporting whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve are charged to services in the Comprehensive Income and Expenditure Statement.
- income and expenditure in respect of the Housing Revenue Account and that managed by schools are not included in the management accounts as these do not impact on council tax levels
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year.
- expenditure on some support services is budgeted for centrally and not charged to directorates.

	Children & Adults 2012/13 £000	Regeneration & Housing 2012/13 £000	Environment & Customer Services 2012/13 £000	Corporate Resources & Chief Exec 2012/13 £000	Housing Benefit 2012/13 £000	Council Wide 2012/13 £000	Total 2012/13 £000
Fees, charges & other service income	(48,384)	(39,576)	(42,442)	(20,970)	-	-	(151,372)
Government grants	(73,625)	(5,245)	(4,464)	(2,054)	(289,779)	-	(375,167)
Total Income	(122,009)	(44,821)	(46,906)	(23,024)	(289,779)	-	(526,539)
Employee expenses	64,466	18,888	26,346	29,242	-	-	138,942
Other operating expenses	177,711	38,298	50,268	25,473	293,272	613	585,635
Total operating expenses	242,177	57,186	76,614	54,715	293,272	613	724,577
Net Cost of Services	120,168	12,365	29,708	31,691	3,493	613	198,038

	Children & Adults 2011/12 £000	Regeneration & Housing 2011/12 £000	Environment & Customer Services 2011/12 £000	Corporate Resources & Chief Exec 2011/12 £000	Housing Benefit 2011/12 £000	Council Wide 2011/12 £000	Total 2011/12 £000
Fees, charges & other service income	(42,815)	(41,283)	(45,018)	(17,492)	-	-	(146,608)
Government grants	(74,784)	(3,099)	(3,871)	(1,756)	(277,873)	-	(361,383)
Total Income	(117,599)	(44,382)	(48,889)	(19,248)	(277,873)	-	(507,991)
Employee expenses	70,243	21,947	28,735	24,938	-	-	145,863
Other operating expenses	180,976	36,651	56,636	27,505	281,096	1,643	584,507
Total operating expenses	251,219	58,598	85,371	52,443	281,096	1,643	730,370
Net Cost of Services	133,620	14,216	36,482	33,195	3,223	1,643	222,379

8. Amounts Reported for Resource Allocation Decisions (Continued)

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure

Reconciliation to Subjective Analysis

	Service Analysis 2012/13 £000	Not reported to mgmt 2012/13 £000	Not included in I&E 2012/13 £000	Net Cost of Services 2012/13 £000	Corporate Amounts 2012/13 £000	Total 2012/13 £000
Fees, charges & other service income	(151,372)	(68,418)	19,868	(199,922)	-	(199,922)
Interest and investment income	-	-	-	-	(1,701)	(1,701)
Income from council tax	-	-	-	-	(129,632)	(129,632)
Government grants and contributions	(375,167)	-	26,398	(348,769)	(253,603)	(602,372)
Total Income	(526,539)	(68,418)	46,266	(548,691)	(384,936)	(933,627)
Employee expenses	138,942	24,656	(25,061)	138,537	-	138,537
Other service expenses	585,635	271,310	(35,028)	821,917	-	821,917
Depreciation, amortisation and impairment	-	48,323	-	48,323		48,323
Interest Payments				-	49,358	49,358
Precepts & Levies				-	12,708	12,708
Payments to Housing Capital Receipts Pool				-	1,100	1,100
Gain or Loss on Disposal of Fixed Assets				-	6,235	6,235
Total operating expenses	724,577	344,289	(60,089)	1,008,777	69,401	1,078,178
(Surplus) or deficit on the provision of services	198,038	275,871	(13,823)	460,086	(315,535)	144,551

Reconciliation to Subjective Analysis Restated	Service Analysis 2011/12 £000	Not reported to mgmt 2011/12 £000	Not included in I&E 2011/12 £000	Net Cost of Services 2011/12 £000	Corporate Amounts 2011/12 £000	Total 2011/12 £000
Fees, charges & other service income	(146,608)	(66,279)	30,075	(182,812)		(182,812)
Interest and investment income				-	(2,741)	(2,741)
Income from council tax				-	(126,908)	(126,908)
Government grants and contributions	(361,383)	(5,385)	17,943	(348,825)	(469,025)	(817,850)
Total Income	(507,991)	(71,664)	48,018	(531,637)	(598,674)	(1,130,311)
Employee expenses	145,863	32,007	(34,848)	143,022		143,022
Other service expenses	584,507	72,022	(31,551)	624,978	1	624,979
Depreciation, amortisation and impairment		2,147		2,147		2,147
Interest Payments				-	109,083	109,083
Precepts & Levies				-	10,443	10,443
Payments to Housing Capital Receipts Pool				-	20	20
Gain or Loss on Disposal of non-current assets				-	14,387	14,387
Total operating expenses	730,370	106,176	(66,399)	770,147	133,934	904,081
(Surplus) or deficit on the provision of services	222,379	34,512	(18,381)	238,510	(464,740)	(226,230)

8. Amounts Reported for Resource Allocation Decisions (Continued)

Reconciliation to Net Cost of Services in CIES

	2012/13 £000	2011/12 £000
Cost of Services in Service Analysis	198,038	222,379
Add services not included in main analysis	-	-
Add amounts not reported to management	275,871	34,512
Remove amounts reported to mgmt not included in CIES	(13,823)	(18,381)
Net Cost of Services in CIES	460,086	238,510

9. General Government Grants

The grants included in the Comprehensive Income & Expenditure Statement under 'General Government Grants' are as follows:

	2012/13 £000	2011/12 £000
Revenue Support Grant	4,677	34,320
Capital Grants and contributions	84,496	42,729
Council Tax Freeze Grant	3,171	3,149
Local Services Support Grant	1,432	1,803
Early Intervention Grant	16,944	15,522
Youth Justice Grant	550	619
New Homes Bonus	2,712	1,120
Learning Disability & Health Reform	6,702	-
	120,684	99,262

10. Trading Accounts

10.1 Off Street Car Parking - This is provided in competition with privately run car parks.
10.2 Trade Refuse - The council collects refuse from trade premises and provides disposal of trade refuse at the Greenford Refuse and Recycling Centre.

Trading Accounts	Gross Expenditure 2012/13 £000	Income 2012/13 £000	Net Expenditure 2012/13 £000	Net Expenditure 2011/12 £000
Off Street Car Parking	883	(1,818)	(935)	(870)
Trade Refuse	483	(1,375)	(892)	(810)
	1,366	(3,193)	(1,827)	(1,680)

11. Pooled fund memorandum account for Ealing Community Equipment Services

Ealing Council and Ealing Primary Care Trust 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.

	2012/13 Total Costs £000	2011/12 Total Costs £000
Community Equipment	2,456	1,842
Total Cost	2,456	1,842
Funding :		
Ealing Council	1,233	946
Ealing Primary Care Trust	1,223	896
Total Funding	2,456	1,842

12. Related Party Transactions

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

12.2 Central government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (eg council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 8 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2013 are shown in Note 30.

12.3 Significant transactions with Government Departments, precepting and levying bodies and joint arrangements with other bodies and local authorities and the Council's Pension Fund are shown and declared elsewhere in the finacial statements. The Council charged the Pension Fund £739,000 (£732,000 in 2011/12) for expenses incurred in administering the fund. The Council paid the fund no interest (£8,000 in 2011/12) in respect of cash balances held in the Council's bank account. There was a balance of £1.7M (£2.2M in 2011/12) at 31 March 2013 but this was for that day only, there was no such balance for the rest of the year.

12.4 Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2012/13 is shown in Note 16. Information relating to Councillors has been obtained from their individual Declarations of Interest. Individual returns are completed by relevant officers of the authority. The only significant declarations are:-

i) The Executive Director of Corporate Resources acted as the Treasurer for the West London Waste Authority (WLWA) from 14/12/2012. In 2012/13 Councillor Bassam Mahfouz acted as Chair to the WLWA. In 2012/13 the Council paid a levy of £11.5M (£9.3M in 2011/12) to the WLWA.
ii) The Director of Finance (Regeneration & Housing) acted as the Mortlake Crematorium Board's Treasurer for the year to 31 March 2013 and the Board has £323,000 (£1,125,000 at 31 March 2012) invested with the Council. Mortlake also purchased accountancy, internal audit and payroll services from the Council, at a total cost of £13,350 in 2012/13 (£13,750 in 2011/12).
iii) 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's 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.
iv) One member is the treasurer of the Ealing Equality Council. In 2012/13 the Council paid £26,666 to the trust (£45,600 in 2011/12).
v) One member lets properties to a managing agency company that rents properties to Ealing Council.

12.5 Ealing Homes ceased trading from 31/03/11. The Assistant Director of Regeneration and Planning Policy and the Director of Safer Communities are acting as Directors of Ealing Homes Limited during the winding up process.

12.6 Ealing has one Section 75 agreement to pool funding relating to the Integrated Community Equipment Service with Ealing PCT. The total funding between the partners is £2.456M in 2012/13 (£1.842M in 2011/12).

13. 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 and to non-audit services provided by the council's external auditors:

	2012/13 £000	2011/12 £000
Agreed fees payable to the external auditor with regard to external audit services carried out by the appointed auditor for the financial year	224	365
Agreed fees payable to the external auditor for the certification of grant claims and returns for the financial year	53	100
Fees payable to KPMG for the certification of grant claims and returns in relation to prior financial year	19	
Fees payable in respect of other services provided by KPMG during the year	11	9
	307	474

The councils appointed auditor for 2012/13 changed from the Audit Commission to KPMG as appointed by the Audit Commision under section 2 of the Audit Commission Act 1998.

Payments made during the financial year and reflected in expenditure within the CIES include total payment of £132k to Audit Commision in completion of their audit work for the financial year 2011/12 and payments to KMPG of £248k.

The fees for other services payable in 2012/13 and 2011/12 related to specialist assistance over VAT Partial Exemption calculations for 2009/10 to 2011/12.

14. Levies

	2012/13 £000	2011/12 £000
London Pension Fund Authority	405	276
Lee Valley Park	344	351
National Rivers Authority	233	234
West Waste Authority	11,479	9,316
Coroners Services	234	266
	12,695	10,443

15. Housing Act Advances Account

This account comprises advances to individuals and Housing Associations for house purchase and improvement but excludes amounts left outstanding on mortgages in respect of the sale of council dwellings to tenants. The interest on loans was calculated on the loan balances outstanding at 1 April.

	2012/13 £000	2011/12 £000
INCOME		
Interest charged to mortgagors	5	5
Fees and charges	4	6
	9	11
EXPENDITURE		
Interest on loans	5	5
Management expenses	17	7
	22	12
Contribution to / (from) General Fund	(13)	(1)

The number of

16. Members Allowances

The total of allowances paid to the members of the council was £958,677 in 2012/13 (£967,836 in 2011/12).

17. Employee Remuneration

17.1 Employees receiving a remuneration of over £50,000 per year

Set out below is the number of employees whose remuneration, excluding pension contributions was £50,000 or more, in bands of £5,000. These amounts also include the costs associated with contributions in respect of redundancies.

The council is going through a number of major reorganisations associated with the requirement to meet major reductions in central government grants. However this had little impact on the 2012/13 figures below as there was only one additional Ealing Council member of staff included (15 council and 1 school in 2011/12) as a result of these additional one off costs. There were no members of staff (8 council and 1 school in 2011/12) who had a basic remuneration of more £50,000 in the 2012/13 financial year who are shown in higher bands due to the inclusion of their termination costs.

	Number of Employees 2012/13		Number of Employees 2011/12	
Remuneration Band	Ealing Council	Schools	Ealing Council	Schools
£50,000 - £54,999	72	143	78	133
£55,000 - £59,999	38	63	44	69
£60,000 - £64,999	29	31	28	28
£65,000 - £69,999	20	22	22	27
£70,000 - £74,999	26	24	25	17
£75,000 - £79,999	4	12	6	11
£80,000 - £84,999	13	12	10	11
£85,000 - £89,999	6	5	7	6
£90,000 - £94,999	3	7	4	3
£95,000 - £99,999	1	-	3	3
£100,000 - £104,999	3	1	5	-
£105,000 - £109,999	2	1	1	3
£110,000 - £114,999	1	-	1	-
£115,000 - £119,999	-	-	-	-
£120,000 - £124,999	-	-	-	-
£125,000 - £129,999	-	-	-	-
£130,000 - £134,999	3	-	5	-
£135,000 - £139,999	-	-	-	-
£140,000 - £144,999	-	-	-	1
£145,000 - £149,999	-	-	-	-
£150,000 - £154,999	-	-	-	-
£155,000 - £159,999	-	-	-	-
£160,000 - £164,999	-	-	-	-
£165,000 - £169,999	-	-	-	-
£170,000 - £174,999	-	-	-	-
£175,000 - £179,999	1	-	1	-
£180,000 - £184,999	-	-	-	-
£185,000 - £189,999		-	1	-
Total:	**222**	**321**	**241**	**312**

The table above includes the senior officers whose remuneration is detailed in note 17.3

17.2 Exit Packages

A breakdown of all compulsory and voluntary redundancy payments agreed in the 2012/13 financial year (including pension contributions paid on behalf of employees who were made redundant), is as follows:

Exit Package Band	Total Number of departures agreed in 2012/13 Voluntary	Compulsory	Total	Total Value of Exit Packages in 2012/13 £000
Under £20,000	25	41	66	510
£20,000 - £39,999	12	5	17	481
£40,000 - £59,999	2	1	3	145
£60,000 - £79,999	1	-	1	65
£80,000 - £99,999	-	-	-	-
£100,000 - £159,999	3	-	3	347
Total:	43	47	90	1,548

Exit Package Band	Total Number of departures agreed in 2011/12	Total Value of Exit Packages in 2011/12 £000
Under £20,000	95	807
£20,000 - £39,999	29	761
£40,000 - £59,999	14	672
£60,000 - £79,999	6	407
£80,000 - £99,999	2	175
£100,000 - £159,999	3	418
Total:	149	3,240

17.3 Senior Officer Remuneration :-

The following table sets out the remuneration disclosures for Senior Officers and those whose salary is £150,000 or more per year. The meaning of Senior Officers is defined in the Accounts and Audit Regulations 2011 and the officers shown below are the members of the Corporate Board.

2012/13 Post Holder Information	Salary (including fees and allowances) £	Bonuses £	Expense Allowances £	Compensation for loss of office £	Benefits in Kind £	Total Remuneration (Excluding Pension contributions) £	Pension Contributions £	Total Remuneration (Including Pension contributions) £
Martin Smith - Chief Executive	178,569	-	-	-	-	178,569	-	178,569
Ian O'Donnell - Executive Director for Corporate Resources	133,011	-	-	-	-	133,011	26,070	159,081
Pat Hayes - Executive Director for Regeneration & Housing	133,011	-	-	-	-	133,011	26,070	159,081
Keith Townsend - Executive Director for Environment and Customer Services	133,011	-	-	-	-	133,011	26,070	159,081
David Archibald - Executive Director for Children and Adults A	See below							
	577,602	-	-	-	-	577,602	78,210	655,812

2011/12 Post Holder Information	Salary (including fees and allowances) £	Bonuses £	Expense Allowances £	Compensation for loss of office £	Benefits in Kind £	Total Remuneration (Excluding Pension contributions) £	Pension Contributions £	Total Remuneration (Including Pension contributions) £
Martin Smith - Chief Executive	176,908	-		-	-	176,908	-	176,908
Ian O'Donnell - Executive Director for Corporate Resources	133,011	-		-	-	133,011	26,070	159,081
Pat Hayes - Executive Director for Regeneration & Housing	132,499	-		-	-	132,499	26,070	158,570
Keith Townsend - Executive Director for Environment and Customer Services	133,011	-		-	-	133,011	26,070	159,081
David Archibald - Executive Director for Children and Adults A	See below							
	575,429	-	-	-	-	575,429	78,210	653,640

Notes

A - David Archibald is not a direct employee of the council. If the post had been filled by a council employee during 2012/13 the salary range would have been £120,444 - £133,011 (2011/12 £120,444 - £133,011)

Payments for acting as the Council's Returning Officer for elections are also included in the Salary column of this table.

18. Property, plant and equipment

18.1 The movement during the year was:-

2012/13	Council Dwellings £000	Other Land & Buildings £000	Other Land & Buildings (PFI) £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Infrastructure Assets (PFI) £000	Community Assets £000	Surplus Assets £000	PP&E Under Construction £000	Total PP&E £000
Cost or Valuation										
At 1 April 2012	629,126	417,968	78,698	76,894	157,259	31,977	5,493	7,031	18,988	1,423,434
Additions	29,624	29,685	28,286	7,424	9,353	-	458	112	12,058	117,000
Revaluation Increases / (decreases) to Revaluation Reserve	141,265	28,720	2,500	-	-	-	-	20	-	172,505
Revaluation Increases / (decreases) to Surplus / Deficit on Provision of Services	(169,041)	(29,986)	(862)	-	-	-	-	(173)	(4,374)	(204,436)
Derecognition-Disposals	(5,533)	(4,242)	-	(1,586)	-	-	-	-	-	(11,361)
Other Reclassifications	1,327	(2,236)	5,500	2,032	1,329	-	-	(41)	(8,176)	(265)
At 31 March 2013	626,768	439,909	114,122	84,764	167,941	31,977	5,951	6,949	18,496	1,496,877
Depreciation and Impairment										
At 1 April 2012	-	(11,153)	(7,443)	(65,123)	(55,248)	(2,198)	-	(107)	-	(141,272)
Depreciation Charge	(12,525)	(9,108)	(2,091)	(5,648)	(6,883)	(640)	-	(59)	-	(36,954)
Depreciation written out to Revaluation Reserve	329	3,422	-	-	-	-	-	3	-	3,754
Depreciation written out to Surplus / Deficit on Provision of Services	12,196	6,489	-	-	-	-	-	1	-	18,686
Derecognition-Disposals	-	112	-	1,142	-	-	-	-	-	1,254
At 31 March 2013	-	(10,238)	(9,534)	(69,629)	(62,131)	(2,838)	-	(162)	-	(154,532)
Net Book Value:										
At 31 March 2013	626,768	429,671	104,588	15,135	105,810	29,139	5,951	6,787	18,496	1,342,345
At 31 March 2012	629,126	406,815	71,255	11,771	102,011	29,779	5,493	6,924	18,988	1,282,162

18. Property, plant and equipment (continued)
18.1 The movement during the previous year was:-

2011/12 Restated	Council Dwellings £000	Other Land & Buildings £000	Other Land & Buildings (PFI) £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Infrastructure Assets (PFI) £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total PP&E £000
Cost or Valuation										
At 1 April 2011	614,072	415,576	78,698	74,245	147,780	31,977	5,071	7,362	29,725	**1,404,506**
Additions	12,620	13,760	-	2,567	8,295	-	78	-	17,726	**55,046**
Revaluation Increases / (decreases) to Revaluation Reserve	(54,588)	11,040	-	-	-	-	-	718	-	**(42,830)**
Revaluation Increases / (decreases) to Surplus / Deficit on Provision of Services	50,586	(24,258)	-	(131)	-	-	-	(603)	(17)	**25,577**
Derecognition-Disposals	(712)	(16,187)	-	-	-	-	-	-	-	**(16,899)**
Other Reclassifications	7,148	18,037	-	213	1,184	-	344	(446)	(28,446)	**(1,966)**
At 31 March 2012	629,126	417,968	78,698	76,894	157,259	31,977	5,493	7,031	18,988	1,423,434
Depreciation and Impairment										
At 1 April 2011	-	(7,189)	(5,675)	(59,829)	(48,310)	(1,558)	-	(226)	-	**(122,787)**
Depreciation Charge	(9,784)	(9,389)	(1,768)	(5,316)	(6,938)	(640)	-	(66)	-	**(33,901)**
Depreciation written out to Revaluation Reserve	8,266	1,667	-	-	-	-	-	113	-	**10,046**
Depreciation written out to Surplus / Deficit on Provision of Services	1,518	3,161	-	22	-	-	-	72	-	**4,773**
Derecognition-Disposals	-	597	-	-	-	-	-	-	-	**597**
At 31 March 2012	-	(11,153)	(7,443)	(65,123)	(55,248)	(2,198)	-	(107)	-	**(141,272)**
Net Book Value										
At 31 March 2012	629,126	406,815	71,255	11,771	102,011	29,779	5,493	6,924	18,988	**1,282,162**
At 31 March 2011	614,072	408,387	73,023	14,416	99,470	30,419	5,071	7,136	29,725	**1,281,719**

