



Ealing Council Statement of Accounts 2021/22





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1. Narrative Report and Written Statements

INTRODUCTION BY THE CHIEF FINANCIAL OFFICER

The Statement of Accounts sets out the Council's financial results for 2021/22 and the position at 31 March 2022.

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

The Narrative Report provides some background and context to the council's financial position in 2021/22; I hope that readers of the council's accounts find this helpful.

I would like to thank my staff and colleagues throughout the Council for their hard work and support in producing the accounts for 2021/22.

Ross Brown, BSc (Hons) CPFA
Chief Finance Officer
01 July 2022

NARRATIVE REPORT

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

The operating environment of the Council during 2021/22, in which it has continued to deliver its array of service obligations, has remained highly uncertain. The financial challenges faced in year should be viewed in the context of inflationary rises of more than 5%, the continued impact of increasing demand for services, the ongoing legacy impact of COVID-19 pressures, the continued significant challenge of setting budgets with one-year local government finance settlements and Government opacity about future government funding reforms and plans. A particular example is the continuing underfunding of both Children's and Adults social care and the uncertainty of the financial impact of implementing the Governments proposed Health and Social Care Plan.

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

ABOUT EALING

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

This combination explains why so many have chosen to build their lives here. Ealing is the fourth most populous London borough with around 340,000 residents. We are also a hugely diverse borough with people from across the world coming to make Ealing their home. That diversity is one of the borough's great strengths and contributes to the unique identities of our seven towns – Ealing, Acton, Hanwell, Greenford, Northolt, Perivale, Southall as well as our 23 wards.

The opening of the five Elizabeth line (Crossrail) stations in the borough will strengthen the transport network and combine inner London travel times with outer London quality of life and making Ealing one of the capital's best-connected boroughs. As well as cutting the journey between Ealing and Bond Street to just 11 minutes and 14 minutes to Heathrow Airport.

Ealing is a strong economic centre with more VAT registered businesses located here than anywhere else in West London. Indeed, there are approximately 18,200 small businesses in Ealing and over 158,000 local jobs.

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

Ealing Council has played a strong role to enable people to enjoy the benefits of living in Ealing. During the last four years the council, working with partners and residents, has made significant improvements to people's lives, particularly the most vulnerable.

Economic recovery from the effects of the pandemic has been slow and in February 2022 the Russian invasion of Ukraine has started global economic disruption with the UK facing inflationary rises not seen since the 1970's. Ealing is not immune to this cost of living crisis and the effects will continue long into 2022/23

ABOUT THE COUNCIL

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

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

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

OUR WORKFORCE

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

	21/22	20/21
Gender		
Male	34%	35%
Female	66%	65%
Declared Disability		
Yes	4.7%	4.4%
Age		
Under 25	2.5%	2.3%
25-39	24.5%	24.7%
40-49	24.8%	24.6%
50-64	43.4%	43.3%
65+	4.9%	5.1%
Ethnicity		
BME	48.4%	47.6%
White	36.5%	37.7%
Unknown	15.1%	14.7%

POLITICAL STRUCTURE

Following boundary changes that were enacted for Ealing on 15 October 2021, Ealing now has an additional ward, moving from 23 to 24 and has 70 councillors. and is Labour controlled. The election on 5 May 2022 returned a Labour Administration with Councillors being elected for a term of up to 4 years.

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

THE CORPORATE PLAN 2018-22

Following the election of a new Administration in May 2022, the council will develop a council plan for the period 2022-26 aligned to the priorities in the Labour manifesto and reflecting other requirements on the council including demand pressures and statutory requirements. This will be presented to Council in summer 22 and will identify key year one deliverables.

FUTURE PRIORITIES & FOCUS

The Council Plan along with the Medium Term Financial Strategy (MTFS) comprise the council's key strategic planning framework. The refreshed plan will continue to map out an ambitious vision for the borough while managing the challenges faced. The new plan will continue to focus on the 3 priorities for delivery in 2022/23:

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

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

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

GOVERNANCE

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

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

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

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

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

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

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

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

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

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

PERFORMANCE

COUNCIL

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

www.ealing.gov.uk/performance

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

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

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

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

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

In terms of direction of travel of performance, comparable outturns are available for 42 of the 55 measures which could be monitored for direction of travel this year (the remaining 13 are new and did not have a baseline last year), 48% of which have shown better performance than at the same point last year.

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

Outcomes are reported under the 9 outcome areas referenced in the Council Plan and the year end performance for each area is illustrated below:

Outcome area	Year end Rating			Total
	Red	Amber	Green	
Tackling inequality	5	1	3	9
Climate Action	3	1	4	8
Healthy lives	2	2	6	10
Fairer start	3	0	4	7
Decent living incomes	0	0	4	4
Inclusive economy	1	0	2	3
Genuinely affordable homes	2	0	2	4
Good growth	0	0	1	1
Thriving communities	0	0	3	3
	16	4	29	49

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

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

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

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

93.8% of offenders (15 out of 16) referred to the service in the fourth quarter of the year were engaged in suitable ETE, which was better than targeted (85.0%). In total this year 57 of the 62 (91.9%) young offenders referred remained engaged in suitable EET, which is a rise from 90.5% in 2020/21.

Energy generated from solar panels

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

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

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

- The proportion of streets free of litter was 95.2%, which was a slight reduction on the previous year (95.9%) though still better than the proportion targeted (93.0%).
- The proportion of streets free of detritus was 94.4%, against the target of 92.0%. This is a strong performance and a further improvement from 92.8% in 2020/21.
- The proportion of streets free of graffiti was still slightly lower than targeted (95.1% as opposed to 97%), however this is still within tolerance and only a small reduction from last year's figure of 95.9%.
- The proportion of streets free of fly posting was 98.1% - a marginal reduction from 98.2% at the end of last year, however better than the figure targeted for the period (98.0%).