18.2 Movements in PFI assets and liabilities

Assets:	Assets at 01/04/2011 £000	Movement In Year £000	Assets at 31/03/2012 £000	Movement In Year £000	Assets at 31/03/2013 £000
Ealing Schools' PFI - Ealing Schools' Partnership Ltd	18,727	(261)	18,466	(261)	18,205
Ealing Schools' PFI - Seafort Ealing Ltd	29,449	(526)	28,923	(526)	28,397
Street Lighting PFI - EDF / Southern Electric	30,419	(640)	29,779	(640)	29,139
Resource Centre for Older People PFI - Ealing Care Alliance	24,848	(981)	23,867	(981)	22,886
Building Schools for the Future - Future Ealing Limited	-	-	-	35,100	35,100
	103,443	(2,408)	101,035	32,692	133,727

Liabilities:	Liabilities 01/04/2011 £000	Movement In Year £000	Liabilities 31/03/2012 £000	Movement In Year £000	Liabilities 31/03/2013 £000
Ealing Schools' PFI - Ealing Schools' Partnership Ltd	(23,638)	740	(22,898)	963	(21,935)
Ealing Schools' PFI - Seafort Ealing Ltd	(47,076)	1,107	(45,969)	1,178	(44,791)
Street Lighting PFI - EDF / Southern Electric	(20,913)	669	(20,244)	764	(19,480)
Resource Centre for Older People PFI - Ealing Care Alliance	(25,061)	368	(24,693)	500	(24,193)
Building Schools for the Future - Future Ealing Limited	-	-		(29,738)	(29,738)
	(116,688)	2,884	(113,804)	(26,333)	(140,137)

18.3 The capital expenditure in the year was financed and analysed as follows:-

	2012/13 £000	2011/12 £000
Supported Borrowing		-
Unsupported Borrowing	38,180	19,481
Revenue Contributions	14,410	14,320
Capital Receipts	139	763
Capital Grants and other	54,742	40,638
Major repairs reserve	29,491	13,463
Finance Lease Liability	5,969	
Private Finance Initiative	28,286	-
	171,217	88,665

	2012/13 £000	2011/12 £000
Fixed Assets purchased	83,099	55,089
Fixed Assets acquired under finance lease	5,969	-
Assets acquired under PFI	28,286	-
Revenue Expenditure Funded from Capital under Statute :	52,966	32,141
De-minimus capital expenditure	897	1,435
	171,217	88,665

The closing Capital financing requirement for 2012/13 was £653.8m (2011/12 £608.2m).
The movement in CFR is partially due to the new Building Schools for the future PFI project

19. Intangible Assets

The council acquired software licences during 2011/12 that have been classified as intangible assets. These assets have been given finite useful lives of 3-10 years and will be amortised on a straight line basis over that period, starting in the year following acquisition.

19.1 The movement during the year was:-

	Total Intangible Assets £000
Cost or Valuation	
At 1 April 2012	736
Additions	354
Transfers	265
At 31 March 2013	1,355
Amortisation and Impairment	
At 1 April 2012	-
Amortisation Charge	(286)
At 31 March 2013	(286)
Net Book Value	
At 31 March 2013	1,069
At 31 March 2012	736

20. Assets Held for Sale

The council had no assets as assets held for sale on 31 March 2013.

	Assets Held for Sale £000
Balance outstanding at 1 April 2012	1,869
Assets newly classified as held for sale:	
Property, Plant and Equipment	-
Revaluation loses / gains	-
Impairment losses	-
Assets declassified as held for sale:	
Assets Sold	(1,869)
At 31 March 2013	-

21. Capital Commitments

The table below represents approved capital expenditure including contracts which have already been entered into. These commitments include:-
i) Schemes which have already commenced and have incurred expenditure to 31 March 2012. This expenditure has been accounted for, but expenditure which will be incurred after this date is included below.
ii) Contracts and commitments which have not incurred expenditure to date and which have not been accounted for.

	2013/14 £000	2014/15 £000	Total £000
Schools Services	36,647	4,571	41,218
Adult Services	375		375
Environment & Leisure	399		399
Customer Services	446		446
E&CS Executive Directorate	339		339
Parking Services	24		24
Housing (HRA)	20,711	30,256	50,967
Property & Regeneration	14,041		14,041
Built Environment			-
Total	72,982	34,827	107,809

22 Valuation of Property Plant and Equipment

The valuer's methods and significant assumptions applied in estimating the items' fair value
The freehold and leasehold properties which comprise the council's property portfolio are valued on the undermentioned bases in accordance with the Appraisal and Valuation Standards Practice Statements of The Royal Institution of Chartered Surveyors. All valuations are undertaken by or under the supervision of suitably qualified Chartered Surveyors.

Cushman and Wakefield are the external contractors who inspected and revalued the council's HRA property assets while GVA are the external contractors who inspected and revalued the council's other property assets for 2012/13. All property assets are revalued as part of a five year rolling programme. Revaluations have taken place in 2012/13 comprising a mixed portfolio of operational and non-operational property.

The assets were revalued as at 31st March 2013.

Assets with a value of less than £10,000 are considered to be below the de-minimus level and are not recorded on the asset register. Building related plant and machinery are included in the valuation of the operational buildings.

Properties regarded by the council as operational were valued on the basis of existing use value or, where this could not be assessed because there was not a market for the subject asset, the depreciated replacement cost method.

The council applies IAS 16 which requires that all properties are subject to depreciation charges except where specifically exempt, i.e. non-depreciable land and assets with a useful life of over 50 years (see also accounting policy 17).

23. 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. Details of the assets and liabilities in respect of these schemes can be found in note 18.

23.1 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 2012/13 was £5,323k (2011/12 £4,885k).

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 2012/13 was £8,821k (2011/12 £8,298k).

23.2 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 2012/13 was £2,718k (2011/12 £0k).

23.3 Resource Centres for Older Peoples PFI
The PFI project is for a total of 31.5 years and involves the building of 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 2012/13 was £12,714k (2011/12 £12,603k).

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

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

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

The PFI lamp column replacement programme was completed in 2010/11.

The value of the Unitary charge in 2012/13 was £4,095k (2011/12 £4,020k).

24 Private Finance Initiative (PFI) payments due

To write down liability	31 March 2013 Schools 1 £000	31 March 2013 Schools 2 £000	31 March 2013 Street Lighting £000	31 March 2013 Care Homes £000	31 March 2013 BSF £000	31 March 2013 Total £000
within 1 year	936	1,168	731	446	507	3,788
between 2 to 5 years	4,479	5,593	2,706	1,913	2,107	16,798
between 6 to 10 years	3,863	9,178	4,918	2,835	3,905	24,699
between 11 to 15 years	6,483	12,381	7,593	4,779	5,076	36,312
between 16 to 20 years	6,174	16,471	3,532	6,736	7,242	40,155
between 21 to 25 years				7,484	10,901	18,385
Total	21,935	44,791	19,480	24,193	29,738	140,137

Interest charges	31 March 2013 Schools 1 £000	31 March 2013 Schools 2 £000	31 March 2013 Street Lighting £000	31 March 2013 Care Homes £000	31 March 2013 BSF £000	31 March 2013 Total £000
within 1 year	1,286	3,734	1,701	1,834	2,693	11,248
between 2 to 5 years	4,546	13,849	6,209	7,029	10,334	41,967
between 6 to 10 years	4,498	14,423	6,225	7,741	11,606	44,493
between 11 to 15 years	3,089	10,139	3,634	6,495	9,667	33,024
between 16 to 20 years	864	3,894	422	4,411	6,997	16,588
between 21 to 25 years				1,337	3,197	4,534
Total	14,283	46,039	18,191	28,847	44,494	151,854

Service charges & lifecycle costs	31 March 2013 Schools 1 £000	31 March 2013 Schools 2 £000	31 March 2013 Street Lighting £000	31 March 2013 Care Homes £000	31 March 2013 BSF £000	31 March 2013 Total £000
within 1 year	1,062	2,102	1,587	6,831	1,083	12,665
between 2 to 5 years	4,113	8,574	7,161	27,501	4,339	51,688
between 6 to 10 years	8,060	11,419	8,951	34,978	5,464	68,872
between 11 to 15 years	6,849	12,500	8,867	34,280	6,232	68,728
between 16 to 20 years	4,191	9,986	4,084	34,407	6,736	59,404
between 21 to 25 years				23,066	6,877	29,943
Total	24,275	44,581	30,650	161,063	30,731	291,300

25

25.1 Operating Leases- Lessee

The council uses various assets acquired under operating leases including office accommodation, photocopiers and vehicles . The future minimum lease payments due under non- cancellable leases in future years are:

	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Total 2012/13 £000	Total 2011/12 £000	Total 2010/11 £000
Future Minimum Lease Payments:					
Within 1 year	426	226	652	751	965
Between 2 to 5 years	1,431	540	1,971	1,563	3,240
Over 5 years	1,309	68	1,377	1,571	2,239
Total	3,166	834	4,000	3,885	6,444

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	Total 2012/13 £000	Total 2011/12 £000
Minimum lease payments by service:		
Adult Social Care	41	44
Central Services to the Public	330	622
Children's and Education Services	145	83
Cultural and Related Services	35	29
Democratic Representation and Management	4	0
Environmental and Regulatory Services	34	53
Housing Services	5	8
Highways and Transport Services	260	260
(Sublease payments receivable)	(150)	(150)
	704	949

25.2 Operating Leases- Lessor

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

- for the provision of community services, such a sports facilities 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

	Total 2012/13 £000	Total 2011/12 £000
Future Minimum Lease Payments:		
Within 1 Year	1,303	1,450
2 to 5 years	3,544	4,119
Over 5 Years	9,316	10,031
Total	14,163	15,600

For some of these assets the rental charged is only a peppercorn. The total rental received in 2012/13 from these leases was £1,455k (2011/12 £1,780k). The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into , such as adjustments following rent reviews.

25.3 Finance Leases - Lessee

For details of the council's activities as a lessor of finance leases, see note 52.

The Council has 54 vehicles and 4 items of equipment held under finance leases including items that are lease arrangements embedded within contracts . This includes 44 vehicles as part of the recycling contract that commenced in 2012/13 . The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	Vehicle, Plant & Equipment 2012/13 £000	Vehicle, Plant & Equipment 2011/12 £000
Value at 1 April	19	29
Additions	5,969	-
Revaluations	-	-
Depreciation	(930)	(10)
Disposals	-	-
Value at 31 March	5,058	19

The Authority is committed to making minimum lease payments under these leases comprising settlement of the long term liability for the interest in the vehicles plant and equipment 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:

	Total 2012/13 £000	Total 2011/12 £000
Finance lease liabilities (net present value of minimum lease payments)		
current	827	11
non current	4,336	2
finance costs payable in future years	976	2
Total	6,139	15

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

	Vehicle, Plant & Equipment Lease Payments 2012/13 £000	Vehicle, Plant & Equipment Finance Charges 2012/13 £000	Vehicle, Plant & Equipment Lease Payments 2011/12 £000	Vehicle, Plant & Equipment Finance Charges 2011/12 £000
Within 1 year	827	294	10	1
Between 2 to 5 years	3,400	634	2	2
Over 5 years	936	48	-	-
	5,163	976	12	3

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. No contingent rents were payable in 2012/13 or 2011/12

26. Heritage Assets

Reconciliation of the Carrying Value of Heritage Assets held by the Council

	Art Collection £000	Ceramics, Figurines and other Antiques £000	Civic Regalia £000	Total £000
Cost or Valuation				
At 1 April 2011	206	1,304	472	1,982
Additions				
Disposals				
Revaluations				
Impairment Losses / (reversals) recognised in the Revaluation Reserve				
Impairment Losses / (reversals) recognised in the Surplus or Deficit on the Provision of Services				
Depreciation				
At 31 March 2012	206	1,304	472	1,982
Cost or Valuation				
At 1 April 2012	206	1,304	472	1,982
Additions				
Disposals				
Revaluations		549	433	982
Impairment Losses / (reversals) recognised in the Revaluation Reserve		(223)		(223)
Impairment Losses / (reversals) recognised in the Surplus or Deficit on the Provision of Services				
Depreciation				
At 31 March 2013	206	1,630	905	2,741

Art Collection
The council's art collection is reported in the Balance Sheet at insurance valuation which is based on market values. Insurance valuations were last updated in 2007 and valuations were carried out by Bonhams Fine Art Auctioneers and Valuers. The collection has significant items of value, and includes many paintings of scenes from the Borough of Ealing.

Ceramics, Figurines and other Antiques
The council's collection of ceramics, figurines and other antiques is reported in the Balance Sheet at insurance valuation which is based on market values. The insurance valuations for the ceramics were last updated in 2012 by Keith Baker a 19th and 20th Century Decorative Arts Consultant. The valuations for other Antiques were updated by Bonhams in 2012 .The collection includes various valuable Martinware items held by the borough, and items such as a piano, a fountain, a fireplace and other antiques .

Civic Regalia
The council's collection of Civic regalia is reported in the Balance Sheet at insurance valuation which is based on market values. The last insurance valuation was carried out in 2012 by Quastel Associates, FNAVA (Fellows of the National Association of Valuers and Auctioneers). The collection includes the Borough of Ealing mace, and the Ealing Mayor's Badge.

26. Heritage assets other disclosures

Art Collection
The council's art collection is held at various sites, and is retained permanently as part of the local history collection to assist in the maintenance of heritage. The collection is used to form various exhibitions which are available for public viewing.

Ceramics, Figurines and other Antiques
The council's collection of ceramics and figurines and other antiques consists mainly of the largest Martinware collection in the UK. The council holds hundreds of individual pieces, individually of relatively low values. Following a break in in 2007, Martinware is no longer on display at Pitzhanger Manor. A small Martinware collection can be viewed at Southall Library however by appointment only. There are also various antiques and pieces of furniture on display at Pitzhanger Manor, and a Sundial Plinth at one of the borough's primary schools.

Civic Regalia
The council's collection of civic regalia includes various historic ceremonial badges, maces, and chains of office for Ealing, Acton and Southall. The collection also includes a collection of small antiques held by the Mayor's Parlour.

Other off balance sheet heritage assets
There is one World War 2 underground bunker at one of the borough's primary schools. Although this represents a genuine heritage asset in terms of the cultural and historical associations, it is the opinion of the council that obtaining a valuation for the bunker would be disproportionate in terms of the benefit which would be derived for users of the financial statements. It is likely that the bunker would have no value in monetary terms, as no market would exist for the sale of the asset.

Preservation and Management of Heritage Assets
Schools within the authority have the autonomy to determine their own policies with regards to the acquisition and maintenance of heritage assets. Heritage assets held by schools are of minimal value.

Heritage assets are primarily items which the borough has held historically. In the past items have been purchased for the borough art collection, however it is more common to acquire items though donations. It is rare for items to be disposed of, any items which contain material which is unique evidence of the borough's past are retained permanently. Any decision to dispose of any item of a high individual value would require the input from the Assistant Director for Arts, Heritage and Libraries, Corporate Board, and Members.

Cleaning of heritage assets is carried out as part of a maintenance schedule, and those assets which are in storage are professionally wrapped by art handlers. The collection is stored securely. Part of the borough's collection of heritage assets is kept on an electronic register, and other parts of the collection are registered in a card catalogue. Electronic archiving of the art collection is currently being undertaken.

27. Long Term Debtors

	31 March 2013 £000	31 March 2012 £000
Council House Sales	119	138
Housing Associations	37	40
Deferred Capital Receipt	10,000	10,000
PFI Prepayment	-	-
Finance Lease Income	490	555
Car Loans to Employees	42	64
Other	160	101
	10,848	10,898

28. Cash and cash equivalents

Cash and cash equivalents include the following components:

	31 March 2013 £000	31 March 2012 £000
Cash at bank and in hand	15,188	11,255
Short term deposits	18,900	29,900
	34,088	41,155

29. Short-term Debtors

	31 March 2013 £000	31 March 2012 £000
Government Departments	5,328	4,619
Allowance for non-collection	-	-
Government Department (net of non-collection)	**5,328**	**4,619**
Other Public Authorities	5,952	7,761
Allowance for non-collection	-	-
Other Public Authorities (net of non-collection)	**5,952**	**7,761**
Payments in Advance	**3,063**	**3,525**
Council Tax	13,901	14,198
Allowance for non-collection	(10,770)	(11,306)
Council Tax (net of non-collection)	**3,131**	**2,892**
Rent Arrears (including Housing Benefit overpayments)	19,110	21,505
Allowance for non-collection	(16,732)	(18,459)
Rent Arrears (net of non-collection)	**2,378**	**3,046**
Housing Association Grant Due	**24**	**23**
Sundry Debtors	49,727	41,910
Allowance for non-collection	(19,563)	(19,211)
Sundry Debtors (net of non-collection)	**30,164**	**22,699**
Total	**50,040**	**44,565**

30. Short-term Creditors

	31 March 2013 £000	31 March 2012 £000
HM Revenue & Customs	(5,483)	(5,409)
Other Government Departments	(15,700)	(19,958)
Other Public Authorities	(7,712)	(5,618)
Receipts in Advance	(5,122)	(6,625)
Finance Leases	(824)	-
Council Tax Payers	(5,557)	(4,801)
Ealing Pension Fund	(1,588)	(2,237)
Housing:		
Rents	(2,034)	(2,067)
Mortgages	-	-
Ealing Homes	-	-
Sundry Creditors	(68,979)	(71,066)
	(112,999)	(117,781)

31. Long Term Creditors

	Balance at 1 April 2011 £000	Receipts in year £000	Payments in year £000	Balance at 31 March 2012 £000	Receipts in year £000	Payments in year £000	Balance at 31 March 2013 £000
Hull-Grundy Bequest Fund	(187)	-	-	(187)	(1)	3	(185)
Northala Fields	(60)	-	25	(35)	-	7	(28)
Deposits	(311)	(1)	91	(221)	(1)	-	(222)
PFI Schemes	(105,528)	(702)	3,184	(103,046)	(37,786)	4,489	(136,343)
Leases *	-			-	(4,346)	10	(4,336)
Education Balances	(347)	(620)	720	(247)	(618)	563	(302)
Section 106 Agreements	(7,195)	(7,422)	4,581	(10,036)	(4,230)	3,209	(11,057)
Microsoft Licences Phase Payments	(534)	-	-	(534)		534	-
Other	(101)	(132)	72	(161)	(22)	135	(48)
Total	(114,263)	(8,877)	8,673	(114,467)	(47,004)	8,950	(152,521)

* see note 25.3

32. Capital Grants Receipts in Advance

Capital Grants Receipts in Advance are amounts received to fund capital expenditure where the conditions of the grant or contribution have not yet been met. These are transferred to the capital grants unapplied account once the conditions are met, or to the capital adjustment account if the conditions being met involved the grant being used to fund capital expenditure. If conditions are not met, the contribution is returned to the grantor.

	2012/13 £000	2011/12 £000
Balance at 1 April	(33,574)	(22,662)
Amounts received	(24,863)	(52,506)
Conditions met - credited to Capital Grants Unapplied	21,451	-
Applied in year	31,206	41,594
Balance at 31 March	(5,780)	(33,574)

33. Provisions

Short-term provisions

	Balance at 1 April 2011 £000	Payments in year £000	Receipts in year	Balance at 31 March 2012 £000	Payments in year £000	Receipts in year £000	Balance at 31 March 2013 £000
Insurance Provision	943	(483)	953	1,413	(383)	75	1,105
Other Provisions	2,137	(1,207)	983	1,913	(1,055)	1,905	2,763
Total Provisions	3,080	(1,690)	1,936	3,326	(1,438)	1,980	3,868

Long-term provisions

	Balance at 1 April 2011 £000	Payments in year £000	Receipts in year	Balance at 31 March 2012 £000	Payments in year £000	Receipts in year £000	Balance at 31 March 2013 £000
Insurance Provision	4,283	(2,015)	-	2,268	(1,855)	1,907	2,320
Other Provisions	433	(436)	1,238	1,235	(597)	648	1,286
Total Provisions	4,716	(2,451)	1,238	3,503	(2,452)	2,555	3,606

The value of provisions includes the items mentioned below. The balance also includes amounts related to contractual disputes. There are provisions for the following :

1. Claims and self insurance provision - this 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.

2. The council bought the leaseholds of certain properties during the 1950s and 1960s as part of slum clearances programme. The leases on these properties are now coming to an end. The long lease property compensation provision has been set up to cover costs to be incurred by the council in respect of dilapidations to these properties.

3. Land charges - provision has been made following the Information Commissioner's decision that some information charged for under the property search legislation introduced in 2008 should have been provided free of charge. Ealing Council is a defendant in proceedings brought by a group of property search companies for refunds of fees paid to the Council to access land charges data including interest and costs. A second group of property search companies is also seeking to claim refunds although no proceedings have yet been issued .There is also a contingent liability for the Council arising from further potential action .

4. Redundancy - a provision has been set up to cover the redundancy costs to be incurred in 2013/14, where decisions to restructure services have resulted in notice of redundancy being given prior to 31 March 2013.

5. Ealing Homes - a provision was set up to cover outstanding costs associated with Ealing Homes Limited which ceased trading on 31 March 2011.

6. Environmental Services Contract - a provision has been made to cover any outstanding costs arising as a result of the introduction of new contractual arrangements during 2012/13.

34. Revaluation Reserve

	General Fund 2012/13 £000	HRA 2012/13 £000	Total 2012/13 £000	Total 2011/12 Restated £000
Balance at 1 April as restated	66,725	21,585	88,310	121,606
Revaluation Reserve depreciation	(481)		(481)	(438)
Revaluation gains / losses	34,391	142,626	177,017	(32,148)
Disposal of revalued fixed assets	(1,273)	(1,798)	(3,071)	(710)
Balance at 31 March	99,362	162,413	261,775	88,310

35. Capital Adjustment Account

	2012/13 £000	2011/12 Restated £000
Balance at 1 April	581,110	346,925
Revaluation Gains / Losses charged to CIES	(185,518)	29,643
Disposal of Fixed Assets	(9,558)	(16,080)
Minimum revenue provision	17,874	14,867
Depreciation	(50,461)	(22,468)
Capital Grants applied	54,743	40,638
Revaluation Reserve Depreciation	1,130	1,035
De-Minimus Capital Expenditure	(867)	(1,436)
Applied capital receipts	139	763
Direct revenue financing	43,944	14,321
Contribution from major repairs reserve	14,139	2,004
Revenue Expenditure Funded from Capital under Statute	(52,996)	(32,141)
HRA Debt Settlement	-	203,039
Balance at 31 March	413,679	581,110

36. Financial Instruments Adjustment Account

Various regulations allow the council not to charge amounts or to defer charges to the General Fund. Such amounts are instead transferred to the Financial Instruments Adjustment Account, an account that records the timing differences between charging these amounts to the General Fund in accordance with proper practice and in accordance with the regulations. The Financial Instruments Adjustment Account balance is outlined below.

	2012/13 £000	2011/12 £000
Balance at 1 April	2,214	2,669
Effective Interest Rate Adjustment	(21)	(20)
Amortisation of Loan premium	(354)	(435)
Balance at 31 March	1,839	2,214

37. Usable Capital Receipts

	2012/13 £000	2011/12 £000
Balance at 1 April	7,481	6,595
Received in year	5,937	1,990
HRA receipts paid to the pool	(1,100)	(20)
Applied during year	(265)	(1,084)
Balance at 31 March	12,053	7,481

38. Deferred Capital Receipts

	2012/13 £000	2011/12 £000
Mortgages	128	149
Dicken's Yard	10,000	10,000
Other General Fund	425	456
Other HRA	185	200
Balance at 31 March	10,738	10,805

39. Earmarked Housing Revenue Account Reserves

	Balance at 1 April 2011 £000	Transfers in £000	Transfers out £000	Balance at 31 March 2012 £000	Transfers in £000	Transfers out £000	Balance at 31 March 2013 £000
Major Repairs Reserve	31,072	11,729	(13,733)	29,068	-	(14,139)	14,929
Estate regeneration delivery fund	-	7,000	-	7,000	13,011	-	20,011
Total Reserve Balance	31,072	18,729	(13,733)	36,068	13,011	(14,139)	34,940

The Estate Regeneration Delivery Fund has been set up to finance future estate regeneration.

40. General Fund

	2012/13 £000	2011/12 £000
Balance at 1 April	15,363	15,311
(Decrease) / Increase in General Fund Balance for the Year	50	52
Balance at 31 March	15,413	15,363

41. Transfers to and from Earmarked Reserves

General Fund:	Balance at 1 April 2011 £000	Transfers in £000	Transfers out £000	Balance at 31 March 2012 £000	Transfers in £000	Transfers out £000	Balance at 31 March 2013 £000
Agency workers regulations	-	49	(25)	24		(24)	-
Apprenticeship Contribution	-	-	-	-	425	-	425
BSF Transport Infrastructure	175	69	(1)	243	185	(11)	417
Building Schools for the Future	1,229	14	-	1,243	3		1,246
Business Risk Reserve	10,076	4,902	(5,179)	9,799	1,478	(2,928)	8,349
By-elections Reserve	100	-	-	100	-	-	100
Capital Expenditure Financing Reserve	7,115	2,802	(6,904)	3,013	1,792	(3,432)	1,373
Capital Expenditure Reserve	-	-	-	-	-	-	-
CCTV Contribution	-	-	-	-	144		144
Children's Services Reserve	2,640	-	(910)	1,730	2,464	(6)	4,188
Civil Disorder Recovery	-	822	(437)	385		(107)	278
Community grants	-	362	-	362	378	(362)	378
Compensation for loss of office Reserve	6,803	2,192	(6,820)	2,175	581	(502)	2,254
Corporate Services reserve					814		814
Ealing Civic Improvement Fund (ECIF)	2,593	658	(1,060)	2,191	1,000	(758)	2,433
Economic Incentive Reserve	1,020	-	(250)	770		(134)	636
Elections Reserve	415	398	-	813	140	-	953
Greenford Depot Reserve	250	-	-	250	-	-	250
Health & Safety Inspection Reserve	1,069	-	(126)	943	-	(304)	639
Housing Benefit Grant Reserve	1,000	-	(1,000)	-	-	-	-
Human Resources Reserve	340	2,340	(2,180)	500		(120)	380
ICT Reserve	287	-	(187)	100	400	-	500
Insurance Reserve	3,340	870	-	4,210	576	-	4,786
Invest to Save Reserve	1,012	12	(18)	1,006	811	(775)	1,042
LAA Performance Reward Grant	3,384	338	(2,077)	1,645	-	(844)	801
Levy Risk	-	-	-	-	600	-	600
Line by Line Reserve	1,650	1,458	(1,650)	1,458	-	(1,458)	-
Mayors relief Fund	-	4	(1)	3	-	-	3
New Secondary School - Greenford Glaxo	2,830	10	-	2,840	8	-	2,848
Other balances	-	6	-	6	36		42
Parking Places Reserve Account	845	704	-	1,549	64	-	1,613
Police Com. Support Officers Reserve	-	-	-	-	632		632
Property Dilapidation Reserve	542	-	(500)	42	-	(37)	5
Property Projects Reserve	2,213	646	(2,859)	-	-	-	-
Recycling Rate maximisation reserve	-	500	-	500	-	-	500
Regeneration and Housing reserve					434		434
Repairs & Renewals Reserve	462	49	(511)	-	-	-	-
Residents´ survey	-	38	-	38	-	-	38
Revenue Grants	1,028	1,052	(777)	1,303	156	(574)	885
School Contributions Reserve	450	1,859	(20)	2,289	587	(158)	2,718
School Effectiveness Wind Down Costs	1,418	-	(1,190)	228	-	-	228
Schools Central Exp. Reserve (DSG)	1,115	4	(372)	747	545	(2)	1,290
Specific Grant Reduction Reserve	1,500	-	(1,500)	-	-	-	-
Transport / Legal Reserve	134	-	(134)	-	-	-	-
Treasury Risk Reserve	3,343	2,700	(3,343)	2,700	-	-	2,700
VAT Reserve	477	-	(193)	284	-	-	284
Ward Forum Reserve	111	237	(111)	237	-	(118)	119
Warm homes healthy people fund	-	93	-	93	129		222
Welfare Reform	-	-	-	-	2,203	-	2,203
Sub-total Ear-marked Reserves	60,966	25,188	(40,335)	45,819	16,585	(12,654)	49,750
PFI and Schools Balances:							
Education PFI Reserve	15,854	14,044	(8,028)	21,870	3,452	(283)	25,039
Older Person's PFI Reserve	3,818	264	-	4,082	511	(492)	4,101
Street Lighting PFI Reserve	3,127	3,041	(2,427)	3,741	12	(314)	3,439
Individual Schools Budget Balances	16,890	4,558	-	21,448	503	(1,076)	20,875
Sub-total Other Reserves	39,689	21,907	(10,455)	51,141	4,478	(2,165)	53,454
Total Reserves & Revenue Balances	**100,655**	**47,095**	**(50,790)**	**96,960**	**21,063**	**(14,819)**	**103,204**

41. Reserves :

Contributions to Revenue Reserves have been made for expenditure planned or likely to arise in future accounting periods and where it is considered appropriate to provide some resources in advance.

41.1. The Agency Workers Regulations Reserve was established to cover the potential impact of the agency worker regulations which came into effect from October 2011.

41.2. The Apprenticeship Contribution Reserve has been set up by contributions from departments to fund apprentices across the Council.

41.3. The Schools Transport Infrastructure Reserve is to cover the transport infrastructure costs associated with BSF projects as laid out in the planning conditions for Dormers Wells High School and Cardinal Wiseman.

41.4. The Building Schools for the future Reserve is to support the BSF programme and the client side Local Education Partnership team.

41.5. The Business Risk Reserve has been established as the council faces a challenging financial climate in the medium term. This reserve is to provide a source of financial resources to protect the council against issues arising from business risks.

41.6. The By elections Reserve has been established to cover the unpredictable cost of council by-elections, which may happen at any time in the political cycle.

41.7. The CCTV reserve has been established to pool contributions to fund future CCTV installations and equipment and their maintenance.

41.8. The Capital Expenditure Financing Reserve was used in 12/13 to fund specific capital projects.

41.9. The Children's Services Reserve has been set up to fund the strategic budget setting process in 2012/13 and 2013/14.

41.10. The Civil Disorder Recovery Reserve was established to cover costs associated with the council's efforts to recover local infrastructure and economic activity following the civil disorder of summer of 2011.

41.11. The Community Grants Reserve is for community grants being carried forward into future years.

41.12. The Compensation for Loss of Office Reserve has been set up to enable the cost of the capital contribution made to the Pension Fund in respect of early retirement and redundancy costs to be spread over five years by repayment from the employing department.

41.13 Corporate Services reserve - To fund specific one-off projects and work programmes in Finance and Audit, Legal and Democratic, Business Services Group and Chief Executives

41.14. The Ealing Civic Improvement Reserve has been set up as a fund primarily for improvements in the borough.

41.15. The Economic Incentive Reserve was set up to provide resources for the council to respond to the rapidly changing economic conditions.

41.16. The Elections Reserve is to cover the cost of full council elections every four years. The Elections reserve has been established to spread the cost over the entire period of the council. Funds are added annually.

41.17. The Greenford Depot Reserve has been established to cover building works at Greenford Depot

41.18. The Health and Safety Inspection Reserve has been set up to fund the council's Health & Safety developments.

41.19. The Human Resources Reserve has been set up to assist in the management of the council's obligations towards Human Resources issues.

41.20. The ICT Reserve has been set up in order to fund the implementation of the new ICT strategy

41.21. The Insurance Reserve has been established as a fund to cover future insurance claims.

41.22. The Invest to Save Reserve has been established to fund schemes, largely, (but not exclusively) capital, outside of the usual budget process to drive innovation in service delivery which deliver cash savings. This reserve will be replenished from the cash savings in order to be self sustaining.

41.23. The LAA Performance Reward Grant Reserve, covering prior years' activity, was received in 2010/11. The reserve created from this will be used to further fund the objectives of the LAA and a proportion of the performance grant is being paid out to lead agencies. Decisions around this are be taken during 2012/13 and 2013/14.
41.24. The Levy Risk Reserve has been established to mitigate risks associated with WLWA, freedom pass etc. These are volatile budget areas outside the Council's control.
41.25. The Line by Line Reserve was created as a result of annual line by line reviews of service budgets which have been used for the following year's budgets. This was completed in 2012/13.
41.26. The Mayor's Relief Reserve is holding sums raised for benevolent purposes following the death of a resident in the civil disorder of summer 2011.
41.27. The New Secondary School Reserve has been established to support expansion of secondary school places through a new high school in the north of the borough.
41.28. The Other Reserve has been set up for small adhoc funding for specific projects.
41.29. 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 in on- and off-street parking services.
41.30. The Property Dilapidation Reserve has been established to provide resources for the renovation and renewal of the council's property portfolio.
41.31. The Recycling Rate Maximisation Reserve has been established to further recycling initiatives in the borough.
41.32. Regeneration and Housing reserve -To fund one-off projects and work programmes in Property and Regeneration and Built Environment
41.33. The Residents' Survey Reserve has been established to build up funding for the bi-annual survey.
41.34. The Revenue Grants Reserve has been set up to hold the balance of revenue grants that can be spent across more than one financial year, but will not have to be repaid. This was introduced following the change to International Financial Reporting Standards as these balances were previously held within the balance sheet as creditors.
41.35. The School Contributions Reserve has been set up by contributions received from schools which are required to support the continuation of certain school schemes.
41.36. The School Effectiveness Wind Down Costs Reserve has been set up by contribution from schools grants to fund the wind down costs of the School Improvement and Schools Partnerships services in 2012/13.
41.37. The Schools Central Expenditure Reserve (DSG) results from the underspend on DSG funding allocated to the central expenditure element within the schools budget. This underspend must be carried forward to support the Schools Budget in future years.
41.38. The Treasury Risk Reserve has been set up to protect the council against any adverse variations in interest rate movement.
41.39. The VAT reserve has been set up to protect the council against possible future VAT charges.
41.40. The Ward Forum Reserve has been set up to fund a programme of Ward specific projects which are approved following resident and Councillor consultation.
41.41. The Warm Homes Healthy People Reserve is based on a DoH grant to fund the Warmer Homes initiative in the Borough.
41.42. The Welfare Reform Reserve has been established to cover risks associated to the welfare regime changes.
41.43. The private finance initiative (PFI) Reserves have been set up to meet the difference between government revenue grant and actual costs for PFIs in future years.
41.44. The Individual Schools Budget Reserve has been set up to contain all the schools balances (see note 43).

42. Education Trust Funds
The council administers nine education trust funds, established in most cases to provide prizes for pupils. The total capital value of the funds is £48,207 (2011/12 £48,207) with revenue balances of £12,543 (2011/12 £12,144).

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

Details of the deployment of DSG receivable for 2012/13 are as follows:

	2012/13 Central Expenditure £000	2012/13 Individual School Budget £000	2012/13 Total £000	2011/12 Total £000
A Final DSG for the year before Academy Recoupment			269,186	260,022
B Academy Figure Recouped			(21,180)	
C Total DSG After Academy Recoupment			248,006	260,022
D Brought forward from previous year			747	1,115
E Carry forward agreed in advance			(1,290)	-
F Agreed initial budgeted distribution in year	39,149	208,314	247,463	260,850
G In year adjustments	(1,717)	1,717	-	(7,787)
H Final budgeted distribution	37,432	210,031	247,463	253,063
I Less actual central expenditure	(37,432)	-	(37,432)	(35,405)
J Less Actual ISB deployed to schools	-	(210,031)	(210,031)	(216,911)
K Plus Local Authority Contribution	-	-	-	-
L Carry Forward to 2013/14	**-**	**-**	**1,290**	**747**

Notes
A Final DSG figure as issued by the Department
B Figure recouped from the authority in 2012/13 by the DfE for the conversion of maintained schools into Academies.
C Total figure after DfE Academy recoupment for 2012/13.
D Figure brought forward from 2011/12 as agreed with the Department.
E Amount which the authority decided after consultation with the schools forum to carry forward to 2013/14
F Budgeted distribution of DSG, adjusted for carry forward, as agreed with the schools forum
G Changes to the initial distribution.
H Budgeted distribution of DSG as at the end of the financial year.
I Actual amount of central expenditure items in 2012/13

J Amount of ISB actually distributed to schools (ISB is regarded for DSG purposes as spent by the council once it is dep
K Contribution from the local authority in 2013/14
L Carry Forward to 2013/14

44. Ealing Homes Ltd

The Management Agreement with Ealing Council ended on 31st March 2011 with the management of the council's housing stock transferring back to the council's direct control on 1st April 2011. All the staff of Ealing Homes transferred to the council on that date, with the result that the Ealing Homes Ltd pension deficit of £17.412m was taken over by the council on that date.

Ealing Homes Ltd continues to exist until the last remaining claim against it has been resolved following which the company would be closed. The last accounts were made up to 31st March 2013 with a reduced brought forward surplus of £0.877m.

45. Retirement Benefits

45.1 Transactions relating to retirement benefits

The following transactions have been made in the Comprehensive Income and Expenditure Statement during the year:

	2012/13 £000	2011/12 £000
Comprehensive Income & Expenditure Statement (CIES)		
Net Cost of Services:		
transfer of Ealing Homes deficit	-	17,412
current service cost	21,343	22,126
past service costs:		
costs due to early retirements etc during the period	-	(1,760)
effect of settlements or curtailments	857	(5,245)
Net Operating Expenditure:		
interest cost	49,180	50,945
expected return on assets in the scheme	(35,034)	(38,733)
Net Charge to CIES	**36,346**	**44,745**
Movement in Reserves Statement		
transfer of Ealing Homes deficit	-	(17,412)
reversal of net charges made for retirement benefits in accordance with IAS 19	(36,346)	(27,333)
actuarial gains and losses	(61,416)	(64,292)
Actual amount charged against the General Fund Balance for pensions in the year:		
employers' contributions payable to scheme	25,061	34,848

In 2011/12 Ealing Homes transfered to the council for direct control. All staff transfered to the coucil and as a result the pension deficit of £17,412k was taken over by the council.

The estimated contributions expected to be paid to the scheme during the annual period beginning 1 April 2013 is £24,836k.