Pay gap performance indicators

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

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

Incidents of domestic abuse- Violence with injury

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

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

Drug/alcohol related hospital admissions per 1,000 population

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

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

Percentage of household waste sent for reuse, recycling and composting

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

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

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

Participation in the borough's cultural offer

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

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

Digital access to Council services

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

Continued increase in academic progress and outcomes, including SEND

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

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

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

PERFORMANCE DASHBOARD

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

www.ealing.gov.uk/performance

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

BUDGET SETTING 2021/22

GENERAL FUND

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

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

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

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

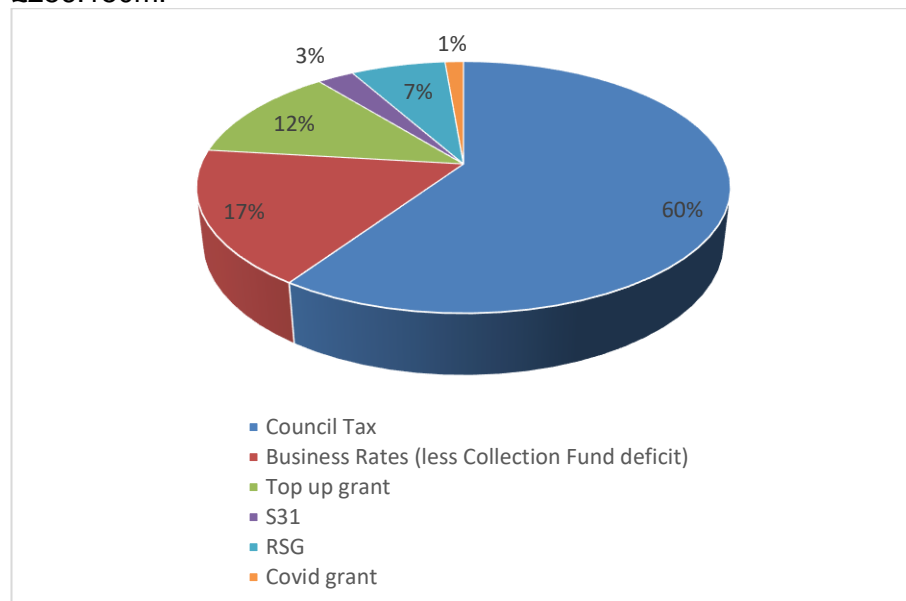
The 2021/22 Future Ealing budget strategy contained two main strands:

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

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

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

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



FINANCIAL

HOUSING REVENUE ACCOUNT

In January 2021 Cabinet approved the 2021/22 budget. The table below summarises the budget that was approved.

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

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

FINANCIAL PERFORMANCE

REVENUE

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

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

The General Fund revenue outturn position for 2021/22 is £253.470m (£254.025m Quarter 3). This represents a net underspend of £2.678m (Quarter 3 (£2.571m)) (1.05%) against a General Fund revenue budget of £256.148m, this is summarised below.

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

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

The main impacts on the general fund are detailed below.

Children's and Schools

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

Place

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

Place Delivery – Net pressure of £0.917m

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

Community Development – Net pressure of £1.072m

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

Growth and Sustainability – Net pressure of £1.920m

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

Housing Development – Net pressure of £0.216m

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

Corporate budget

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

COVID-19

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

Table 1

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

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

Table 2

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

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

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

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

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

Grant	Grant Allocation			Grant Applied as at 31 March £m	Grant Unapplied as at 31 March £m
	Agent £m	Principal £m	Total £m		
Small Business, Retail Hospitality & Leisure Grant Fund	(0.977)	0.000	(0.977)	(3.683)	(4.660)
Omicron - Hospitality and Leisure Grant	(1.644)	0.000	(1.644)	1.606	(0.038)
Local Restrictions and Other Lockdown Grants	(2.211)	0.000	(2.211)	1.739	(0.472)
Restart Grant (Businesses)	(16.441)	0.000	(16.441)	16.108	(0.333)
Other Business Support Grants/Reliefs	0.000	0.000	0.000	0.000	0.000
Total	(21.273)	0.000	(21.273)	15.770	(5.502)

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

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

Grant	Grant Allocation			Grant Applied as at 31 March £m	Grant Unapplied as at 31 March £m
	Agent £m	Principal £m	Total £m		
General CV-19 Grant	0.000	(18.453)	(18.453)	11.014	(7.440)
Infection Control Grant	(2.236)	(1.074)	(3.310)	3.239	(0.070)
Self Isolation Payment (Test and Trace Support Grant)	0.000	(1.640)	(1.640)	1.106	(0.534)
Contain Outbreak Management Fund	0.000	(9.709)	(9.709)	5.068	(4.641)
Community Testing Programme	0.000	(2.887)	(2.887)	2.313	(0.574)
Surge Testing (Project Eagle)	0.000	(0.283)	(0.283)	0.164	(0.119)
Local Authority Support and Household Fund	0.000	(3.916)	(3.916)	3.916	(0.000)
Clinically, Extremely Vulnerable (CVE) Support Grant	0.000	(0.959)	(0.959)	0.000	(0.959)
Adult Social Care Workforce Grant	0.000	(2.732)	(2.732)	2.703	(0.029)
Adult Social Care Rapid Test	(0.842)	(0.185)	(1.027)	1.019	(0.008)
Test and Trace	0.000	(1.750)	(1.750)	1.750	0.000
Sales, Fees and Charges Compensation Claim	0.000	(2.492)	(2.492)	2.052	(0.440)
Council Tax Hardship Fund	0.000	(1.009)	(1.009)	0.016	(0.993)
Discretionary Business Support Grants	0.000	(12.472)	(12.472)	12.472	(0.000)
Subtotal: Service Specific Grants (£1m plus)	(3.078)	(59.562)	(62.639)	46.832	(15.808)
Service Specific Grants (less than £1m)	(0.354)	(3.104)	(3.458)	2.232	(1.226)
Subtotal: Service Specific Grants	(3.432)	(62.665)	(66.097)	49.064	(17.034)
Small Business, Retail Hospitality & Leisure Grant Fund	(0.977)	0.000	(0.977)	(3.683)	(4.660)
Omicron - Hospitality and Leisure Grant	(1.644)	0.000	(1.644)	1.606	(0.038)
Local Restrictions and Other Lockdown Grants	(2.211)	0.000	(2.211)	1.739	(0.472)
Restart Grant (Businesses)	(16.441)	0.000	(16.441)	16.108	(0.333)
Other Business Support Grants/Reliefs	0.000	0.000	0.000	0.000	0.000
Subtotal: Business Grants	(21.273)	0.000	(21.273)	15.770	(5.502)
Total	(24.705)	(62.665)	(87.370)	64.834	(22.536)

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

- Grant applied & the Council is acting as principal are included within the CIES (Note 26)
- Grant applied & the Council is acting as agent are included within the Balance Sheet (Notes 15)
- Grants unapplied are included within the Balance Sheet as either short-term creditors, receipts in advance or reserves (Notes 8, 15, 26).