45.2 Assets and Liabilities in Relation to Retirement Benefits

Reconciliation of present value of the scheme liabilities:

	2012/13 £000	2011/12 £000
1st April	(1,006,540)	(903,282)
Transfer of Ealing homes deficit	-	(30,357)
Current service cost	(21,343)	(22,126)
Interest cost	(49,180)	(50,945)
Contributions by scheme participants	(7,988)	(8,272)
Actuarial gains and losses	(122,533)	(32,720)
Benefits paid	35,087	33,970
Curtailments	(857)	5,432
Past service (costs)/gain	-	1,760
31st March	(1,173,354)	(1,006,540)

Reconciliation of fair value of the scheme assets:

	2012/13 £000	2011/12 £000
1st April	627,832	598,763
Transfer of Ealing homes deficit	-	12,758
Expected rate of return	35,034	38,733
Actuarial gains and losses	61,117	(31,572)
Employer contributions	25,061	34,848
Contributions by scheme participants	7,988	8,272
Benefits paid	(35,087)	(33,970)
31st March	721,945	627,832

45. Retirement Benefits (continued)
45.3 Scheme History

	2012/13 £000	2011/12 £000
Present Value of Liabilities	(1,173,354)	(1,006,540)
Fair Value of Assets	721,945	627,832
Surplus/(deficit) in the scheme:	(451,409)	(378,708)

45.4 Basis for estimating assets and liabilities

	2012/13	2011/12
The principal assumptions used by the actuary have been:		
Long-term expected rate of return on assets in the scheme:		
Equity investments	7.0%	7.0%
Bonds	3.9%	4.1%
Other	0.5%	0.5%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
- Men	22.0	21.6
- Women	24.8	24.2
Longevity at 65 for future pensioners:		
- Men	23.8	23
- Women	26.7	25.9
Rate of CPI inflation	2.4%	2.5%
Rate of increase in salaries	4.15%	4.25%
Rate of increase in pensions	2.4%	2.5%
Rate for discounting scheme liabilities	4.2%	4.9%
Take-up of option to convert annual pension into retirement lump sum	50.0%	50.0%

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	31 March 2012 %	31 March 2011 %
Equity investments	66.6	67.4
Bonds	29.5	29.2
Cash / Liquid Assets	3.2	2.8
Pooled Investment Vehicles	0.7	0.6
	100.0	100.0

45.5 History of experience on gains and losses

The actuarial gains identified as movements on the Pensions Reserve in 2012/13 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2013:

	2012/13 %	2011/12 %	2010/11 %	2009/10 %	2008/09 %
Differences between the expected and actual return on assets	8.5	(5.0)	3.4	22.8	(36.8)
Experience gains and losses on liabilities	10.4	3.3	(2.9)	(22.4)	24.0

The actual return on plan assets in 2012/13 was £96,151k (£7,161k 2011/12)

46. Pension Costs - Teachers

Teachers employed by the council are members of the Teachers Pension Scheme administered by the Teachers Pensions Agency (TPA). It provides teachers with defined benefits upon their retirement and the council contributes towards the costs by making contributions based on a percentage of members pensionable salaries.

In 2012/13 the council paid £12.8m (2011/12 - £13.7m) to the Teachers Pensions Agency in respect of teachers' retirement benefits, which represented 14.1 % (2011/12 - 14.1%) of teachers pensionable pay for the year. At 31 March 2013 the pension contributions due to the scheme in respect of the March 2013 salaries were £1.657m.

Although the scheme is unfunded the TPA uses a notional fund as the basis for calculating the employer's contribution rate to be paid by all local education authorities. However it is not possible for the council to identify a share of the underlying assets and liabilities of the scheme attributable to its own employees. For the purposes of this statement of accounts it is therefore accounted for on the same basis as a defined contribution scheme.

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. In 2012/13 these amounted to £1.52m, (2011/12 - £1.47m) representing 1.68% (2011/12 – 1.51%) of pensionable pay.

47. Investments in associates

47.1. The Council, in partnership with four other London Boroughs and thirteen Housing Associations is operating a joint lettings scheme for housing tenants. A company called Locata (Housing Services) Ltd has been set up for this purpose. The turnover in 2012/13 was £2,077K (£2,199K in 2011/12) with net assets in 2012/13 of £471k (£444k 2011/12).

The Council's contribution to Locata Ltd in 2012/13 was £48K (£44K in 2011/12). There were no other transactions or indebtedness between the Company and Council.

The Council is liable to contribute to debts and liabilities of the organisation if it was wound up, to the value of £10. The company’s accounts have not been consolidated into the Council’s accounts because the sums involved are not material to the Council’s Accounts and it has limited influence on the company being one of five local authorities and thriteen housing associations with voting rights.

A copy of Locata’s accounts can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ or on-line at www.companieshouse.gov.uk

47.2. The council entered into a PFI agreement with Balfour Beatty Education 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 is 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 £600k into Future Ealing's working capital which is shown as a short term investment in these accounts.

Future Ealing Limited have not been consolidated into the council’s accounts. 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.

48. Financial Instruments Balances

Types of Financial Instruments

Accounting regulations require the "financial instruments" (the investments, lending and borrowing of the council) shown on the balance sheet to be further analysed into various defined categories. The investments, lending & borrowing disclosed in the balance sheet are made up of the following categories of "financial instruments" and trade creditors and debtors.

TABLE 1 – FINANCIAL INSTRUMENT BALANCES:

	Long-term			Current		
	31 March 2013 £000	**31 March 2012 £000**	**31 March 2011 £000**	**31 March 2013 £000**	**31 March 2012 £000**	**31 March 2011 £000**
Financial liabilities at amortised cost	494,756	503,453	646,412	8,835	7,066	9,588
Trade Creditors	16,178	11,421	8,735	107,442	112,980	111,073
Financial liabilities at fair value through profit and loss	-	-	-		-	-
Total financial liabilities	510,934	514,874	655,147	116,277	120,046	120,661
Loans and receivables	600		600	232,493	248,411	179,367
Loans and receivables - shown as cash equivalents	-	-	-	18,900	29,900	23,000
Trade Debtors	10,316	10,279	10,293	46,909	41,673	47,167
Available-for-sale financial assets	-	-	-	500	-	-
Fair value through Profit and Loss	-	-	-	-	-	-
Total financial assets	10,916	10,279	10,893	298,802	319,984	249,534

NOTES

1. The council's debt reduced during the year from £503.5M to £494.6M as a result of of loans that matured during the course of the year which were not replaced .The Council now has full control of housing rental income, enabling more effective planning for the long term management of this key service and assets. No long term loan was raised during the year 2012/13.

2. 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.

Market loans (LOBOs) of £68m have been included in long term borrowing but have a call date in the next 12 months.

49. Financial Instruments Gains/Losses

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

TABLE 2 – FINANCIAL INSTRUMENTS GAINS/LOSSES

	Financial Liabilities	Financial Assets		Financial Liabilities	Financial Assets	
	Liabilities measured at amortised cost £000	Loans and receivables £000	2012/13 Total £000	Liabilities measured at amortised cost £000	Loans and receivables £000	2011/12 Total £000
Interest expense	(24,597)		(24,597)	(33,878)	-	(33,878)
Interest payable and similar charges	(24,597)		(24,597)	(33,878)	-	(33,878)
Interest income		1,732	1,732	-	2,800	2,800
Interest and investment income	-	1,732	1,732	-	2,800	2,800
Gains on revaluation			-			-
Losses on revaluation			-			-
Amounts recycled to the I&E account after impairment			-			-
Surplus arising on revaluation of financial assets in other comprehensive Income and Expenditure	-			-	-	-
Net gain/(loss) for the year	(24,597)	1,732	**(22,865)**	(33,878)	2,800	**(31,078)**

The fair values are calculated as follows:

TABLE 3 - FAIR VALUE OF LIABILITIES CARRIED AT AMORTISED COST

	31 March 2013		31 March 2012		31 March 2011	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
PWLB - maturity	412,246	473,724	418,339	458,207	563,903	546,951
LOBOs	91,022	94,940	91,055	92,005	91,072	98,840
Other	323	323	1,125	1,125	1,025	1,025
Financial Liabilities	503,591	568,987	510,519	551,337	656,000	646,816

Fair value 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 at the Balance Sheet date. The commitment to pay interest above current market rates increases the amount that the council would have to pay if the lender requested or agreed to early repayment of the loans.

TABLE 4 – FAIR VALUE OF ASSETS CARRIED AT AMORTISED COST

	31 March 2013		31 March 2012		31 March 2011	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Loans and receivables	252,493	252,479	278,311	277,960	202,967	203,070
Financial assets	252,493	252,479	278,311	277,960	202,967	203,070

The differences are attributable to fixed interest instruments receivable being held by the council whose interest rate is lower than the prevailing rate estimated to be available at 31 March. This reduces the fair value of loans and receivables.

The fair values for loans and receivables have been determined with reference to reasonable approximation for the fair value of a financial instrument, and includes accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each balance sheet date. In practice rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial.

50. Nature and extent of risks arising from financial instruments

The council's management of treasury risks actively works to minimise the council's exposure to the effects of the unpredictability of financial markets and to protect the financial resources available to fund services. 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 2012/13, which incorporates the prudential indicators was approved by Council on 28th February 2012 and is available on the council's website.

The council's activity exposes it to a variety of financial risks. The key risks are:

50.1 Credit risk

Credit risk is the possibility that other parties may not pay amounts due to the council. This risk arises from the short-term lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the council's customers.

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 and remaining cognisant of the financial press. This includes subscribing to Sector Treasury Services's credit rating analysis of financial institutions.
.

This risk is minimised through the Annual Investment Strategy, which 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 time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria set by the council. Additional selection criteria are also applied after this initial criteria is applied. Following the financial crises of 2008/09 treasury officers are still operating a restricted counterparty list (institutions to which the authority can lend) to ensure that any new investment exposure is to local authorities, UK banks rated at least AA- or who have the Bank of England support, or AAA. Money Market Funds remained suspended for the whole of the financial year 2012/13 due to the ongoing volatility in financial markets. Senior managers review the position on a weekly basis and Treasury officers and the Head of Financial Planning & Investments monitor the position daily and report on any market developments. In addition the Treasury Risk and Investment Board meet monthly which includes the Executive Director of Corporate Resources. The portfolio holder for finance is also kept informed.

The following analysis summarises the council's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and, the Council expects full repayment on the due date of deposits placed with its counterparties.

TABLE 5 - CREDIT RISK (A)

	Amounts at 31 March 2013 £000	Historical experience of default 31 March 2013 %	Historical experience adjusted for market conditions at 31 March 2012 %	Estimated Maximum exposure to default 31 March 2013 £000	Estimated Maximum exposure to default 31 March 2012 £000
AAA	**14,399**	0.00%	0.00%	-	-
AA	**30,000**	0.00%	0.03%	-	9
A	**90,000**	0.06%	0.08%	53	49
BBB	-	0.00%	0.23%	-	-
Local Authorities	**116,700**	0.01%	0.00%	6	-
Future Ealing	**600**	0.00%	0.00%	-	-
Escrow account (Glitnir)	**380**	0.00%	0.00%	-	-
Total	**252,079**	**0**	**0**	**59**	**58**

50. Nature and extent of risks arising from financial instruments (continued)

The full Investment Strategy for 2012/13 was approved by Full Council on 28/2/2012 and is available on the council's website.

The council's maximum exposure to credit risk in relation to its investments in banks and building societies of £252.08m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31 March 2013 that this was likely to crystallise.

No credit limits were exceeded during the reporting period and the council currently has one impaired investment with the Icelandic bank Glitnir.

ICELANDIC BANK DEFAULT

Early in October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. The council had £2m deposited in one of these institutions (Glitnir), with the following maturity date and interest rate:

	Date invested	Maturity date	Amount invested £000	Interest £000	Amount Repaid to date £000	New Investment Retained in Escrow £000	Total £000	Net £000
Glitnir	15/01/2008	15/01/2009	2,000	109	1,665	424	2,089	20

All monies within Glitnir were subject to the Icelandic administration and receivership processes. The total payments to depositors such as the council have already been determined and mostly repaid to the Council by the administrators / receivers.

As at the end of 2011/12, the council received a distribution of £1,665k of its stranded Icelandic investment from the Glitnir bank winding up board. Funds were received in a basket of 4 currencies. The remaining distribution of approximately £380k, now valued at £424k with accrued interest, is still being held in an escrow account in Icelandic Krone's due to Icelandic capital controls.

Holding the amount in foreign currency exposes the council to currency risk. The £380k was revalued at the end of 2012/13 to take account of change in accrued interest and foreign exchange rate changes and a gain of £27k has been added to the £380k retained in Escrow account. It is anticipated that there will still be some delay in receiving that element of the final distribution in the UK. Interest is accruing at the rate of 4.2% per annum.

50. Nature and extent of risks arising from financial instruments (continued)

50.2 Liquidity Risk

The council manages its liquidity position through a risk management process by setting and approving 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 Code of Practice. This seeks to ensure that cash is available when needed.

In addition, the council has access to a facility to borrow from the Public Works Loans Board. As a result, there is no significant risk that the council will be unable to raise finance to meets its commitments under financial instruments. 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. No long-term borrowing was taken out in 2012/13.

The maturity structure of financial liabilities is as follows (at nominal value):

	31 March 2013 £000	31 March 2012 £000	31 March 2011 £000
Loans Outstanding:			
Public Works Loans Board	406,576	412,607	555,646
Market debt	88,000	88,000	88,000
Temporary borrowing	-	-	-
Other	323	1,125	1,025
Total	**494,899**	**501,732**	**644,671**
Less than 1 year	1,843	6,031	-
Between 1 and 2 years	9,706	9,670	1,025
Between 2 and 5 years	39,305	41,986	44,750
More than 5 years	444,045	444,045	598,896
Total	**494,899**	**501,732**	**644,671**

In the more than 5 years category, there are £68m of market loans Lenders Option Borrowers Option (LOBOs) which have a call dates in the next 12 months, i.e. the lender has the option to call the loan.

The maturity analysis of financial liabilities are outlined above and this falls within the maximum and minimum limits for fixed as agreed in the TM strategy.

50.3 Market Risk

Interest rate risk

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

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

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

The council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The treasury management team 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 policy is to aim to keep a maximum of 30% of its borrowings in variable rate loans. There is a £6.7m PWLB variable rate loan, and £51m Market Loans LOBO's with call dates that fall within the financial year 2012/13. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the council's cost of borrowing and so provide compensation for a proportion of any higher costs.

50. Nature and extent of risks arising from financial instruments (continued)

TABLE 8 - INTEREST RATE RISK	31 March 2013 £000	31 March 2012 £000
Increase in interest payable on variable rate borrowings	613	792
Decrease in interest receivable on variable rate investments	(2,849)	(2,899)
Decrease in government grant receivable for financing costs		
Impact on Comprehensive Income and Expenditure Statement (CIES)	**(2,236)**	**(2,107)**
Share of overall impact debited to HRA	**180**	**(225)**
Decrease in fair value of 'available for sale' investment assets	-	-
Impact on Comprehensive Income and Expenditure Statement	**-**	**-**
Decrease in fair value of fixed rate borrowing liabilities (no impact on CIES)	-	(63,342)
Decrease in fair value of fixed rate investments (no impact on CIES)	-	-

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

50.4 Price Risk

The council does not invest in equity shares, other than an investment in Future Ealing Limited (see note 47.2) where the council invested in a 20% share of the companies at a purchase price of £39.60 for the equity share, and £600k investment to cover 20% of the PFI subdebt .

50.5 Foreign Exchange Risk

The council has one financial asset, the Glitnir investment of £380k, denominated in a foreign currency and thus has an exposure to loss arising from movements in exchange rates. The council sustained a currency gain of £26k on this investment between the 31 March 2012 and 31 March 2013.

51. Cash flow statement - operating activities (interest)

Operating activities within the cashflow statement include the following cash flows relating to interest:

	2012/13 £000	2011/12 £000
Interest Received	2,762	2,714
Interest Paid	(35,307)	(99,413)

52. Finance Leases - Lessor

The council has leased out 11 properties under finance leases with remaining terms of between 1 and 19 years.

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

52. Finance Leases - Lessor (continued)

	31 March 2013 £000	31 March 2012 £000
Finance lease debtor (net present value of minimum lease payments):		
- current	50	46
- non-current	585	610
Unearned finance income	339	255
Unguaranteed residual value of property	58	58
Gross investment in the lease	1,032	969

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

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
Not later than one year	94	86	50	46
Later than one year and not later than five years	354	337	197	198
Later than five years	584	546	388	412
	1,032	969	635	656

The council has not set aside any allowance for uncollectible amounts in respect of these leases as at 31 March 2013.

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

53. Contingent Liabilties

At 31 March 2013, the Authority had the following contingent liabilities

1. In addition to the provision for the refund of land charges fees referred to in note 33 a group of property search companies have indicated that they may bring a claim against all English and Welsh authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be . It is possible that additional claimants may come forward to submit claims for refunds but none have been intimated at present.

2. The Council has a potential liability to repay care fees and interest as a result of a 1999 test case and subsequent guidance from the Department of Health in 2002 that confirmed that no charges can be made for services provided under section 117 of the 1983 Mental Health Act . There may be cases where claimants will come forward that were either not identified as S117 in 2002 or not highlighted as S117 at the start of the care package following discharge from hospital. Two such refunds were processed in 2012/13 .

At 31 March 2012, the Authority had no material contingent liabilities

54. Contingent Assets

At 31 March 2013, the Authority had no material contingent assets
At 31 March 2012, the Authority had no material contingent assets

SUPPLEMENTARY FINANCIAL STATEMENTS

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

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

	Notes	2012/13 £000	2011/12 Restated £000
Expenditure			
Repairs and Maintenance		10,206	11,879
Supervision and management		20,629	20,748
Exceptional Item - Pension deficit transfer from Ealing Homes		-	17,412
Rent, rates, taxes and other charges		91	119
Depreciation and impairment of non-current assets	7	170,131	(31,905)
Debt Management Costs		38	35
Movement in the allowance for bad debts	3	68	442
Revenue expenditure funded from capital under statute	8	1,156	2,623
Repayment of Overpaid Subsidy		470	-
Total Expenditure		202,789	21,353
Income			
Dwelling rents		(60,624)	(57,439)
Non-dwelling rents		(998)	(1,312)
Charges for services and facilities		(5,136)	(4,959)
Contributions towards expenditure		(1,660)	(2,570)
Housing Revenue Account subsidy receivable (including MRA)	10	-	(5,385)
Total Income		(68,418)	(71,665)
Net Cost of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement		134,371	(50,312)
HRA services' share of Corporate and Democratic Core		363	412
HRA share of other amounts included in the whole authority Cost of services but not allocated to specific services		827	556
Net Cost of HRA Services		135,561	(49,344)
(Gain) or loss on disposal of HRA fixed assets		2,148	(471)
Interest payable and similar charges	11	7,253	73,189
Interest and investment income		(327)	(553)
Pension Interest cost and expected return on pension assets		527	401
Capital Grants and Contributions - HRA Subsidy Settlement Payment	11	-	(258,732)
(Surplus) or deficit for the year on HRA services		145,162	(235,510)

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

Movement on the HRA Statement

	2012/13 £000	2011/12 £000
Balance on the HRA at the end of the previous year	8,075	6,986
(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	(145,162)	235,510
Adjustments between accounting basis and funding basis under statute	158,648	(227,560)
Net increase or decrease before transfers to or from reserves	13,486	7,950
Transfers to or from reserves	(15,437)	(6,861)
Increase or decrease in year on the HRA	(1,951)	1,089
Balance on the HRA at the end of the current year	6,124	8,075

Adjustments between accounting basis and funding basis under statute

	2012/13 £000	2011/12 Restated £000
Charges for depreciation and impairment of non current assets		
Depreciation charged to HRA services below the Major Repairs Allowance element of housing subsidy, Net of Non-Dwelling Depreciation	-	(504)
Revaluation losses on Dwellings and Other Land and Buildings	156,846	(43,130)
HRA Subsidy - Capital Grants Contributions Determination Settlement ; Charges for Early Redemption of Debt	-	(203,039)
Application of grants to capital financing transferred to the Capital Adjustment Account	(1,777)	-
Revenue expenditure funded from capital under statute	1,156	2,623
Net gain or loss on sale of non-current assets	2,148	(471)
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	(360)	(445)
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	1,354	18,369
Employer's pensions contributions and direct payments to pensioners payable in the year	(816)	(967)
Capital expenditure charged against the HRA balance	13	-
Amount by which officer remuneration charged to the HRA Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	84	4
Total Adjustments	158,648	(227,560)

NOTES TO THE HOUSING REVENUE ACCOUNT

1 Stock Analysis

	2012/13	2011/12
Flats	9,974	10,078
Houses	2,896	2,891
Temporary Accommodation (Hostels)	110	114
Shared Ownership	6	6
Long Leases	19	19
	13,005	13,108

2 Stock Valuation at Net Book Value

	31 March 2013 £000	31 March 2012 £000
Council Dwellings		
Dwellings - vacant possession value	2,453,192	2,475,756
Less: reduction to reflect Social Housing use	(1,826,424)	(1,846,631)
Dwellings - equivalent Social Housing value	626,768	629,125
Other Land & Buildings		
Garages	23,289	23,432
Shops	5,414	4,889
Land & Buildings	3,652	3,746
Total	659,123	661,192
Vehicles, Plant, Furniture and Equipment	78	258
Assets Under Construction	815	1,441
Surplus asset Held for Sale	-	1,869
TOTAL	660,016	664,760

The vacant possession value of dwellings within the HRA as 31st March 2013 is £2,451M. 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.