DEDICATED SCHOOLS GRANT (DSG)

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

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

	Schools Block £m	Early Years Block £m	High Needs Block £m	Total £m
Opening balance as at 1 April 2021	(1.444)	(0.925)	1.999	(0.370)
in year movement 2021/22	0.079	0.362	(0.852)	(0.411)
Outturn (Surplus)/Deficit as at 31 March 2022	(1.365)	(0.563)	1.147	(0.781)

There is still a structural pressure within the High Needs Block as the improved position between years largely flowed from an agreed transfer of £1.799m between Early Years and School Block to High Needs as approved by the Schools Forum and other one-off mitigation measures. This continues to be subject to the High Needs Recovery Plan which has been developed between the Schools Forum and the Council.

RESERVES

General Fund

The General Fund balance at 31 March 2022 was £15.919m, the balance is consistent with the risk-assessed target specified in the MTFs. The Chief Finance Officer, as the Council's Section 151 Officer, considers that a balance of £15.919m is adequate given the risks the council is facing and considering Ealing's spending history. The adequacy of reserves is reviewed annually.

Earmarked Reserves

Excluding Collection Fund equalisation, COVID-19 grant and other non-General Fund reserves, overall, there has been a net increase in-year of £16.258m which includes a £0.852m reduction in the DSG Deficit being carried forward, shown in the table below, further details on earmarked reserves can be found in Note 8.

	31 March 2021 £m	Net Movement In- Year	31 March 2022 £m
Corporate - Insurance Reserve	(5.721)	0.000	(5.721)
Parking Places Reserve Account	(3.173)	(4.583)	(7.756)
PFI Reserves	(24.647)	(0.512)	(25.159)
Dedicated Schools Grant Balance	(0.370)	(0.412)	(0.782)
Sub-total Controllable Ringfenced Reserves	(33.911)	(5.507)	(39.418)
Corporate - Ealing Civic Improvement Fund	(1.298)	0.001	(1.296)
Corporate - Invest to Save Reserve	(2.817)	(0.279)	(3.096)
Corporate - Social Care Transformation Reserve	(0.167)	0.000	(0.167)
Corporate - Economic Volatility Reserve	(6.961)	(6.178)	(13.139)
Service - Various	(10.327)	(14.482)	(14.482)
Corporate - Various	(7.282)	(0.140)	(7.422)
Sub-total Controllable Non-Ringfenced Reserves	(28.852)	(21.078)	(39.602)
General Fund Balance	(15.919)	0.000	(15.919)
TOTAL GENERAL FUND RESERVES & BALANCES	(78.682)	(16.258)	(94.940)

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

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

PENSION LIABILITIES

The Council has reported a net pension liability of £564.154m as at 31 March 2022 (£593.078m as at 31 March 2021) adjusted for the 22/23 prepayment (£571.844m unadjusted as at 31 March 2022). Pension liabilities are based on the requirements of IAS 19, Employee Benefits, and calculations are carried out using a prescribed method. The liability is not an immediate deficit that has to be met now. The sum is the current assessment taking a long-term view of the future liabilities for existing pensioners and current employees who are accruing pension entitlement and of future expected investment performance.

The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% by 31 March 2034, based on a 14 year recovery period agreed at the 2019 actuarial valuation. The position will be reassessed as part of the 31 March 2022 valuation.

CAPITAL

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

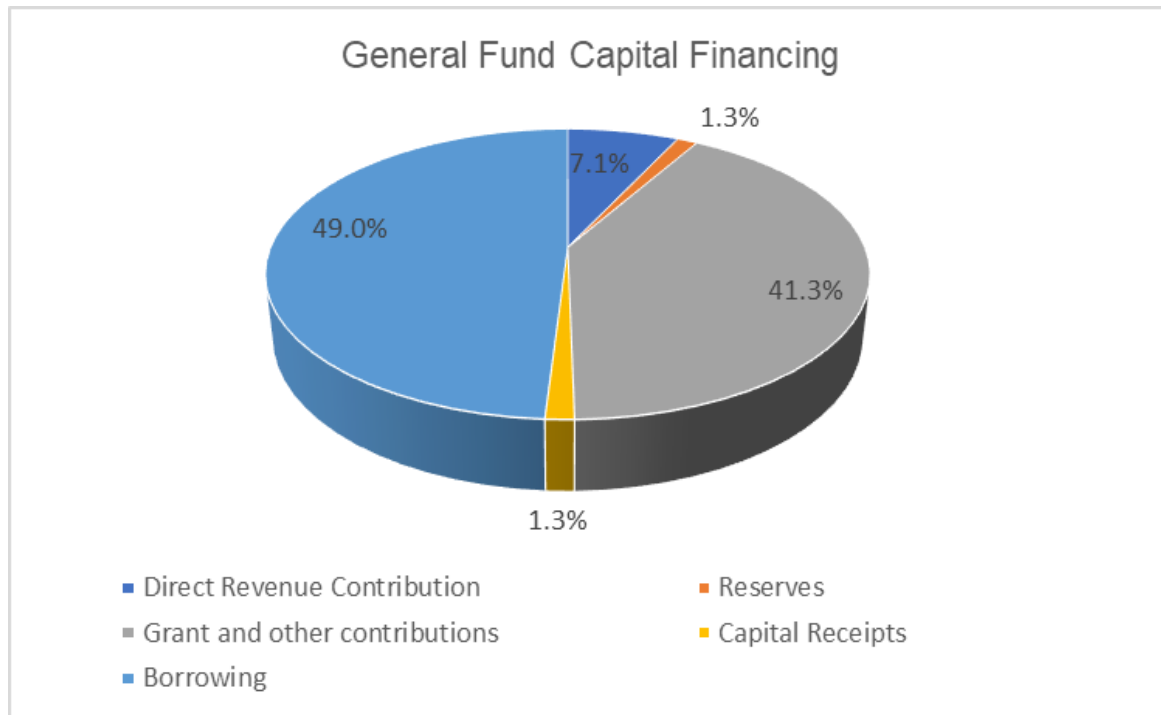
Capital Outturn Summary

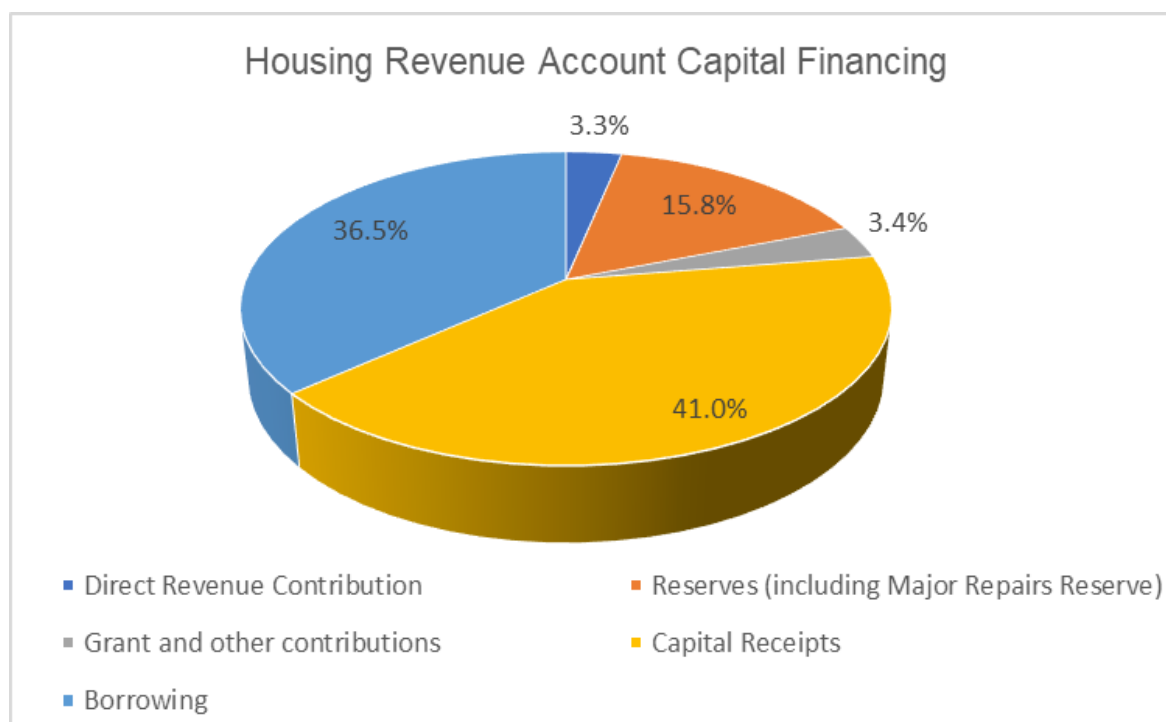
The capital programme for 2021/22 reported a net overspend of £0.008m against the approved programme budget, summarised in the table below. The net variance is being financed by external funding and will have no impact on the Council's general Fund position.

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

Capital Settlement

The following charts show how the Council funded the 2021/22 capital programme spend for both the General Fund and the Housing Revenue Account, with direct revenue contributions to capital schemes totalling £7.615m in year and borrowing increasing by £31.944m for the General Fund and £33.350m for the HRA these are managed by a mixture of internal and external borrowing more details of this can be found in the Treasury section below.





HOUSING REVENUE ACCOUNT

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

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

COLLECTION FUND

The overall outturn position on the Collection Fund for 2021/22 is a £60.264m deficit (Ealing share £19.346m).

	Council Tax £m	NNDR £m	Total £m	Council Tax £m	NNDR £m	Total £m
Opening fund balance 1 April	(0.168)	(0.796)	(0.964)	7.026	77.605	84.631
Closing fund balance 31 March	7.026	77.605	84.631	2.573	57.691	60.264
Movement on the fund balance	7.194	78.401	85.595	(4.453)	(19.914)	(24.367)
Closing fund balance analysis						
- Ealing Council	5.552	23.247	28.799	2.039	17.307	19.346
- Central Government (DLUHC previously MHCLG)	-	25.570	25.570	-	18.983	18.983
- Greater London Authority (GLA)	1.474	28.788	30.262	0.534	21.401	21.935
CLOSING FUND BALANCE	7.026	77.605	84.631	2.573	57.691	60.264

Council Tax

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

Business Rates

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

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

GROUP

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

Greener Ealing

For the 2021/22 financial year Greener Ealing is reporting a draft operating profit before tax of £0.472m, while holding asset to the value of £6.487m with £4.238m long-term liabilities. The company was holding £0.412m reserves as at 31 March 2022 prior to the current years profit being adjusted in.

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

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

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

Broadway Living

For the 2021/22 financial year Broadway Living Ltd is reporting an operating deficit of £0.441m while holding long-term asset to the value of £9.184m with £8.294m in long-term liabilities. The company has shareholder funds as at 31 March 2022 totalling £0.063m.

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

Broadway Living Registered Provider

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

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

TREASURY MANAGEMENT

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

The Council's Treasury Management Strategy for 2021/22 was approved on 2 March 2021 by Full Council. The strategy comprehensively outlined how the treasury function would operate throughout the financial year 2021/22 including the limits and criteria to be used to determine organisations in which the Council would invest its surplus cash and the council's policy on long-term borrowing and limits on debt. The Council complied with the strategy throughout the financial year to 31 March 2022.

Cash Flow

Over the 12 months to 31 March 2022, the Council's cash flows were maintained through borrowing and investment activities on the wholesale money market and the net investment position at 31 March 2022 was £528.725m.

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

	Investments £m	Borrowing £m	Net Position £m
Outstanding 1 April 2021	228.598	-	228.598
Raised in year	2,634.484	-	2,634.484
Repayments in year	(2,334.357)	-	(2,334.357)
Outstanding 31 March 2022	528.725	0.000	528.725

Investments

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

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

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

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

Borrowing

The Council raised c£247m of PWLB borrowing during 2021/22 to take advantage of the good value levels of long-term borrowing rates. However, the Council still maintains an over-borrowing position of £118.284m and officers continue to monitor the position.

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

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

The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR). The Council's actual borrowing at the end of the financial year was less than the year end CFR of £798.337m, which resulted in internal investment of £118.284m.