3 Rent & Service Charge Arrears and Provision for Bad or Doubtful Debts

a Rent Arrears

	2012/13 £000	2011/12 £000
Tenants:		
Dwellings	3,515	3,751
Temporary Accommodation (net)	510	612
Long Leases (net)	33	34
Total	4,058	4,397
Leaseholders:		
Service Charge - Capital	3,377	2,989
Service Charge - Revenue	328	389
Total	3,705	3,378

3 Rent & Service Charge Arrears and Provision for Bad or Doubtful Debts (continued)

b Provision for Bad or Doubtful Debts

	2012/13 £000	2011/12 £000
Tenants:		
Provision at 1 April	3,213	3,395
Write-offs in year	(522)	(624)
Increase in provision	68	442
Provision at 31 March	2,759	3,213
Leaseholders		
Provision at 1 April	-	345
Write-offs in year	-	(345)
Provision at 31 March	-	-

4. Major Repairs Reserve (MRR)

	2012/13 £000	2011/12 £000
Balance at 1 April	29,068	31,072
Depreciation charges for all dwellings	13,077	11,729
Capital projects funded from the MRR	(29,491)	(13,733)
Additional Transfer Above Depreciation to MRR allowed under statute	2,275	-
Balance at 31 March	14,929	29,068

5 Capital expenditure and funding

	2012/13 £000	2011/12 £000
Dwellings	31,409	19,228
Other Properties	72	270
Total	31,481	19,498
Funded by:		
Borrowing	-	2,732
Capital Receipts	-	674
Revenue contributions	-	-
Major Repairs Reserve	29,491	13,464
Leaseholder's Income	1,309	-
Capital Grants	681	2,628
	31,481	19,498

6 Capital Receipts

	2012/13 £000	2011/12 £000
Land	1,189	251
Council Dwellings	4,264	1,621
Other Receipts	105	71
Total	5,558	1,943

Local authorities are required to contribute to the Housing Capital Receipt Pool a proportion of receipts generated from the disposal of HRA assets. In 2012/13 £1.1M (2011/12 £20k) of receipts was paid into the pool.

7 Depreciation and Impairment Charge

	2012/13 £000	2011/12 £000
Depreciation Charges		
Council Dwellings	12,524	9,821
Other Land & Buildings	553	1,404
TOTAL	13,077	11,225
Impairment Charges / Revaluation Losses/(Gains)		
Dwellings and Other Land and Buildings	157,055	(43,130)

8 Revenue Expenditure Funded from Capital under Statute

	2012/13 £000	2011/12 £000
Dwellings	-	-
Other Properties	1,156	2,623
	1,156	2,623

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.

9 Contribution to the Pensions Reserve

	2012/13 £000	2011/12 £000
Employer's Contribution to the Pension Fund	816	967
	816	967

10 HRA Subsidy

	2012/13 £000	2011/12 £000
Management and Maintenance	-	30,236
Charges for capital	-	20,728
Adjustments	-	(114)
Notional Rents	-	(57,186)
Interest on receipts	-	(8)
Housing Element Subsidy	-	(6,344)
Major Repairs Allowance	-	11,729
Repayment of Overclaimed Subsidy	470	-
Total HRA subsidy for the year	470	5,385

2011/12 was the final year of the HRA subsidy system

11 Capital Grants Contributions

	2012/13 £000	2011/12 £000
HRA Debt Settlement - Self-financing determinations		
Capital receipt	-	203,039
Settlement payment	-	55,693
	-	258,732

Interest Payable and Similar Charges

	2012/13 £000	2011/12 £000
Interest Payable and Similar Charges	7,253	17,496
Charges Incurred on the redemption of HRA Debt	-	55,693
Total	7,253	73,189

12 Transfers to Capital Adjustment Account

	2012/13 £000	2011/12 £000
Contribution towards repayment of Debt	(1,777)	-
Total	(1,777)	-

COLLECTION FUND ACCOUNT

These accounts represent the transactions of the Collection Fund which is a statutory fund established for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NNDR).

INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2013

	2012/13 £000	2011/12 £000
INCOME		
Income from Council Tax Payers (note 1)	136,056	133,655
Council Tax Benefits	32,481	32,269
Income collectable from business ratepayers	135,066	129,309
Income collectable in respect of Business Rate Supplement	4,305	4,234
	307,908	299,467
EXPENDITURE		
Precepts and Demands		
- Ealing Council	126,858	125,973
- Greater London Authority	36,710	36,823
Contribution towards previous year's estimated surplus		
- Ealing Council	450	3,500
- GLA	132	1,025
Impairment of debts/appeals		
- Write offs	2,128	3,418
- Allowance for impairment	(728)	(1,495)
Business Rates		
Payment to the national pool (note 3)	134,574	128,816
Cost of collection	492	493
Business Rate Supplements		
Payment to levying authority (GLA) (note 4)	4,280	4,206
Administrative costs	25	28
	304,921	302,787
Fund surplus brought forward	2,539	5,859
Surplus/(Deficit) for year	2,987	(3,320)
Fund surplus at 31 March	5,526	2,539
Analysis of Surplus :		
Ealing Council	4,292	1,968
Greater London Authority	1,234	571
	5,526	2,539

NOTES TO THE COLLECTION FUND ACCOUNT

1. Income from Council Tax

	2012/13 £000	2011/12 £000
Council Tax Income:- 123,321.5*£1,366.65	168,537	165,924
Less Council Tax Benefits	(32,481)	(32,269)
Due from Taxpayers	136,056	133,655

2. Council Tax

The Council Tax is a banded capital value based property tax with a 25% discount for single adult households. For the 2012/13 estimate, 128,195 domestic properties provided a tax base equivalent to 122,254 band D properties after adjustments for discounts and exemptions.

Band		Estimated No. of properties after discounts & exemptions	Ratio	Equivalent No.of band D properties at 31 March 2013
A		2,812	6/9	1,875
B		10,893	7/9	8,472
C		26,992	8/9	23,993
D		38,663	9/9	38,663
E		20,080	11/9	24,542
F		8,822	13/9	12,743
G		6,167	15/9	10,278
H		844	18/9	1,688
Total		**115,273**		**122,254**
	Adjustment for actual collection rate			1,067
	Council Tax base for 2012/13			**123,321**

3. Income from NNDR

The council collects non-domestic rates which are based on local rateable values multiplied by a national rate of 45.8 pence, 45.0 pence for business with a rateable value less than £25,500 (43.3 and 42.6 pence respectively in 2011/2012). The local rateable value at 31 March 2013 was £354m (£352m at 31 March 2012). The total amount, less certain reliefs and other deductions, is paid to a central pool (the NNDR pool) managed by central government so there will be no impact on the finances of the council as a result of this change. The calculation of the amount due to the pool is set out below :-

	2012/13 £000	2011/12 £000
Non-domestic charges raised	157,488	151,538
Add / (deduct) allowances and other adjustments:		
Transitional Relief	674	(666)
Empty and Void Relief	(6,549)	(7,706)
Charitable and Other Relief	(10,077)	(9,681)
Provision for uncollectable amounts	(6,098)	(4,125)
Cost of collection and interest	(521)	(544)
Deferred Instalments	(343)	-
Contribution to NNDR national pool	134,574	128,816

The amount due from Business Ratepayers and hence due to the pool has been reduced by £343k under the 2012/13 deferral scheme following the granting of a deferral under schedule 1B of the NDR (Collection and Enforcement) (Local Lists) Regulations 1989 as inserted by the Non-Domestic Rating (Deferred Payments) (England) Regulations 2009 (SI 1597).

4. Business Rate Supplements (BRS)

From the financial year 2010/11 the GLA has raised a levy under the Business Rates Supplements Act 2009 to finance its contribution to the Crossrail project.

PENSION FUND

LONDON BOROUGH OF EALING PENSION FUND ACCOUNTS

INTRODUCTION TO THE FUND, ACCOUNTING POLICIES AND PRINCIPLES

Introduction

1. The London Borough of Ealing Pension Fund is part of the Local Government Pension Scheme (LGPS), which is a statutory, funded pension scheme. The LGPS benefits are defined and set out in law. There have been no significant changes to the LGPS scheme in the year 2012/13.

2. However changes to the LGPS scheme will come into effect from 1st April 2014. The main points to note are:

1	Final salary scheme to be replaced by a Career Average Revalued Earnings (CARE) scheme using CPI as the revaluation factor.
2	The accrual rate will be 1/49th (the current scheme is 1/60th).
3	There will be no normal scheme pension age; instead each member's Normal Pension Age (NPA) would be their State Pension Age (the current scheme has an NPA of 65).
4	Average member contributions to the scheme will be 6.5% (same as the current scheme) with the rate determined on actual pay (the current scheme determines part-time contribution rates on full time equivalent pay). While there would be no change to average member contributions, the lowest paid would pay the same or less and the highest paid would pay higher contributions on a more progressive scale.
5	Members who have already or are considering opting out of the scheme could instead elect to pay half contributions for half the pension, while still retaining the full value of other benefits. This is known as the 50/50 option (the current scheme has no such flexible option).
6	For current scheme members, benefits for service prior to 1st April 2014 are protected and continue to be based on final salary and current NPA.
7	Where scheme members are outsourced they will be able to stay in the scheme on first and subsequent transfers (currently this is a choice for the new employer).

Further details can be found at http://lgps2014.org/.

3. The objective of the London Borough of Ealing Pension Fund's financial statements is to provide information about the financial position, performance and financial adaptability of the Fund, as well as to show the results of the stewardship of management.

4. The Fund is operated under regulations made by the Department of Communities and Local Government under Section 7 of the Superannuation Act 1972. The rules of the scheme are set out in LGPS (Benefits, Membership and Contributions) Regulations 2007 and the LGPS (Administration) Regulations 2008.

5. Membership of the fund consists of contributing members, deferred members, pensioners, widows and dependants.

	31st March 2013	31st March 2012
Contributing members	6,428	6,034
Deferred members	6,927	6,715
Pensioners, widows and dependants	6,290	6,193
	19,645	**18,942**

The Council is the administering authority of the scheme and has the major share of contributors and pensioners. There are now 20 contributing scheduled bodies and 6 admitted bodies. All of the bodies shown below contribute to the Fund.

Other employers contributing to the Fund as at 31st March 2013 are:

Scheduled Bodies	Admitted Bodies
Brentside High	Compass Group
Brentside Primary	EC Harris
Cardinal Wiseman	Greenwich Leisure
Derwentwater Primary	MITIE PFI
Dormers Wells Infant	NSL Parking
Dormers Wells Junior	Viridian Housing
Dormers Wells High	
Dormers Wells Trust	
Drayton Manor High	
Edward Betham CE Primary	
Ellen Wilkinson School for Girls	
Featherstone High	
Greenford High	
Northolt High	
St Ann's	
Twyford Academy	
University of West London	
Alex Reed Academy (previously West London Academy)	
Wood End Infants	
Wood End Academy	

6. All investments are managed by external fund managers, Lazard Asset Management Ltd for UK Equities, Allianz Global Investors (previously RCM Ltd) for Global Equities and Royal London Asset Management Ltd for Corporate Bonds.

Accounting Policies

7. The Pension Fund accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the UK 2012/13 (the Code) issued by CIPFA (Chartered Institute of Public Finance and Accountancy). The accounting policies contained in the Code apply International Financial Reporting Standards as adapted or interpreted for the public sector. IAS19 Employee Benefits and IAS26 Accounting and Reporting by Retirement Benefit Plans are of particular relevance to these statements. Where IAS26 is less detailed in its reporting requirements and this leads to lack of clarity then due to the hierarchy of standards recourse is to UK GAAP and thus the Pension SoRP (Statement of Recommended Practice). The fund accounts are not consolidated with the accounts of the authority.

8. Pension benefits, expenses, contributions from employees and employers and transfers in and out of the fund are accounted for on an accruals basis i.e. income/expenditure is recognised in the period it is earned/incurred, rather than when the cash is received.

9. Investment income is also accounted for on an accruals basis for all securities.

10. Both the costs of the investment management arrangements and Pension Fund administration expenses are charged to the Fund.

11. As per the Code cash balances, as well as consisting of cash in hand, also may include fixed term deposits, certificates of deposit, floating rate notes and other cash instruments.

12. Apart from the actuarial valuation there are no estimated figures that can have a significant risk of materially adjusting assets or liabilities within the next financial year.

13. The 2011/12 accounts have been restated for two reasons. One, to more accurately reflect investment debtors and creditors on the Net Asset Statement by splitting out 'Taxes payable' (a new line added to the accounts) from 'Dividends due'.

	Original 31st March 2012	Adjustment	Restated 31st March 2012
Dividends due	£2,131k	£212k	£2,343k
Taxes payable	-	-£212k	-£212k

Secondly to add the 'Taxes on Income' line to the Fund Account to reflect the major categories required by the Code.

	Original 31st March 2012	Adjustment	Restated 31st March 2012
Dividends from equities	£13,965k	£1,183k	£15,148k
Taxes on Income	-	-£1,183k	-£1,183k

Actuarial Valuation

14. The Fund is valued by an independent actuary every 3 years. An independent valuation was carried out by Mercer Limited as at 31 March 2010 to determine the contribution rate from 1 April 2011 to 31 March 2014. The Actuary used a "market value" basis for the valuation of the Fund at 31 March 2010. Assets amounted to £610M and accrued liabilities to £868M, resulting in a funding deficit of £258M (70%).

15. Contributions to the Scheme by employers are set at rates determined by the Scheme's Actuary and approved by the London Borough of Ealing Pension Fund Panel. The Council is meeting the fund's liabilities by a recovery plan that has been certified by the Actuary for the next three years. Since the 2010 Valuation this has required contributions from the Council and ex grant maintained schools of 12.1% of pensionable pay plus a fixed cash value (£9,664k in 2011/12, £10,123k in 2012/13 and £10,604k in 2013/14). Notionally this equates to 19.6% of pensionable pay (19.6% in 2011/12), with cash top-ups if required. Other Admitted and Scheduled bodies rates differed, reflecting different profiles of liabilities.

16. The contribution rates were calculated using the projected unit actuarial method from the 2010 Actuarial Valuation and the main assumptions were as follows:

	For Past Service Liabilities	For Future Liabilities
Investment Return	6.5%	6.75%
Earnings Growth	4.75%	4.75%
Price Inflation	3.00%	3.00%

17. In accordance with IAS26 the actuarial present value of promised retirement benefits are shown in the attached report by the Actuary in the Appendix.

Basis for Valuation

18. Investments are shown in the accounts at market value, which is determined as follows:

    18.1. All valuations for investments at 31 March 2013 and transactions during 2012/13 financial year are obtained from the accounting records of the Custodian Bank of New York Mellon (BNYM). This is the same principle as applied in the 2011/12 accounts.

    18.2. All UK investments are valued using an official vendor feed, usually International Data Corporation (IDC), but data from other vendors is used as appropriate in line with the Custodian BNYM Global Pricing Guidelines.

    18.3. All Fund investments (excluding cash) have their fair value derived from unadjusted quoted prices in active markets. Actively traded investments are valued on the basis of bid market prices.

    18.4. Unit trust and In-house funds are stated at the bid point of the latest prices quoted by their respective managers.

    18.5. Overseas investments are valued using official vendor feeds in accordance with BNYM's Global Pricing Guidelines and translated into sterling at the rate prevailing on 31st March 2013. IDC is usually used for foreign equities except US equities that are typically priced using Interactive Data Pricing and Reference Data Inc (IDSI).

    18.6. Dividends received from foreign investments during the year are accounted for in sterling at the foreign exchange rate prevailing on the day of receipt.

19. The Custodian BNYM completes a monthly reconciliation of its portfolio valuation to external fund manager at a line-by-line security level. The custodian works to the following tolerances

Nominal Value:	Zero tolerance
Market Value:	200 basis points at an individual line level
	20 basis points at a portfolio level
Accruals:	1,000 currency units per line

Statement of Investment Principles (SIP)

20. The Statement of Investment Principles for Ealing Pension Fund was reviewed as part of the annual report covering the 2011/12 Annual Accounts and approved by the Pension Fund Panel as Trustees of the Fund on 6th December 2012. The SIP is published on Ealing's web site and is available to any interested party.