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

	31 March 2021 £m	31 March 2022 £m
General Fund	513.653	524.993
HRA	164.644	187.84
Housing Loan/Equity to BL/BLRP	13.992	16.976
Sub total CFR	692.289	729.813
Other Long-term liabilities	100.048	100.968
TOTAL CFR	792.337	830.781

PENSION FUND

The Pension Fund revenue account shows an in-year surplus for 2021/22 of £73.048m (2020/21 surplus of £280.985m). In cash terms the Fund remains cash positive, returning a cash surplus for 2021/22 of £24.751m (2020/21 £23.862m) (excluding asset revaluations and disposal gains and losses). As a result of the in-year surplus, Pension Fund net assets increased from £1,473.142m at 31 March 2021 to £1,546.190m at 31 March 2022, representing an increase of 5.0%.

Pension Fund net liabilities must be reviewed every three years by an actuary and a recovery plan agreed to eliminate any deficit. An actuarial valuation of the London Borough of Ealing Pension Fund was carried out as at 31 March 2019 to determine the contribution rates with effect from 1 April 2020 to 31 March 2023. The next valuation with an effective date of 31 March 2022 is currently under way.

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

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

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

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

RISKS

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

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

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

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

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

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

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

Based on the Council's established risk management approach, the issue detailed below have been assessed as being significant for the purpose of the 2021/22 Annual Governance Statement. The Council propose over the coming year to take steps to address these matters to further enhance our governance arrangements and are satisfied that the actions will address the issues raised. Progress will be monitored throughout the year.

Risk	Details	Control Measures
Budget uncertainty	Whilst the 22/23 Local Government Settlement along with agreed actions will allow us to set a balance budget for the year, there remains uncertainty over 23/24 and beyond. The Government's Fair Funding Review has not been completed, in addition, the business rates reset was deferred into 23/24 which could have a material negative impact on the council's funding position.	<ul style="list-style-type: none"> - Future Ealing - Budget setting review and challenge project. - Monitoring Government consultations - Benchmarking - Scenario Planning - Financial Resilience - Lobbying
Health & Safety	Breach of Health & Safety legislation in relation to Housing that could lead to: <ul style="list-style-type: none"> • injury or fatality of staff, residents, service users or visitors; • damage to property; and • enforcement action against the Council 	<ul style="list-style-type: none"> - A suitable plan needs to be developed following critical internal audit reports and decision to self report to the Housing Regulator. Progress of works and actions to be monitored by Housing Safety Executive Board (HSEB) - Monitoring should occur of all fire risk, legionella, asbestos, gas, electric and lifts. Reports and data are generated but require validation to ensure a complete and accurate picture is presented. - An independent QA process to ensure accuracy and robustness of inspection processes and reported to HSEB.
Demographic Pressures	Demographical and government policy changes are causing increasing and unavoidable service demands leading to significant budgetary pressures resulting in significant overspends that consequently need to be addressed by corporate funding.	<p>Children's Services</p> <ul style="list-style-type: none"> • Brighter Futures programme implemented to reduce the numbers of Looked After Children and reduce placement costs. • Special Educational Needs transport reviews being undertaken to help manage ongoing pressure on top of additional funding due. • Children with disabilities review undertaken to help identify and measure budget pressure moving forwards. <p>Housing</p> <ul style="list-style-type: none"> • Assisting households threatened with homelessness to find their own accommodation in the private sector to prevent homelessness. • A Strategy is in place to boost the supply of affordable temporary accommodation to replace more expensive units. • Moving households to less expensive alternative types of temporary accommodation. • Introduction of enhanced debt management procedures. <p>Adult Services</p> <ul style="list-style-type: none"> • Better Lives programme in place and robust performance and budget management processes in place. • Robust, continuous and regular monitoring of programme in place, reporting through to senior managers and members. <p>Finance department</p> <ul style="list-style-type: none"> • Inflation pressures are being monitored and managed. • Cross council working continuing to reduce demand across the whole system • Strong financial grip being maintained in year

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

OUTLOOK

MEDIUM-TERM FINANCIAL STRATEGY (MTFS)

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

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

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

Over the last MTFS period the Council's budget approach has focused very much on driving efficiencies to deliver a balanced budget in the face of government cuts. At the end of this period the Council has continued to be successful in delivering a savings programme without adversely impacting on the most vulnerable.

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

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

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

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

- The budget proposals include examples of delivering Value for Money such as:
- General efficiencies within services and departments
- Review of charges, maximising income opportunities, but considering the legal restrictions upon the Council's ability to charge for its services.

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

BUDGET SENSITIVITIES

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

Sensitivity	Impact
Impact Delivery of agreed savings	The budget for 2022/23 and over the medium term requires the Council to deliver on all the savings set out in this report. These savings will be closely monitored on a regular basis throughout the financial year to ensure that they are on track to be achieved. Where savings are unlikely to be achieved then substitute proposals will need to be taken to ensure the overall budget can be achieved.
National Insurance	There will be a rise to both employee and employer National Insurance contributions from 1 April 2022. The policy is generating extra revenue for the NHS and social care. The 1.25% increase to employers will have a significant impact on finances, difficult to predict but initial estimates show pay cost increases of approximately £2.5m to £3m.
Inflation differing from assumptions	As the National Joint Committee (NJC) is still negotiating with representative of public sector unions, at the time of setting the budget for 2022/23 the pay awards are unknown for both 2021/22 and 2022/23. The MTFS has assumed a pay increase to be 2% for 2022/23 estimated to be c£3m leaving a small central pot to allocate for any price inflation.
School Pay inflation and associated on-costs	This can result in additional pressures on schools' budgets that can lead to pressures manifesting through either an increase in school deficits and/or DSG overspend
Contractual risks	For example, contractor viability, non-delivery of commissioned services, impact of national insurance increase from April 2022 to name a few.
Demographic and demand-lead pressure	Children's and Adults Service budgets are under great pressure due to the demand led nature of these services. One of the main risks in the budget relates to demographic change: <ul style="list-style-type: none"> • Adults – Residents are living longer, and many have increasingly complex care needs. Although the Council has good monitoring and forecasting tools, it remains extremely difficult to forecast both numbers and need, resulting in a risk that current forecasts could be understated. • Children's – There are ongoing pressures in respect of expensive care placements due to the increased complexities of children in care.
Homelessness	There is a risk that levels of homelessness increase in the borough with the subsequent requirement for the council to support individuals in temporary accommodation
Income	Levels of Council income are impacted by both businesses and individuals' responses to the pandemic, economic climate and as people may cut back on areas of discretionary spending, such as planning, property and use of car parks and leisure facilities
School SEN expansion	Due to the steep increase in the number of EHCPs, the service are experiencing pressures across SEN placement and transport budgets due to the lack of adequate SEN places in the borough.
Academisation	Pressures caused by schools who are required to move to Academy status and the resultant financial liability upon transfer being the responsibility of the Council i.e., the Council having to fund any school deficit balances upon transfer.
Levies paid to external bodies	Levy payments are outside the Council's control and need to be met from its budget requirement. Key cost drivers leading to any budget pressure will be due to: <ul style="list-style-type: none"> • volume-led levy payments such as the West London Waste 'Pay as You Throw' (PAYT) • inflation and cost increases above inflation assumed within the MTFS
Pension Fund	Employer contributions into the Pension Fund can fluctuate depending on the net liability of the fund and an agreed deficit repayment plan. An actuarial review of the pension fund assets and liabilities is carried out every three years with the outcome feeding into the MTFS for the following three years.

Sensitivity	Impact
Government grant income	With the Local Government Finance Settlement only announcing a one year funding settlement, it is difficult to ascertain if grants are to continue, at what level and the impact making it difficult to estimate MTFS impacts for future years.
Business Rates Revaluation	The government have introduced a shorter three-year revaluation cycle period which will look to align property valuations more closely with the current market rental values and will come into force on 1 April 2023. There remains a risk of an overall reduction to the Council's income from business rates due to the volatility of appeals and the impact of COVID-19. In parallel the Council can see a budget pressure for revised business rates liability for its own premises.
Fair Funding Review and Business Rates Baseline Reset	<ul style="list-style-type: none"> • Fair Funding Review - Department of Levelling Up, Housing and Communities (DLUHC) is committed to reviewing the funding baselines and allocation formulae for all local authorities, originally planned for 2019/20. No updated timeline or details of the proposed changes has been provided for these reforms. This causes significant uncertainty regarding Ealing's funding baselines for future years and in undertaking any medium financial planning. In the absence of implementation timeline and details of proposed funding reforms, the MTFS currently does not make any assumptions with regards to any budgetary impact on the General Fund • Business Rates Baseline Reset - This was also originally planned to be implemented in 2019/20. The original policy intention was to fundamentally review the business rates retention scheme and funding baselines. It is not clear what impact COVID-19 will have on any funding baseline. The lack of details on the proposed change and an updated timeline for implementation causes considerable uncertainty when undertaking meaningful financial planning to determine future funding assumptions.
COVID-19	The impact of the new COVID-19 variant is not fully known and as such there is a level of risk when setting the budget that Council may be exposed to unfunded financial pressure in-year. The potential long-term impact on the local economy, particular in relation to business rates income and fees and charges can pose a considerable budget pressure which without any government support can expose the Council to a liability that may require to put in place a transformational savings plan alongside seeking financial support from the government.
New Health and Social Reforms	In September 2021 the government announced funding reforms for adult social care to be funded through the introduction of a new UK wide 1.25% Health and Social Care Levy, based on NI contributions, funding for which has only been provided as one-off within the new Services Grant. As details of the policy are released a financial implication assessment will need to be undertaken in collaboration with London Council's to determine the impact on the Council's finances.
New Waste Recycling Legislation	On 24 March 2021 the government published the second round of the Resources and Waste Strategy consultation on the DRS (Deposit Return Scheme) and EPR (Extended Producer Responsibility). The impact of the schemes will have financial implications on the collection and separation of certain items, collections from difficult to reach properties etc. As details of the policy are released a financial implication assessment will need to be undertaken in collaboration with the West London Waste Authority to determine the impact on the Council's finances.

RISK MANAGEMENT

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

Given the uncertainties of the economic environment, demand on services and the anticipated scale of the expenditure reductions required, there are inevitably significant risks involved in delivering balanced budgets over the medium term.

Key strategic risks are;

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

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

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

- Unfunded income loss pressures as a result of the long-term impact of the pandemic particularly in relation to Council Tax and Business rates income. The Council will continue to closely monitor the impact of these income streams and support lobbying to government as a region to ensure the Council can be full compensated for these losses.
- Non-delivery of the approved savings.
- Social care placement pressures, which continue to be partly mitigated by spend controls, transformational cost reduction programmes and close monitoring by SLT and by the Leader and the portfolio holders for Inclusive Economy, A Fairer Start and Healthy Lives.

The Council is faced with an uncertain financial climate over the medium to long term which presents a high risk to the authority and there remains potential for further, as yet unrecognised, risks. For this reason, a prudent approach to the level of reserves held by the council remains sensible and necessary. The Chief Finance Officer, as the council's Section 151 Officer, is required to state whether the reserves are adequate as part of the annual budget setting process, this was presented to Cabinet on 9 February 2022.

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

FINANCIAL STATEMENTS

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

The Statement of Accounts provide an overview of the Council's financial position for 2021/22. The 2021/22 set of accounts conform to the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code), which is based on International Financial Reporting Standards (IFRSs).

The layout and purpose of each statement is as follows:

EXPLANATORY STATEMENTS

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

CORE STATEMENTS

- **Comprehensive Income and Expenditure Statement** – The comprehensive income and expenditure statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (or rents). Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the expenditure and funding analysis and the movement in reserves statement.

- **Movement in Reserves Statement** – The movement in reserves statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and other ‘unusable reserves’. The statement shows how the movements in year of the authority’s reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The net increase/decrease line shows the statutory general fund balance and Housing Revenue Account (HRA) balance movements in the year following those adjustments.
- **Balance Sheet** - The balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories as below.
 - Usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt).
 - Unusable reserves i.e. those that the authority is not able to use to provide services. This category of reserves includes reserves that hold accounting gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the movement in reserves statement line ‘adjustments between accounting basis and funding basis under regulation’.
- **Cash Flow Statement** – The cash flow statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority’s future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

NOTES TO THE CORE FINANCIAL STATEMENTS

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

OTHER STATEMENTS

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

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

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

GROUP ACCOUNTS

Group accounts are prepared where the authority (the Parent) holds majority interest in a subsidiary, associates and/or joint ventures. The main authority statements are consolidated with the identified ventures and presented based on materiality. Intra-group transactions and balances are removed on a line-by-line basis. For 2021/22 the Council has identified 3 subsidiary companies, Broadway Living, Broadway Living RP and Greener Ealing, which were included in the group accounts following an assessment of materiality.