PENSION FUND - FUND ACCOUNT

Dealings with members, employers and others directly involved in the scheme	2012/13 £000	2011/12 (restated) £000
INCOME		
Contributions: (note 10)		
-employer contributions	27,572	31,519
-member contributions	9,032	9,206
Transfers in from other pension funds	3,557	4,543
Other Income (note 9)	815	1,129
	40,976	46,397
EXPENDITURE		
Benefits: (note 11)		
-pensions	30,934	27,096
-commutation of pensions & lump sum retirement benefits	5,512	6,981
-lump sum death benefits	913	211
Payment to and on account of leavers:		
-refunds of contributions	16	39
-transfers out to other schemes	3,196	2,803
Other Payments:		
Administrative expenses (note 7)	890	1,006
	41,461	38,136
Sub-total: Net additions from dealings with members	(485)	8,261
RETURNS ON INVESTMENTS		
Investment Income		
-income from fixed interest securities	11,656	11,085
-dividends from equities	14,711	15,148
-pooled funds	327	328
-interest on cash deposits	40	41
Taxes on Income	(1,060)	(1,183)
Profit and losses on disposal of investments and changes in value of investments	85,514	2,568
Investment management expenses (note 8)	(2,283)	(2,223)
Sub-total: Net returns on investments	108,905	25,764
Surplus / (Deficit) on the fund for the year	108,420	34,025
Net assets of the scheme at 1 April	691,532	657,507
Net assets of the scheme at 31 March	799,952	691,532

PENSION FUND - NET ASSETS STATEMENT

	2012/13 £000	2011/12 (restated) £000
INVESTMENT ASSETS		
Fixed Interest Securities		
UK Corporate Bonds	219,396	186,262
UK Government	-	813
Other UK	1,228	3,912
Equities		
UK	275,363	231,203
Europe	131,027	106,179
North America	80,661	73,275
Japan	19,893	16,407
Pacific	22,057	18,497
Emerging Markets	11,764	10,919
Other	5,291	6,987
Pooled Investment Vehicles		
Other managed funds	5,087	4,191
Cash Deposits (note 6)		
Cash held by custodian	1,264	79
Money market instrument	12,084	13,051
Other Investment Balances		
Debtors (note 12)		
Interest due	4,394	4,218
Dividends due	2,298	2,343
Recoverable tax	586	546
Unsettled sales	7	1,327
Other income receivable	174	5
Total Investment Assets	792,574	680,214
INVESTMENT LIABILITIES		
Other Investment Balances		
Creditors (note 13)		
Unsettled purchases	(4,640)	(3,509)
Taxes payable	(200)	(212)
Other payables	(54)	-
NET INVESTMENTS (Under External Management)	787,680	676,493
CURRENT ASSETS		
Contributions due from employers (note 12)	423	364
Payments in advance (note 12)	3	6
Other Debtors (note 12)	19	-
Cash balances not forming part of investment assets	12,742	16,076
Total Current Assets	13,187	16,446
CURRENT LIABILITIES		
Unpaid benefits (note 13)	(264)	(735)
Accrued expenses (note 13)	(651)	(672)
Total Current Liabilities	(915)	(1,407)
TOTAL NET ASSETS	799,952	691,532

RECONCILIATION OF OPENING NET ASSETS TO CLOSING NET ASSETS

	Net Assets of Scheme 31/03/2012 £000	Purchases of Investments £000	Sales of Investments £000	Increase in fund during year £000	Cash Applied to Investment during year £000	Net Assets of Scheme 31/03/2013 £000
Lazard	248,624	119,506	(108,605)	35,547		295,072
Allianz	214,843	42,944	(37,454)	30,651		250,984
RLAM	195,178	48,421	(37,054)	19,165		225,710
Cash held by Custodian	79			150	1,035	1,264
Money Market Instruments	13,051	112,677	(113,643)			12,085
Investment Income Due	7,107			25,674	(25,503)	7,278
Unsettled Sales	1,327				(1,320)	7
Other Investment debtors	5				169	174
Creditors	(3,721)				(1,173)	(4,894)
Net External Investments	**676,493**	**323,548**	**(296,756)**	**111,187**	**(26,792)**	**787,680**
Net Current Assets with LBE	15,039			(2,767)		12,272
Net Assets	**691,532**	**323,548**	**(296,756)**	**108,420**	**(26,792)**	**799,952**

Increase in Fund during Year	**2012/13 £000**	**2011/12 £000**
Change in Market Value of Investments	85,514	2,568
Net Additions from dealings with Members	(485)	8,261
Investment Management Expenses	(2,283)	(2,223)
Investment Income	26,734	26,602
Taxes on Income	(1,060)	(1,183)
Net Increase in Fund during the year	**108,420**	**34,025**

Change in Investments	**2012/13 £000**	**2011/12 £000**
Purchases for the Year	323,548	358,877
Less Sales for the Year	(296,756)	(336,925)
Net increase in Investments at book cost	**26,792**	**21,952**
Funded By:		
Distribution of Cash Fund managers	-	-
Investment Income received for re-investment during year	25,503	20,912
Cash receipts applied to investment during year	1,289	1,040
Fund Manager Commission in Investment Management expenses	-	-
Net Investment in Fund	**26,792**	**21,952**

NOTES TO THE ACCOUNTS

1. In 2006/07 the Pension Fund Panel appointed Allianz to manage Global Equities, Lazards for UK Equities and Royal London Asset Management (RLAM) for UK Corporate Bonds and the transition to the new arrangements was completed in April 2007. The three specialised managers were also set out-performance targets of 2.0% pa for Lazard and Allianz and 1.0% pa for RLAM against their selected benchmarks.

2. The Fund's investments as at 31st March 2013 continued to be managed by Lazard, Allianz and RLAM, acting under the direction of the Pension Fund Panel. The Market Value of the investments managed by each fund manager at 31st March 2013 is shown below and based on the Custodian BNYM valuation. The asset classification by sector shown in the accounts for 2012/13 is provided by the Custodian, this is consistent with the figures in 2011/12.

	2012/13 £m	2011/12 £m
Lazard	298	254
Allianz	258	222
RLAM	232	200
	788	**676**

3. The proportion of the externally managed assets held by the fund managers as at 31st March 2013 compared to the target allocation are:

	Proportion 2012/13	Proportion 2011/12	Target Allocation
Lazard	38%	37%	42%
Allianz	33%	33%	33%
RLAM	29%	30%	25%

4. Investment transactions for the Fund, excluding cash instruments, are shown below. Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs charged directly to the scheme include fees, commissions, stamp duty and other fees. In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the scheme.

	2012/13	2011/12
Sales	£183m	£212m
Purchases	£211m	£231m
Transaction Costs	£825k	£918k

5. Securities which exceed 5% of an asset class or type of security are shown below. There are no securities which exceed 5% of net assets.

Holding	2012/13 £000		2011/12 £000	
Royal Dutch Shell Plc B Shares	14,654	5.4% of Global equities	12,926	5.6% of Global equities
HSBC Holdings Ordinary Shares	19,104	6.9% of UK equities	15,395	6.7% of UK equities
Vodafone Group Ordinary Shares	15,149	5.5% of UK equities	12,457	5.4% of UK equities
RBS Global Treasury GBP FUND RBS VAR RT	12,084	100% of Cash instruments	13,051	100% of Cash instruments
Royal London AM Bond Funds PLC Sterling Extra Yield	5,087	100% of Pooled Funds	4,191	100% of Pooled Funds

6. In addition to the sales and purchases of investments there was a further net investment during the year in an overnight money market fund.

	2012/13 £000	2011/12 £000
Cash held by custodian	1,264	79
Money market instrument	12,084	13,051

7. Administrative Expenses

	2012/13 £000	2011/12 £000
Actuarial expenses	38	32
Pension administration & payroll	761	859
External audit	21	34
Other administrative expenses	70	81
	890	**1,006**

8. Investment Expenses

	2012/13 £000	2011/12 £000
Fund management	1,906	1,833
Custodian	87	69
Investment consultancy	18	40
LB Ealing recharge	254	255
Other Investment expenses	18	26
	2,283	**2,223**

9. Other income earned by the Pension Fund includes the costs from early retirements, class action claims, and internal interest on cash balances held by the Council. During 2012/13 there were 34 early retirements accounted for (44 in 2011/12).

	2012/13 £000	2011/12 £000
Income in relation to Early retirements	714	1,063
Internal interest	86	53
Class action income	15	13
	815	**1,129**

10. The total contributions split by administering authority, scheduled bodies and admitted bodies.

	2012/13 £m	2011/12 £m
Administering authority (LB Ealing)	31.2	35.1
Scheduled bodies	5.2	5.1
Admitted bodies	0.2	0.5
	36.6	**40.7**

During 2011/12 London Borough of Ealing paid £5m to the Pension Fund as an initial payment for the conversion of Compensatory Added Years Pensions into Fund Benefits as enabled by 13(A) of the LGPS (Benefits Membership and Contributions) Regulations 2007. Annual payments of £1.09m are then to be paid until 31st March 2032.

11. Benefits Payable

	2012/13 £m	2011/12 £m
Administering authority (LB Ealing)	34.3	31.3
Scheduled bodies	2.5	2.7
Admitted bodies	0.6	0.3
	37.4	**34.3**

12. Debtors

	2012/13 £000	2011/12 £000
Central government bodies	0	0
Local authorities	180	235
NHS bodies	0	0
Public corporations & trading funds	0	0
Other - sundry	265	135
Other - investments	7,459	8,439
	7,904	**8,809**

13. Creditors

	2012/13 £000	2011/12 £000
Central government bodies	0	1
Local authorities	6	0
NHS bodies	0	0
Public corporations & trading funds	0	0
Other - sundry	909	1,406
Other - investments	4,894	3,721
	5,809	**5,128**

Additional Voluntary Contributions

14. The Fund provides an Additional Voluntary Contribution (AVC) scheme for its contributors, the assets of which are invested and accounted for separately from the Fund, in accordance with regulation 5(2)(c) of the Pension Scheme (Management and Investment of Funds) Regulations 1998. The scheme providers are Scottish Widows and Equitable Life, where the sums saved are used to secure additional benefits on a money purchase basis for those contributors electing to pay additional voluntary contributions. Funds are invested across a range of Funds. Employee contributions made into the AVC facilities during the year were:

- Scottish Widows £76,441.12, 1st April 2012 – 31st March 2013 (£103,754.96, 1st April 2011 – 31st

March 2012)

- Equitable Life £4,151.73, 1st November 2011 – 31st October 2012 (£7,325.12, 1st November 2010 – 31st October 2011)

The latest available fund valuations are as follows:

	2012/13 £000	2011/12 £000
Scottish Widows with Profits Fund (31st March 2013)	**662**	**586**
Equitable Life with Profits Fund	170	194
Equitable Life Unit Linked Fund	174	164
Equitable Deposit Account Fund	52	60
Total Value of Equitable Life Funds (31st October 2012)	**396**	**418**
	1,058	**1,004**

Financial Instruments

Accounting regulations require financial instruments to be further analysed into various defined categories (see table below). No financial assets were reclassified during the accounting period.

	2012/13			2011/12		
	Fair value through profit and loss £000	Loans and receivables £000	Financial liabilities at amortised costs £000	Fair value through profit and loss £000	Loans and receivables £000	Financial liabilities at amortised costs £000
Financial Assets						
Fixed Interest Securities	220,624			190,987		
Equities	546,056			463,467		
Pooled Investment Vehicles	5,087			4,191		
Cash Deposits	13,348			13,130		
Other Investment Balances	7,459			8,439		
Contributions due from employers		423			364	
Other Current Balances		22			6	
Cash balances		12,742			16,076	
Total Financial Assets	**792,574**	**13,187**	**-**	**680,214**	**16,446**	**-**
Financial Liabilities						
Other Investment Balances	(4,894)			(3,721)		
Unpaid benefits			(264)			(735)
Other current liabilities			(651)			(672)
Total Financial Liabilities	**(4,894)**	**-**	**(915)**	**(3,721)**	**-**	**(1,407)**
Net Financial Liabilities	**787,680**	**13,187**	**(915)**	**676,493**	**16,446**	**(1,407)**

IFRS 7 Nature and extent of risks arising from Financial Instruments

15. The Pension Fund activities expose it to a variety of financial risks:

Credit risk - the possibility that other parties might fail to pay amounts due to the Fund.

Liquidity risk - the possibility that the Fund might not have funds available to meet its commitments, in particular pension benefits.

Market risk - the possibility that financial loss might arise for the Fund as a result of changes in such measures as interest rates and stock market movements.

16. **Credit Risk**

The entire Pension Fund investment portfolio is exposed, to a greater or lesser degree, to credit risk. This risk is minimised through the Statement of Investment Principles and the Funding Strategy Statement. The Fund also appoints Fund Managers on an active mandate, which helps to manage this risk by looking at company fundamentals rather than broad sector movements.

The Funds maximum exposure to credit risk in relation to its investments 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.

The Bond portfolio is managed closely with reference to credit ratings and duration management. The managers are only allowed to invest in investment grade bonds. The Council's Bond manager also invests in unrated bonds on which they carry out their own due diligence and award proprietary ratings to. The bond manager, has a comprehensive set of risk controls against which all portfolios are measured and monitored. Portfolio risk is evaluated using UBS Delta allowing them to Value At Risk (VAR). Portfolios are monitored on a live basis on a fund management system, 'ThinkFolio', where applicable mandate guidelines are built in.

From 1st April 2011, Pension Fund cash has been managed separately from the council's in a separate bank account. Under the current strategy, the Pension Fund is only permitted to invest in nationalised or part-nationalised UK banks and HSBC (AA rated by Fitch), thereby severely limiting credit risk.

Non-investment transactions go through Ealing Council’s bank account and balances are transferred throughout the year. As Ealing Council is a local authority the Pension Fund’s credit risk is considered negligible. There is however indirect exposure to the Council’s investments but credit risk is managed by employing a restricted counterparty list (Local Authorities, UK banks rated at least AA- or who have been fully or partly nationalised and UK Treasury Bills).

The table below highlights the credit risk exposure to internally managed Pension Fund cash as at 31st March 2013.

Counterparty	Fitch Long Term Rating	2012/13 £m	2011/12 £m
Lloyds TSB Bank plc	A	5	6
RBS Banking Group plc	A	6	8
HSBC Bank plc	AA	0	0
London Borough of Ealing	N/A	2	2
		13	**16**

Payments are received from admitted and scheduled bodies in relation to employer and employee contributions for LGPS members. Based on experience of default and uncollectability over the last five financial years, the risk of default in the future is considered very low. Bond Agreements are in place for Admitted Bodies to ensure liabilities would be met in the event a contractor were to be dissolved, wound-up, liquidated or cease to exist.

17. **Liquidity Risk**

The Pension Fund transactions are actioned through the Administering Authority's bank account. The authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the authority has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Pension Fund transactions will continue to be transacted through the Administering Authority's bank account and the relevant balance will be transferred between the authority and the fund throughout the year. The Pension Fund maintains the liquidity of its internal cash balances by investing in highly liquid accounts (the RBS account is instant access and Lloyds balances are two six month fixed term deposits with maturities three months apart). This enables instant access to cash to meet expenditure liabilities as they fall due.

The Pension Fund internal cash position is very healthy (as shown by the table below) so there is a very low risk that the Pension Fund cash would be fully depleted in the near future. Budgeting and forecasting exercises are carried out to monitor this situation. The Pension Fund could draw money down from the Fund managers' investment portfolios if internal cash balances reached very low levels, as the scheme is mainly invested in highly marketable securities.

Net Internal Expenditure (includes investment expenses)	Internal cash balance as at 31st March 2013	Liquidity
£2,775k	£12,742k	21.8%

18. **Market Risk**

18.1. Actuarial Risk

The funding of defined benefits is by its nature uncertain. Funding of the Pension Fund is based on both financial and demographic assumptions. These assumptions are specified in the actuarial valuation report. When actual experience is not in line with the assumptions adopted a surplus or shortfall will emerge at the next actuarial assessment and will require a subsequent contribution adjustment to bring the funding back into line with the target.

The Administering Authority has been advised by the actuary that the greatest risk to the funding level is the investment risk inherent in the predominantly equity-based strategy, so that actual asset out-performance of gilts between successive valuations could diverge significantly from the overall 1.4% per annum currently required on the basis of the 2010 valuation assumptions.

18.2. Price Risk

The Fund invests in equity shares; consequently it is exposed to losses arising from movements in the prices of shares. The Council is responsible for the investment return achieved on the Fund's assets. The investment objective is to maximise investment returns over the long term within specified risk tolerances. Investment returns are defined as the overall rates of return (capital growth and income). The Pension Fund Panel has decided that, given the financial circumstances of the Fund, it can afford to take on some risk in the pursuit of incremental return particularly given the strong liquidity status of the fund i.e. being cash flow positive.

The Council seeks to diversify risk through having more than one investment management firm with different strategies and investment philosophies to manage the assets of the Fund. The investment policy is to appoint expert investment managers with clear performance benchmarks and to place maximum accountability for out performance against those benchmarks on the investment manager. Ealing has adopted an active specialist approach to investment management.

The individual managers' current activity and transactions are reported quarterly to the Pension Fund Panel who question and seek explanations from investment managers (when asked to attend Panel meetings) on their activities and performance. The investment performance of the managers is calculated independently by the WM Company. Performance is monitored against the benchmark and a peer group universe of other local authorities.

The Fund invests in UK Fixed Interest Corporate Bonds, which also exposes the Fund to losses arising from price movements and downgrading of bonds. Bonds in general are considered less risky than stocks, because Bonds carry the promise of their issuer to return the face value of the security to the holder at maturity. Most bonds also pay investors a fixed rate of interest income that is also backed by a promise from the issuer. Historically the bond market has been less vulnerable to price swings or volatility than the stock market, however the average returns from bond investments have also been historically lower, if more stable, than average stock market returns.

With downgraded bonds there is the risk that their value will sustain further significant falls, however the Investment manager may predict the reason for downgrade to be temporary based on their expert knowledge of the market and so retain them within their portfolio.

The table below is a sensitivity analysis looking at the effect of market movements on the Total Net Asset Value. Potential price changes (calculated by our performance analysts The WM Company) are determined based on the observed historical volatility of asset class returns. The potential volatilities are consistent with a one standard deviation movement in the change in value of the assets over the latest three years.

Asset Type	2012/13 £000	% change	Increase £000	Decrease £000
UK Bonds	220,624	4.5	230,552	210,696
UK Equities	275,363	14.4	315,015	235,711
Overseas Equities	270,693	13.9	308,319	233,067
Pooled Investment Vehicles	5,087	4.5	5,316	4,858
Other non-market balances	28,185	0.0	28,185	28,185
Total Net Assets	**799,952**		**887,387**	**712,517**

Asset Type	2011/12 £000	% change	Increase £000	Decrease £000
UK Bonds	190,987	4.5	199,581	182,393
UK Equities	231,203	14.4	264,496	197,910
Overseas Equities	232,264	13.9	264,549	199,979
Pooled Investment Vehicles	4,191	4.5	4,380	4,002
Other non-market balances	32,887	0.0	32,887	32,887
Total Net Assets	**691,532**		**765,893**	**617,171**

18.3. Inflation Risk

The Fund is invested in a broad range of assets, which have a stake in the real economy and will generally be expected to perform relatively well in an inflationary environment. The decision to diversify into property (mandate expected to be funded in 2013) will provide an additional inflation hedge for the fund as lease agreements tend to stipulate long term inflationary linked cash flows from rental income.

18.4. Interest Rate Risk

Cash balances and fixed interest securities have a more direct exposure to interest rate movements than equities. The cash flows of the former and market value of the latter are influenced by movements in market interest rates. The sensitivity analysis below looks at the effect of a change in year of 0.25% (a possible cut in the UK base rate). Previously GBP 7 day LIBID was used for this analysis but the current method was deemed a more realistic change.

Asset Type	2012/13 £000	% change	Increase £000	Decrease £000
Fixed Interest Securities	220,624	0.25	221,176	220,072
Cash held externally	13,348	0.25	13,381	13,315
Cash held internally	12,742	0.25	12,774	12,710
Other balances	553,238	0.00	553,238	553,238
Total	**799,952**		**800,569**	**799,335**

Asset Type	2011/12 £000	% change	Increase £000	Decrease £000
Fixed Interest Securities	190,987	0.25	191,464	190,510
Cash held externally	13,130	0.25	13,163	13,097
Cash held internally	16,076	0.25	16,116	16,036
Other balances	471,339	0.00	471,339	471,339
Total	**691,532**		**692,082**	**690,982**

18.5. Foreign Exchange risk

Investments in non-sterling securities are subject to extra risk in the form of exchange rate risk. The Fund does not hedge against currency risk as the foreign exchange rates can lead to gains as well as loses. The fund diversifies its risk with foreign exchange by investing in securities in multiple currencies.

Within the Global equities mandate the manager has been set a target allocation for each asset class, which the manager is assessed against in the performance figures. The mandate reduces the risk of the global manager investing in assets of one currency. The allocations in the mandate are -

UK Equities	9.1%
Europe ex UK Equities	31.8%
North American Equities	31.8%
Japanese Equities	10.9%
Asia Pacific ex Japan Equities	9.1%
Emerging Markets Equities	7.3%

The table below analyses the effect of exchange rate changes on the Pension Fund. Potential currency fluctuations were calculated by our performance analysts The WM Company.

Asset Type	2012/13 £000	% change	Increase £000	Decrease £000
North America	80,661	8.3	87,356	73,966
Europe	131,027	4.9	137,447	124,607
Japan	19,893	11.8	22,240	17,546
Pacific	22,057	6.3	23,447	20,667
Emerging Markets	11,764	6.4	12,517	11,011
Other balances	534,550	0.0	534,550	534,550
Total	**799,952**		**817,557**	**782,347**

Asset Type	2011/12 £000	% change	Increase £000	Decrease £000
North America	73,275	8.3	79,357	67,193
Europe	106,179	4.9	111,382	100,976
Japan	16,407	11.8	18,343	14,471
Pacific	18,497	6.3	19,662	17,332
Emerging Markets	10,919	6.4	11,618	10,220
Other balances	466,255	0.0	466,255	466,255
Total	**691,532**		**706,617**	**676,447**

IAS 24 Related Party Transactions

19. The London Borough of Ealing is the administrator of the London Borough of Ealing Pension Fund. The Council charged the Pension Fund £739k for expenses incurred in administering the fund in 2012/13 (£732k 2011/12). The Council paid no interest in respect of 2012/13 cash balances held on behalf of the Pension Fund in 2012/13 (£8k 2011/12) as investments were made separately. The total cash balance held by the Council at 31 March 2013 on behalf of the Pension Fund was £1.7m (£2.2m at 31 March 2012). The Council owed the Pension Fund £110k as at 31st March 2013 (£0k for 2011/12).

Members of the Pension Fund panel are required by law to declare certain interests when they become a Councillor and a full register is kept by the Head of Democratic Services and published on the Council's website. Below is a summary of each Pension Fund Panel member's relevant interests:

Pension Fund Panel member	Relevant interests
Yvonne Johnson (Chair)	Portfolio holder for Finance & Performance at Ealing Council.
Anthony Young (Deputy)	Contributing member of the Pension Fund.
John Cowing	None.
Shital Manro	Governor of Greenford High School (a Scheduled body within the Pension Fund). Contributing member of Ealing's Pension Fund.
Mik Sabiers	Deputy portfolio holder for Finance & Performance at Ealing Council.
Andrew Steed	None.

There were no other relevant declarations of interest by members of the Pension Fund panel.

All Council employees acting as officers of the Pension Fund were contributing members of the Pension Fund during 2012/13.

No senior officers responsible for the administration of the Fund have entered into any contract, other than their contract of employment with the Council, for the supply of goods or services to the Fund.

£313k was due in contributions from employers of admitted and scheduled bodies (excluding the Council) contributing to the fund at 31st March 2013.

There are no known material transactions with related parties that are not already disclosed.

PENSION FUND APPENDIX – ACTUARIAL REPORT

Accounts for the year ending 31 March 2013 - Statement by the Consulting Actuary

This statement has been provided to meet the requirements under Regulation 34(1)(d) of The Local Government Pension Scheme (Administration) Regulations 2008.

An actuarial valuation of the London Borough of Ealing Pension Fund was carried out as at 31 March 2010 to determine the contribution rates with effect from 1 April 2011 to 31 March 2014.

On the basis of the assumptions adopted, the Fund's assets of £610 million represented 70% of the Fund's past service liabilities of £868 million (the "Funding Target") at the valuation date.

The valuation also showed that a common rate of contribution of 12.1% of pensionable pay per annum was required from employers. The common 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.

Adopting the same method and assumptions as used for assessing the Funding Target the deficit would be eliminated by an average additional contribution rate of 9.6% of pensionable pay for 20 years. This would imply an average employer contribution rate of 21.7% of pensionable pay in total.

Further details regarding the results of the valuation are contained in our formal report on the actuarial valuation dated 31 March 2011.

In practice, each individual employer's position is assessed separately and the contributions required are set out in our 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). Different approaches adopted in implementing contribution increases and deficit recovery periods are as determined through the FSS consultation process.

The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Funding Target and the common contribution rate were as follows:

	For past service liabilities (Funding Target)	**For future service liabilities (Common Contribution Rate)**
Rate of return on investments (discount rate)		
- pre retirement	6.5% per annum	6.75% per annum
- post retirement	5.5% per annum	6.75% per annum
Rate of pay increases	4.75% per annum	4.75% per annum
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	3.0% per annum	3.0% per annum

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2013. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2014.

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 2013 (the 31 March 2012 assumptions are included for comparison):

	31 March 2012	31 March 2013
Rate of return on investments (discount rate)	4.9% per annum	4.2% per annum
Rate of pay increases	4.25% per annum	4.15% per annum
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.5% per annum	2.4% per annum

The demographic assumptions are the same as those used for funding purposes other than the allowance for future improvements in life expectancy, which has been updated taking into account the latest evidence on this issue. The updated allowance underlying the 31 March 2013 calculations is in line with the projections model published in November 2009 by the Continuous Mortality Investigation (CMI) with a long-term improvement rate of 1.25% p.a. The previous allowance as at 31 March 2012 used a long-term improvement rate of 1.0% p.a.

During the year, corporate bond yields reduced, resulting in a lower discount rate being used for IAS26 purposes at the year end than at the beginning of the year (4.2% p.a. versus 4.9% p.a.). The impact of this was offset slightly by the 0.1% p.a. fall in assumed inflation.

The value of the Fund's promised retirement benefits for the purposes of IAS26 as at 31 March 2012 was estimated as £1,056 million. The effect of the changes in actuarial assumptions between 31 March 2012 and 31 March 2013 as described above is to increase the liabilities by c£130 million. Adding interest over the year increases the liabilities by a further c£52 million, and allowing for net benefits accrued/paid over the period decreases the liabilities by c£2 million. The net effect of all the above is that the estimated total value of the Fund's promised retirement benefits as at 31 March 2013 is therefore £1,236 million.

Ian Kirk
Fellow of the Institute and Faculty of Actuaries
Mercer Limited
May 2013

APPENDIX 1: ANNUAL GOVERNANCE STATEMENT

Annual Governance Statement 2012/2013

1. Scope of Responsibility

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

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code can be obtained from the Council's Monitoring Officer.

This statement explains how the Council has complied with the code and also meets the requirements of regulation 4(3) of the Accounts and Audit Regulations 2011 in relation to the approval of the Annual Governance Statement.

2. The Purpose of the Governance Framework

2.1 The governance framework comprises the systems and processes, culture and values for the direction and control of the 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 The governance framework has been in place at Ealing Council for the year ended 31 March 2013 and up to the date of approval of the statement of accounts.

3. The Governance Framework - Identifying and communicating the Councils vision and intended outcomes for citizens

3.1 Ealing Council has put in place arrangements regarding the key systems and processes that comprise its governance framework. The administration's five priorities form the basis of the Corporate Plan and Business Plans and provide focus for improvement:

- making the borough safer
- improving public services
- securing jobs and homes
- making the borough cleaner
- delivering value for money

All committee and cabinet reports are required to be referenced to one or more of these five priorities. The Corporate Plan and any amendments or updates to it are considered and approved by full council.

Measuring service quality and ensuring best use of resources

3.2 The Policy and Performance Directorate drives delivery of the Corporate Plan, working closely with Directorates to spread best practice, track and strengthen performance. The Directorate also ensures that performance statements and other published information are accurate and reliable.

3.3 There is a respected active scrutiny function managed by the Overview and Scrutiny Committee (OSC).

3.4 The Policy Team and Improvement and Efficiency Service work with all directorates and other specialist areas such as Legal, Strategic Procurement and Finance to ensure the economical, effective and efficient use of resources. The teams play a key role in supporting delivery of projects and initiatives within the Council's Value for Money programme. They also help drive continuous improvement in the way in which functions are exercised, by having regard to a combination of economy, efficiency, and effectiveness. In addition to managing delivery of the Value for Money programme (reported to VFM Board and Corporate Board), the teams also deliver targeted service improvement support.

3.5 Council projects are run in line with a project control framework that defines the mandated control processes needed. 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. Large projects usually have their own project board, but most large initiatives usually report to departmental level boards at Executive Director level. Smaller projects, report to Project Boards chaired in line with delegated authority levels.

3.6 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.

3.7 The Performance Monitor reviewed monthly at Corporate Board sets out analysis of performance against key targets and Corporate Plan commitments. A copy is also distributed to Cabinet Members. Directorate, Divisional and Service unit business plans contain a variety of performance indicators and targets. A regular review is also done to ensure that systems, processes and controls are in place to ensure the efficient and effective delivery of high-quality services and to ensure that performance information is accurate and reliable.

3.8 Members play a regular role in performance management, providing challenge to officers. Cabinet receives a report on Performance each quarter. Portfolio holders have weekly meetings with Executive Directors and review finance and performance indicators each month..

Defining Roles and Responsibilities

3.9 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 set out the basic rules governing the Council's business, as well as detailed procedures and codes of practice.

3.10 The Council's Constitution is regularly reviewed by the Monitoring Officer and any 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 basis of a full report. The Constitution sets out the responsibilities of both members and officers. In particular the Council has identified the following six statutory posts:

- Head of Paid Service - Chief Executive
- Chief Financial (Section 151) Officer – Executive Director, Corporate Resources
- Monitoring Officer – Director of Legal and Democratic Services
- Director of Children's Services – Executive Director, Children and Adults
- Director of Adult Social Services – Executive Director, Children and Adults
- Statutory Scrutiny Officer - Head of Scrutiny and Committees

3.11 The Council operates a Leader and Cabinet model of Local Government. Twenty three ward forums operate, to maximise opportunities for local engagement and participation. These forums have informal governance arrangements designed to achieve maximum flexibility and engagement. Under the ward forum arrangements, elected members lead 23 ward forums across the borough – each supported by an annual budget for local improvements. Each ward forum makes recommendations to Cabinet on how their "budget" should be spent. The final decision on spending choices is made by Cabinet.

Standards of behaviour and decision making

3.12 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. The Contract Procedure Rules also form part of the Constitution.

3.13 The Code of Conduct for Councillors is contained within the Constitution. This was revised to take account of the requirements of the Localism Act 2011. All councilors, save for one, receive training on the implications 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 were revised during 2012. Again, training is provided (and compulsory) for all members working in these areas.

3.14 The Employees 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.

3.15 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. Any urgent decisions taken are monitored by the Monitoring Officer and regular reports taken to full council. All Cabinet and 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. Procedures were also amended during 2012 to take account of new statutory requirements.

3.16 The Council has a Regulatory Committee that oversees the regulatory functions of the Council such as those concerning elections and planning. In some cases, like planning and licensing, specific committees have been appointed to consider these matters in more detail.

Whistleblowing and Complaints

3.17 The Standards Committee has six members, including an independent (non voting) chair. In line with regulatory requirements, the Committee is supported by two independent people. The Committee reviews and oversees member development and the Council’s Whistle Blowing Policy. The Committee also deals with matters of member conduct, including complaints. The committee submits an annual report on its work to full Council. The Council’s standards arrangements were revised in 2012 to take account of changes to be introduced as a result of the Localism Act 2011.

Training and Development

3.18 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 and all Councillors, bar one, have now completed the training. 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 precondition of their participation.

Communication and Consultation

3.19 Regular consultation is also undertaken with residents to ensure that the authority makes decisions based on resident requirements and feedback regarding general provision and quality of service. A residents’ survey is currently undertaken biannually. The last survey was undertaken in September 2012.

3.20 There is a corporate induction programme most of which is e-learning based place for staff and one for new managers, supplemented by various internal training courses, a meeting with the Chief Executive and borough coach tour.

Key information and policies are highlighted to new staff and managers and held on the intranet.

Partnerships

3.21 The Council contributes to the delivery of the Local Strategic Partnership's Community Strategy that sets out a vision for the borough of Ealing over the next 10 years. The Council's strategic planning priorities are directly aligned with those of the Local Strategic Partnership's (LSP) Community Strategy. 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.

3.22 The Council includes a definition of a partnership within its Constitution to ensure alignment to the Audit Commission's definition and to recognise operational realities. Work has been undertaken to identify and assess key partners and ensure that robust protocols are in place for partnership working. In conjunction with performance, legal and procurement a list of significant partners has been agreed. This list was reviewed and agreed by the Audit Commission. Evidence has been gathered to support good governance arrangements for these significant contractors. Assurance is gained through the Contracts Review Board and internal audit reviews.

Ensuring compliance with established policies, procedures, laws and regulations.

3.23 Commitments to deliver against our responsibilities in relation to equality and diversity feature strongly in the Council's Corporate Plan and LSP's Community Strategy. Regard to equality, diversity and human rights duties are embedded in the budget setting and business planning process, and templates for each require that officers and Members take into consideration in an appropriate manner the equality, diversity and human rights impacts of proposed decisions. The Council's approach is to embed equality and diversity within all of its work so that equality considerations are part of day-to-day management. The Corporate Board take regular updates on progress and developments in relation to implementation of the Equality Act, and the Cabinet report process and proforma have been amended to ensure that Service Directors sign off on service-related Equality Assessments before Cabinet pre-agenda, and that salient points from Equality Assessments carried out on Cabinet reports are included in the body of the Cabinet reports. Proposals that impact on staffing/workforce are signed off by HR Business Partners before submission to cabinet or action.

3.24 Compliance with the CRC Energy Efficiency (CRC) is a legal requirement for organisations with over 6000MWh of half hourly metered energy supply to its buildings. The CRC compels organisations' to reduce their carbon footprint and help meet UK targets of reducing greenhouse gas emissions by 2050 by at least 80% compared to the 1990 baseline. Each scheme participant must purchase allowances for the energy consumption costing £12 per tonne of CO^2; simply put the fewer tonnes of CO^2 the Council produces (indirectly through purchasing energy) the fewer allowances the Council must purchase. The Council must purchase allowances for all electricity supplies and also all gas supplies over 73,200KWh, including schools and excluding housing, during the 2012/13 compliance year. In 2011/12 the Council's liability was £276,000; the 2012/13 liability is estimated to be greater, accounting for the colder winter and therefore increased heating requirement. The cost of allowances is set remain static for 2013/2014, rising to £16 per tonne of CO^2 in 2014/15 and from 2015/16 it will rise in line with RPI.

3.25 Phase 2 of CRC will begin in the 2014/15 compliance year, there will be a number of changes including excluding schools from the scheme and the inclusion of both passive and dynamic unmetered supplies. This means the inclusion of street lighting for the Council. There will also be an additional uplift of 10% applied to passive unmetered supplies. This cost combined with the increasing cost of energy illuminates the urgency for the Council to reduce its energy consumption. To help mitigate against the risk of rising energy associated costs an Energy Manager has been employed. His scope of work is to manage, coordinate and advise the Council and all its departments on energy efficiency and energy procurement and ultimately reduce the Council's energy consumption and therefore its CRC liability.

3.26 All critical services have business continuity plans; all non-critical services have been reviewed. A Business Recovery Team exercise will be undertaken in April 2013 to text the Corporate Business Continuity plan and our response to an internal disruption and all critical services will be given an exercise template following this to practice their resilience arrangements at service level. A pan London emergency exercise will be undertaken in May 2013 with the aim to test the integration of Command, Control and Coordination across London. A multi – agency recovery exercise is being developed in line with the Ealing Resilience Forum business plan. Alongside this training and exercising continues throughout for all emergency and business continuity council responders.

3.27 The Minimum Standards for London Tranche 1 and 2 have been adopted as the guide to measure emergency planning and business continuity arrangements. These arrangements have been implemented and have been assessed via a peer review. A borough wide risk assessment has been undertaken and used to produce a Community Risk Register that identifies the key risks for the borough. This is used to prioritise the work of the Ealing Resilience Forum.

3.28 The Council has a three 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 regular budget monitoring reports to Financial Strategy Group, Departmental Management Teams, Corporate Board and Cabinet.

3.29 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. Through the year Cabinet Members receive a monthly Finance Monitor; this shows the financial position for each department and what is being done to address potential overspends as well as a Savings Tracker that monitors the delivery of agreed savings. In addition a quarterly finance and budget update report is produced for Cabinet.

4. Review of Effectiveness

4.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control.

4.2 The Council's review of the effectiveness of its system of internal control is informed by:

- The review of Internal Audit by External Audit on the extent to which they place reliance on key financial systems work done by Internal Audit;
- A review of the effectiveness of its system of internal audit;
- Performance against targets;
- Letters of representation;
- Customer quality assurance questionnaires; and
- A review of the previous year's AGS.

4.3 The review of the 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 framework, the Head of Audit and Investigation's annual report, comments made by the external auditors and other review agencies and inspectorates. The Annual Governance Working Group (AGSWG) considers these sources of information and formulate the Annual Governance Statement.

4.4 The AGSWG consists of senior officers from multi-disciplines with responsibility for the preparation of the Annual Governance Statement and relevant supporting evidence. The AGSWG meets on a regular basis during the year to ensure compliance with the corporate timetable. The draft Annual Governance Statement is reviewed by the AGSWG to ensure early robust challenge. The AGSWG also undertook a review of the 2011/12 AGS, in particular the disposition of the significant governance issues identified.

4.5 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's exposure to risk and weakens the control environment; and
- oversee the financial reporting process.

4.6 The Audit Committee also reviews Internal Audit performance against targets and quality assurance results. Since its inauguration, the Committee has worked in tandem with the Ealing Council Audit Board ("the Audit Board"). The results are reported formally to the Committee's meeting and to Council. The Committee has also recruited an independent member in line with best practice.

4.7 The Audit Board was established in 2005 and comprises of senior officers. 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. Officers are also held to account by the Audit Board through the use of challenge sessions to focus on any areas of weakness or non-compliance. Audit Board also reviews the effectiveness of the risk management framework and the profile of the Council's strategic risks.

4.8 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 and Service Heads are responsible for monitoring implementation of the Council’s policies.

4.9 One of the key elements in obtaining the required internal controls assurance for the Annual Governance Statement is the completion of annual letters of representation by senior officers. The LoR were sent to 21 senior officers.

- Executive Directors were asked to compile their letter after reviewing the letters of representation from their directors.
- Directors were asked to compile their letter after taking assurance from their direct reports.

4.10 All officers (100%) submitted their letter and out of the dataset of 30 questions, there were no questions which received a negative response rate of greater than 10%.

4.11 Letters of Representation from Executive Directors and Directors, including the Monitoring Officer for the year ended 31 March 2013 stated that they are aware of their responsibilities and had complied with the Council’s policies and procedures. In particular they stated that the internal controls for the area under their responsibility were sufficient to provide reasonable assurance of effective financial and operational control. They also stated that their review of the operation of the system of internal control confirmed that it had been working effectively and had been complied with in all material respects. The letter of representation process in no way absolved officers of their responsibility to continue addressing issues noted.