ACCOUNTING POLICIES

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

GLOSSARY

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

FURTHER INFORMATION

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

STATEMENT OF RESPONSIBILITIES

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

THE COUNCIL'S RESPONSIBILITIES

The Council is required:

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

THE CHIEF FINANCIAL OFFICER'S RESPONSIBILITIES

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

In preparing this Statement of Accounts I have:

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

CERTIFICATE OF CHIEF FINANCIAL OFFICER

I certify that the Statement of Accounts presents a true and fair view of the financial position of the London Borough of Ealing as at 31 March 2022 and its income and expenditure for the year then ended, and that the Pension Fund accounts set out a true and fair view of the net assets of the London Borough of Ealing Pension Fund as at 31 March 2022 and its income and expenditure for the year then ended.

Ross Brown

Chief Financial Officer (Section 151 Officer)

01 July 2022

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

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

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

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

2. Core Financial Statements

Core Financial Statements

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	Note	31 March 2021			31 March 2022		
		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
Services							
Chief Executive Directorate		60,375	(13,177)	47,198	71,954	(18,364)	53,590
Children & Schools		427,421	(363,804)	63,617	449,952	(379,302)	70,650
Adults & Public Health		140,905	(65,194)	75,711	154,637	(71,692)	82,945
Place		262,347	(179,589)	82,758	259,089	(196,586)	62,503
Housing Benefits		214,481	(208,340)	6,141	189,186	(185,018)	4,168
Council Wide Other		19,515	(15,179)	4,336	36,848	(22,029)	14,819
Cost of Services		1,125,044	(845,283)	279,761	1,161,666	(872,991)	288,675
Other Operating Expenditure & Income							
Precepts and Levies		14,161	-	14,161	14,463	-	14,463
Payments to the Government Housing Capital Receipts Pool		1,520	-	1,520	1,520	-	1,520
(Gains)/Losses on Disposal of Non-Current Assets		(30,227)	-	(30,227)	(13,045)	-	(13,045)
		(14,546)	-	(14,546)	2,938	-	2,938
Financing and Investment Income & Expenditure							
Interest Payable and Similar Charges		36,975	-	36,975	38,440	-	38,440
Net Interest on the Net Defined Benefit Liability (Asset)		13,046	-	13,046	12,023	-	12,023
Interest Receivable and Similar Income		-	(2,691)	(2,691)	-	(2,776)	(2,776)
Impairment Losses		16,909	-	16,909	10,303	-	10,303
		66,930	(2,691)	64,239	60,766	(2,776)	57,990
Taxation and Non-Specific Grants							
Council Tax Income		-	(140,327)	(140,327)	-	(152,940)	(152,940)
Non-Domestic Rates Income and Expenditure		-	(23,360)	(23,360)	-	(33,358)	(33,358)
Business Rates Top-Up		-	(31,499)	(31,499)	-	(31,499)	(31,499)
Non-Ringfenced Government Grants	26	-	(99,397)	(99,397)	-	(80,568)	(80,568)
Capital Grants and Contributions	26	-	(27,183)	(27,183)	-	(20,331)	(20,331)
		-	(321,766)	(321,766)	-	(318,696)	(318,696)
(Surplus) / Deficit on Provision of Services		1,177,428	(1,169,740)	7,688	1,225,370	(1,194,463)	30,907
(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets	9			(105,753)			(145,875)
Remeasurement of the Net Defined Benefit Liability / (Asset)	31			2,048			(55,252)
Other Comprehensive (Income) / Expenditure				(103,705)			(201,127)
Total Comprehensive (Income) / Expenditure				(96,017)			(170,220)

MOVEMENT IN RESERVES STATEMENT

MOVEMENT IN RESERVES STATEMENT	Revenue Reserves							Capital Reserves			Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Deferred Capital Receipts	Collection Fund Adjustment Account	Financial Instruments Adjustment Account	Accumulated Absences Account	Pensions Reserve	Total Unusable Reserves	Total Authority Reserves
	General Fund	Earmarked Reserves	Housing Revenue Account	Housing Revenue Earmarked Reserves	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Capital Receipts Reserve	Capital Grants Unapplied	Capital Receipts Reserve										
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000										
Balance at 31 March 2020	15,919	83,826	4,925	12,089	-	36,869	25,673	179,301	455,064	776,053	731	236	(1,479)	(6,167)	(567,614)	656,824	836,125			
Movement in Reserves during 2020/21																				
Total Comprehensive Income & Expenditure	(11,557)	-	3,869	-	-	-	-	(7,688)	105,753	-	-	-	-	-	(2,048)	103,705	96,017			
Adjustments Between Accounting Basis & Funding Basis Under Regulations (Note 7)	45,919	-	(709)	-	-	981	294	46,485	-	3,049	4,790	(29,035)	30	(1,903)	(23,416)	(46,485)	-			
Net Increase/(Decrease) before Transfers to Reserves	34,362	-	3,160	-	-	981	294	38,797	105,753	3,049	4,790	(29,035)	30	(1,903)	(25,464)	57,220	96,017			
Transfers to/(from) Reserves	(34,362)	34,362	(3,160)	3,160	-	15	306	321	(19,185)	19,185	(321)	-	-	-	-	(321)	-			
Increase/(Decrease) in Year 2020/21	-	34,362	-	3,160	-	996	600	39,118	86,568	22,234	4,469	(29,035)	30	(1,903)	(25,464)	56,899	96,017			
Balance at 31 March 2021	15,919	118,188	4,925	15,249	-	37,865	26,273	218,419	541,632	798,287	5,200	(28,799)	(1,449)	(8,070)	(593,078)	713,723	932,142			
Movement in Reserves during 2021/22																				
Total Comprehensive Income & Expenditure	(12,334)	-	(18,573)	-	-	-	-	(30,907)	145,875	-	-	-	-	-	55,252	201,127	170,220			
Adjustments Between Accounting Basis & Funding Basis Under Regulations (Note 7)	18,012	-	18,573	-	-	11,148	1,670	49,403	-	(25,259)	(136)	9,453	31	526	(34,018)	(49,403)	-			
Net Increase/(Decrease) before Transfers to Reserves	5,678	-	-	-	-	11,148	1,670	18,496	145,875	(25,259)	(136)	9,453	31	526	21,234	151,724	170,220			
Transfers to/(from) Reserves	(5,678)	5,678	-	-	-	-	-	-	(14,273)	14,273	-	-	-	-	-	-	-			
Increase/(Decrease) in Year 2021/22	-	5,678	-	-	-	11,148	1,670	18,496	131,602	(10,986)	(136)	9,453	31	526	21,234	151,724	170,220			
Balance at 31 March 2022	15,919	123,866	4,925	15,249	-	49,013	27,943	236,915	673,234	787,301	5,064	(19,346)	(1,418)	(7,544)	(571,844)	865,447	1,102,362			