5. Significant Governance Issues 2012/13

Table 1 2012-13 Governance Issues			
Issue	**Actions**	**Officer Responsible**	**Timescale**
1. Enterprise Contract Service deterioration through the new Enterprise contract resulting in a negative impact on Council performance and reputation.	The initial roll out of the grounds maintenance element of the contract progressed to programme. There were however, some initial settling in problems during the three month commissioning period, following which the contract has generally been delivered to programme. The street services element of the contract experienced problems with waste and recycling collections and street cleansing during the relevant three month commissioning period and for a number of months following. However, positive actions by both officers and Enterprise stabilised the initial waste and recycling collection problems however, further improvements in service provision are required and this is being taken forward.	Director of Environment and Leisure	Ongoing throughout 2013/14
2. Welfare Benefit Changes Implementation of the Welfare Reform Act 2012 results in a negative impact on Council residents, services, finances and reputation.	A cross Council Working Group is in place and a project risk register has been developed which documents the key risks to the Council and the mitigating actions in place/proposed across Directorates to address the risks.	Executive Director of Environment & Customer Services	Ongoing to 2017

Table 1 2012-13 Governance Issues			
Issue	**Actions**	**Officer Responsible**	**Timescale**
3. Pupil Places The Council has a statutory duty to secure sufficient school places. Current projections for pupil places indicate that Ealing is facing a shortfall of between 40 and 50 forms of entry (FE) for primary pupil places by 2015. The existing expansion programme will provide 24 additional FE. A further 8 FE were agreed in the budget for 2012-13 and beyond. At secondary schools it is projected that by September 2019, there will be a need for between 12 and 25 additional FE (this takes into account the establishment of the new high school in Greenford and expansions at two secondary schools). It is anticipated that around 300 additional specialist provision places will be required by 2024/25 at primary and secondary school age groups. In the shorter term (by 2015) expansions of primary aged provision are required This issue is also highlighted on the Councils Strategic Risk Register	Regular ongoing monitoring and reporting is being undertaken by members, senior manager and directors on a fortnightly and monthly basis. The Council is investing substantially in developing new primary school places to provide an additional 32FE. Major uncertainties relate to the impact of benefit changes and the recession on demand for places. Demand are being monitored and we are seeking to work with West London Alliance Councils to review projections. Officers are reviewing options for delivering expansion of secondary school places, looking at the most cost effective ways in which additional places may be provided (further to the cancellation of the Building Schools for the Future programme). A consultation on SEN expansion has taken place and plans are being progressed to expand Castlebar, Mandeville and Springhallow schools.	Assistant Director: Schools Planning & RD	Ongoing to 2020
4. Budget Savings As part of the budget process leading up to Council tax setting in February 2012 savings of £85m over four years (2011/12 – 2014/15) were identified. These savings will be monitored closely over the next three years to ensure delivery by the service departments.	Savings tracker monitored monthly at FSG. Quarterly budget monitoring reports for Cabinet. Review annually at the Star Chamber. Detailed implications of all savings proposals are investigated and considered at an early stage in the decision making process.	All EDG for Service delivery Monitoring reports and process DCF&A	Throughout next 3 years

Table 1 2012-13 Governance Issues			
Issue	**Actions**	**Officer Responsible**	**Timescale**
5. Facilities Management Transition from an external supplier to an in house provision results in possible disputes and litigation.	Following the end of the contract with Interserve FM, the services and staff have been brought in house whilst longer term options are considered. The final financial position between the parties remains to be resolved.	Director of Business Services Group	Ongoing to 2014
6. Responsive Repairs Contracts A compressed tender timescale results in a negative impact on service provision.	Kier & Morrison have given notice to withdraw from the current responsive repairs contracts. • Kiers to end August 2013 • Morrison to end February 2014 Cabinet authority was given in March 2013 to re-procure the responsive repairs contract. The procurement process has commenced. An update report is to be submitted to Cabinet in June 2013.	Assistant Director of Landlord Services	End of August 2013 and End of February 2014.
7. West London Waste Authority Concerns regarding the financial management of the WLWA resulting in an increase in the amount of the Council's Levy and 'Pay as you Throw' charges. The financial risk is in the region of £200k-£500k.	The roles of Treasurer and Technical Advisor to WLWA have both been recently filled by LBE officers. An action plan is in place to improve financial management and an Audit Committee has been established.	Executive Director of Environment & Customer Services	In Place

Signed …………………..

Chief Executive – Ealing Council
Martin Smith

Signed …………………………..

Leader of the Council
Julian Bell

APPENDIX 2: INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of Ealing Council

We have audited the financial statements of Ealing Council for the year ended 31 March 2013 on pages 10 to 106. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

This report is made solely to the members of the Authority, as a body, in accordance with Part II of the Audit Commission Act 1998. 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.

Respective responsibilities of the Executive Director of Corporate Resources and auditor

As explained more fully in the Statement of Responsibilities, in the Statement of Accounts, the Executive Director of Corporate Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's and the Pension Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Director of Corporate Resources; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2013 and of the Authority's expenditure and income for the year then ended;

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2013 and the amount and disposition of the fund's assets and liabilities as at 31 March 2013, other than liabilities to pay pensions and other benefits after the end of the scheme year; and

- have been prepared properly in accordance with the CIPFA/LASAAC Code of Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Matters on which we are required to report by exception

The Code of Audit Practice 2010 for Local Government Bodies requires us to report to you if:

- the annual governance statement set out on pages 107 to 118 of the financial statements does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or

- the information given in the explanatory foreword for the financial year for which the financial statements are prepared is not consistent with the financial statements; or

- any matters have been reported in the public interest under section 8 of Audit Commission Act 1998 in the course of, or at the conclusion of, the audit; or

- any recommendations have been made under section 11 of the Audit Commission Act 1998; or

- any other special powers of the auditor have been exercised under the Audit Commission Act 1998.

We have nothing to report in respect of these matters

Conclusion on Ealing Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's responsibilities

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.

Auditor's responsibilities

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, we are satisfied that, in all significant respects, Ealing Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2013.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed our consideration of matters brought to our attention by local authority electors, and completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Tony Crawley 20 September 2013
for and on behalf of KPMG LLP, Appointed Auditor

Chartered Accountants 15 Canada Square, Canary Wharf, London E14 5GL

APPENDIX 3: GLOSSARY OF TERMS

GLOSSARY OF TERMS

Wherever possible we have tried to minimise the use of technical accounting terminology. We set out below a glossary which aims to simplify and explain this terminology where it has been used.

Accounting Period

The timescale during which accounts are prepared. The council's annual accounting period is from 1 April to 31 March.

Accounting Policies

Those principles, bases, conventions, rules and practices that specify how the effects of transactions and other events are to be reflected in financial statements. Accounting policies define the process whereby transactions and other events are reflected in the financial statements.

Accounting Standards

The set of rules explaining how accounts are to be kept. By law, local council's must follow 'proper accounting practices', which are set out in Acts of Parliament and in professional codes and statements of recommended practice.

Accruals

This is the concept that income and expenditure are recognised as they are earned or incurred and not as money is received or paid.

Acquisitions

The council spends funds from the capital programme to buy assets such as land and buildings.

Actuarial Gains

These may arise on the Local Government Pension Scheme's (LGPS) liabilities and assets. A gain represents a positive difference between the actuarial assumptions and actual experience (e.g. liabilities during the period were lower than estimated)

Actuarial Losses

These may arise on the LGPS liabilities and assets. A loss represents a negative difference between the actuarial assumptions and actual experience (e.g. liabilities during the period were higher than estimated)

Actuarial Valuation

Every three years the Actuary reviews the assets and liabilities of the Pension Fund and reports to the council on the fund's financial position and recommended employers contribution rates in order to balance the fund over the long term.

Actuary

An adviser on financial information and assumptions relating to the pension scheme.

Admitted Body

A body which can be admitted to the LGPS with the agreement of the administering council, it must be non profit-making and will normally be in receipt of a grant from either central or local government.

Agency Services

Services provided by or for another local council or public body where the cost of carrying out the service is reimbursed.

Asset Register

A record of council assets including land and buildings, housing, infrastructure, vehicles and equipment etc. This is maintained to show the value of all council assets and for the purpose of calculating capital charges that are made to service revenue accounts. It is update annually to reflect new acquisitions, disposals, revaluations and depreciation.

Assets

All items of significant economic value owned by the council, including those which can be converted to cash and those held for cultural and other reasons (heritage assets).

Assets under Construction

Assets not yet ready for use. This could be new building work in schools or road construction.

Audit Commission

The body responsible for the appointment of external auditors to local council's, co-ordinating audits throughout the country, setting standards and monitoring performance.

Balance Sheet

This is a 'snapshot' of the council's assets, liabilities and reserves on 31 March 2012. Assets represent everything owned by the council and money owed to it. Liabilities are the sums that the council owes to others. It excludes the Pension Fund, whose assets the council cannot use.

Balances

The amount of money left over at the end of the year after allowing for all expenditure and income that has taken place. These are also known as financial reserves. A full list is shown in the Movement in Reserves Statement on page 9 of the Statement of Accounts

Capital Adjustment Account (CAA)

This account accumulates the resources that have been set aside to finance capital expenditure offset by the write down of the historical cost of non-current (fixed) assets as they are consumed by depreciation and impairments or written off on disposal. The balance on the account represents timing differences between the amount that has been financed in accordance with statutory requirements and the amount of the historical cost of non-current (fixed) assets that has been consumed.

Capital Expenditure

Expenditure on the purchase, construction and enhancement of council assets such as houses, offices, schools and roads. Expenditure can only be treated as 'capital' if it meets statutory definitions and is in accordance with accounting practice and regulations.

Capital Financing

This term describes the method of financing capital expenditure, the principal methods now being loan and revenue financing and government grants.

Capital Financing Requirement

The council's total liabilities in respect of capital expenditure financed by loans less the provision made to meet these liabilities.

Capital Receipts

These are proceeds arising from the sale of non current (fixed) assets and repayments of capital grants and loans. They may be used to finance new capital expenditure or to repay outstanding loan debts as laid down in rules set by government.

CIPFA

Chartered Institute of Public Finance and Accountancy. The professional accountancy body concerned with local councils and the public sector.

Collection Fund

A fund administered by the council recording receipts from Council Tax and of non-domestic rates collected on behalf of Central Government, reflecting the statutory requirement for billing councils to maintain a separate account for these transactions. A proportion of the Council Tax which Ealing collects is done so on behalf of the Greater London Authority (GLA).

Community Assets

These are assets which the council intends to hold in perpetuity, have no determinable useful life, and may have restrictions on their disposal, for example parks and historic buildings.

Comprehensive Income & Expenditure Statement

The Comprehensive Income and Expenditure Statement summarises all of the resources that the council has generated, consumed or set aside in providing services during the year.

Contingent Assets

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future event not wholly within the council's control.

Contingent Liabilities

These are potential losses for which a future event will establish whether a liability exists. As it is not appropriate to establish provisions for such amounts, they are not accrued in the financial statements, but disclosed separately in a note to the Comprehensive Income and Expenditure Statement.

Contributing Member

A member of an occupational pension scheme who is building up pensions benefits, in either a defined benefit or a defined contribution scheme, from their current job.

Council Tax

A tax which is levied on the broad capital value of domestic properties, and charged to the resident or owner of the property.

Creditors

These are amounts owed by the council for goods and services supplied, but for which payment has not been made at the end of the financial year.

Current Service Cost (Pensions)

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

Debtors

These are amounts owed to the council but not received at the end of the financial year.

Deferred Credits

This is the term applied to deferred capital receipts and represents capital income still to be received. These transactions arise when non current (fixed) assets are sold and the amounts owed by the purchasers are repaid over a number of years. The balance is reduced by the amount repayable in any financial year.

Deferred Liabilities

Liabilities which by arrangement are payable beyond the next year at some point in the future or paid off by an annual sum over a period of time. The main example of this is outstanding finance lease obligations.

Deferred Member

A member who is no longer active in the Scheme but is not yet in receipt of a pension.

Depreciation

This is the loss in value of a tangible asset due to age, wear and tear, deterioration or obsolescence through technological or other changes. Depreciation is a 'non-cash' charge as it merely reflects accounting assessments of the loss in value.

Earmarked Reserves

These are amounts which are set aside for a specific purpose to meet future specific projects or potential liabilities, for which it is not appropriate to establish provisions.

Emoluments

All sums paid to or receivable by an employee, and including sums due by way of expense allowances (as far as those sums are chargeable to UK income tax) and also the money value of any other benefits received other than in cash. Pension contributions payable by employees are excluded.

Equities

The capital of a company belonging to the ordinary shareholders who have voting rights allowing them to influence the management of the company.

Escrow Account

A money account held by an independent third party and disbursed upon fulfilment of certain contractual conditions.

Fair Value

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

Finance and Operating Leases

These are financing arrangements with a third party. A finance lease substantially transfers all of the risks and rewards of ownership of a fixed asset to the lessee. Such assets have been valued and included under non current (fixed) assets in the Balance Sheet. With an operating lease, the ownership of the asset remains with the leasing company and the annual rent is charged to the relevant service account.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

General Fund

The council's main revenue account that covers the net cost of all services other than the provision of council housing for rent.

Heritage Assets

This is a separate class of assets with historic, artistic, scientific, technological, geophysical or environmental qualities (land, building or artefact / exhibit) that are held principally for their contribution to knowledge or culture.

Historic Cost

The actual amount paid to purchase or construct an asset as opposed to its current value.

Housing Revenue Account (HRA)

A statutory account that contains all expenditure and income on the provision of council housing for rent. The HRA must be kept entirely separate from the General Fund and the account must balance. Local councils are not allowed to make up any deficit on the HRA from the General Fund.

Housing Subsidy

The grant payable by central government to local councils to subsidise the cost of providing council housing and management and maintenance of that housing. The grants are paid into the Housing Revenue Account. This method of funding ends from 1 April 2012 following the introduction of the new self-financing arrangements.

Impairment

A reduction in the value of a non current (fixed) asset below its carrying amount on the Balance Sheet.

Infrastructure Assets

A fixed asset that cannot be taken away or transferred, and which can only continue to provide benefit from it being used. Infrastructure includes roads, bridges, and footpaths.

International Financial Reporting Standards (IFRS)

The accounting standards adopted by the International Accounting Standards Board (IASB). Local councils are required to produce their accounts using IFRS.

Intangible Assets

These are assets of value that do not have physical substance, for example Software Licences. Expenditure incurred on these assets is capitalised at cost and charged to the Balance Sheet.

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 Managers

Firms appointed by the Pension Fund Panel to deal with the pension fund's investments on a day-to-day basis.

Levies

Payments to London-wide bodies such as the London Pension Fund Authority. The cost of these bodies is borne by local councils in the area concerned, based on their Council Tax base.

Liability

A financial obligation, debt, claim, or potential loss.

Minimum Revenue Provision

The minimum amount that the council must charge to the revenue account in the year in respect of the repayment of principal of borrowing for capital purposes. In the accounts the MRP is included within capital financing charges.

Movement in Reserves Statement

Shows the movement in the year on the different reserves held by the council, analysed into 'usable reserves' (those that can be applied to fund expenditure or reduce local taxation) and 'unusable' reserves. The latter generally hold unrealised gains or losses and can only be used once they are realised.

National Non-Domestic Rate (NNDR)

The rates paid by businesses. The amount paid is based on the rateable value set by the Inland Revenue multiplied by a rate in the £ set by the government which is the same throughout the country. The rates are collected by local councils and paid over to the government. They are the redistributed to local councils on the basis of relevant population.

Net Realisable Value

The open market value of the asset less the expenses to be incurred in disposing of the asset.

Non Distributed Costs

These are costs relating to retirement and unused and unusable share of assets. These cannot be charged to current service revenue accounts.

Past Service Costs

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.

Pension Fund

Pension Fund Accounts are a separate entity and are not consolidated within the council's revenue account, balance sheet or other statements. The London Borough of Ealing Pension Fund was established to provide benefits for employees which include retirement pensions, widows pensions, death grants and other lump sum payments. The Fund is financed by contributions from employees, employers and from profits on realised investments, interest and dividends on its investments.

Pooling Arrangements (capital receipts)

Since 1 April 2004, 75% of 'Right to buy' capital receipts have to be paid to the DCLG; the remaining element can be used to finance capital expenditure. A proportion of other housing receipts must also be paid over unless it is intended to use the receipts for affordable housing or regeneration projects.

Post Balance Sheet events

Events arising after the balance sheet date should be reflected in the statement of accounts if they provide additional evidence of conditions that existed at the balance sheet date and materially affect the amounts to be included.

Precept

A precept is an amount which the council is required to collect from Council Tax on behalf of other non-billing authorities, such as the Greater London Authority (GLA) in London, to finance its net expenditure.

Prior Year Adjustments

These are material adjustments, which are applicable to prior years arising from the correction of fundamental errors or inaccuracies. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Provision

This is an amount, which is set aside for a liability or loss in respect of a past event, which is likely to be incurred, but where the exact amount and date on which it will arise is uncertain.

Prudential Code

This is a code of practice agreed between central government and CIPFA for the Prudential Capital Finance System introduced on 1st April 2004. The system allows local councils to set their own borrowing limits based upon affordability, sustainability and prudence. Local councils are required by legislation to have regard to the code.

Public Works Loan Board (PWLB)

A central government agency which provides long and medium term loans to local councils at interest rates only slightly higher than those at which government itself can borrow. Local councils are able to borrow a proportion of their requirements to finance capital spending from this source.

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 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.

Related Party Transaction

A related party transaction is the transfer of assets or performance of services by, to or for a related party irrespective of whether a charge is made.

Reserves (Unusable)

Unusable reserves are reserves that in simple terms balance the council's Balance Sheet and cannot be released to spend on services. For example, the Revaluation Reserve records the effect of revaluing fixed assets and is not available for general use in the financing of capital expenditure.

Reserves (Usable)

Usable reserves are those reserves that can be released to spend on services or added to for future spending on services. Details of these are set out in the note 40 on earmarked reserves

Revaluation Reserve

The Revaluation Reserve records the accumulated gains on the non-current assets (fixed assets) held by the council arising from increases in value, as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value). The overall balance on the Reserve represents the amount by which the current value of non-current (fixed) assets carried in the Balance Sheet is greater because they are carried at re-valued amounts rather than at cost of purchase less depreciation.

Revenue Expenditure

This is expenditure which is incurred on day to day running costs on recurring items involved in the delivery of services and is charged to the accounts within one financial year. Examples are salaries, wages, materials, supplies and services.

Revenue Expenditure funded by Capital under Statute (REFCUS)

Expenditure that may be classified under legislation as capital but does not result in the creation of a non current (fixed) asset on the Balance Sheet. This expenditure is generally charged to the relevant service revenue account in the year incurred with a corresponding credit to the Statement of Movements in Reserves to ensure there is no cost to the General Fund.

Revenue Support Grant (RSG)

This is the main general grant paid by the government to the council as a contribution to the revenue costs of providing all of its services. The amount of grant payable is based upon the government's assessment of the council's needs taking into account its ability to raise income from Council Tax and its share of income from the NNDR national pool.

Section 151 officer

A term used to describe the chief financial officer, whose responsibilities are set out in the *Statement of Responsibilities for the Statement of Accounts*. The council's chief financial officer is the Executive Director of Corporate Resources.

Service Reporting Code of Practice (SeRCOP)

CIPFA's Service Reporting Code of Practice (SeRCOP) sets out the financial reporting guidelines for local councils. It supplements the principles and practice set out in the Code of Practice on Local Authority Accounting (known as the Code), by establishing practice for consistent reporting.

Scheduled Body

There are a number of employers who are required to provide membership of the Local Government Pension Scheme to all their employees. These employers are listed in a schedule that appears at the back of the Local Government Pension Scheme Regulations. Unlike admitted bodies, scheduled bodies cannot refuse membership of the Scheme to their employees

Security

Any kind of transferable certificate of ownership.

Soft Loans

Loans made by the council at less than the prevailing market rate of interest. The SORP requires the discounted interest rate to be recognised as a reduction in the Fair Value of the asset when measured for the first time and a charge to the Income & Expenditure Account to represent the interest forgone.

Statement of Investment Principles (SIP)

Trustees of Pension Funds are required to prepare and keep up to date this written statement to show the governance decisions on the investment of scheme assets.

Useful life

The period over which the council will derive benefits from the use of a non current (fixed) asset.

Valuation Bands

Currently for Council Tax purposes there are eight property valuation bands (Bands A to H) as set out in Part 1 of the Local Government Finance Act 1992. The amount each household pays depends upon which property band their home falls into. The property values are currently based upon property market values as at April 1991.

Write-offs

Income is recorded in the council's accounts on the basis of amounts due. When money owing to the council cannot be collected the income is already showing in the accounts and has to be reduced or written off.