BALANCE SHEET

		31 March 2021 £'000	31 March 2022 £'000
BALANCE SHEET	Note		
Property, Plant & Equipment	9	2,114,935	2,256,000
Intangible Assets	9	2,203	11,539
Heritage Assets	11	2,741	2,741
Long-Term Investments	12a	2,956	2,852
Long-Term Debtors	12a	34,254	36,609
Long-term Assets		2,157,089	2,309,740
Short-Term Investments	12a	132,326	495,191
Short-Term Debtors	13	95,734	74,425
Cash and Cash Equivalents	14	128,531	68,362
Current Assets		356,592	637,978
Short-Term Borrowings	12a	(44,206)	(49,147)
Short-Term Creditors	15	(157,380)	(172,727)
Short-Term Provisions	16	(11,791)	(13,656)
Grants Receipts in Advance - Revenue	26	(26,854)	(34,594)
Current Liabilities		(240,231)	(270,124)
Long-Term Borrowings	12a	(621,644)	(846,698)
Long-Term Creditors	12a	(127,873)	(133,737)
Long-Term Provisions	16	(4,781)	(4,181)
Grants Receipts in Advance - Capital	26	(9,334)	(26,463)
Pensions Liability	31	(577,675)	(564,154)
Long-term Liabilities		(1,341,308)	(1,575,233)
Net Assets		932,142	1,102,362
Represented by:			
Usable Reserves			
General Fund		(15,919)	(15,919)
Housing Revenue Account		(4,925)	(4,925)
Capital Receipts Reserve	7	(37,865)	(49,013)
Capital Grants Unapplied	7	(26,273)	(27,943)
Earmarked Reserves	8	(118,188)	(123,866)
Housing Revenue Account Earmarked Reserves	8	(15,249)	(15,249)
		(218,419)	(236,915)
Unusable Reserves			
Revaluation Reserve	18a	(541,632)	(673,234)
Capital Adjustment Account	18b	(798,287)	(787,301)
Deferred Capital Receipts	18c	(5,200)	(5,064)
Collection Fund Adjustment Account	18d	28,799	19,346
Financial Instruments Adjustment Account	18e	1,449	1,418
Accumulated Absences Account	18f	8,070	7,544
Pension Reserve	18g	593,078	571,844
		(713,723)	(865,447)
Total Reserves		(932,142)	(1,102,362)

CASH FLOW STATEMENT

CASH FLOW STATEMENT	Note	2020/21 £'000	2021/22 £'000
Net (Surplus) / Deficit on the Provision of Services		7,687	30,907
Adjustments to Net (Surplus) / Deficit on the Provision of Services for Non-Cash Movements	19a	(152,796)	(160,139)
Adjustments for Items Included in Net (Surplus) / Deficit on the Provision of Services that are Investing or Financing Activities	19a	80,326	61,665
Net Cash Inflows from Operating Activities		(64,783)	(67,567)
Investing Activities	19b	3,971	376,417
Financing Activities	19c	10,010	(248,681)
Net (Increase) or Decrease in Cash and Cash Equivalents		(50,802)	60,169
Cash and Cash Equivalents at the Beginning of the Reporting Period		(77,730)	(128,531)
Cash and Cash Equivalents at the End of the Reporting Period	14	(128,531)	(68,362)

3. Notes to the Accounts

Notes to Core Financial Statements

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Note 1 Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new accounting standard that has been issued but not yet adopted.

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

- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:
- IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
- IAS 37 (Onerous contracts) – clarifies the intention of the standard
- IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
- IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances. None of the matters covered in the annual improvements are dealt with in detail in the 2022/23 Code. During the consultation process on the 2022/23 Code CIPFA/LASAAC did not envisage them having a significant effect on local authority financial statements.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- IFRS 16 Leases has been deferred to the 2024/25 Code and will apply to reporting periods beginning on or after 1 January 2024.

Note 2 Critical judgements in applying accounting policies

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

FUNDING

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

ACCOUNTING FOR SCHOOLS

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

GROUP ACCOUNTS

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

PENSION PREPAYMENTS

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

Note 3 Events after the reporting period

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

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

The statement of accounts was authorised for issue by the Chief Finance Officer on 01 July 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. This includes any amendments following the audit of the accounts.

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

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

The items in the Council's Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected return on pension fund assets. A firm of actuaries is engaged to provide the Council with expert advice about the assumptions to be applied and these are documented within the disclosure note on retirement benefits.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £30.435m. However, the assumptions interact in complex ways.
Property, Plant and Equipment	The Council employs RICS qualified valuers (Lambert Smith Hampton) to identify the most appropriate valuation techniques to determine fair value for all Council dwellings, land and buildings. All valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuation experts work closely with finance officers on a regular basis regarding all valuation matters.	Significant changes in any of the unobservable inputs used in the techniques used would result in a significantly lower or higher fair value measurement for these assets. For every 1% increase in valuation, the carrying value of property, plant and equipment would increase by £22.60m.

GOING CONCERN

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

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

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

Note 5 Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

	2021/22							Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
	Outturn as Reported to the Executive £'000	Adjustments to Management Reporting (EFA Note 1) £'000	Net Expenditure Chargeable to the General Fund and HRA Balance £'000	Adjustments for Capital Purposes (EFA Note 2) £'000	Net Change for Pensions Adjustments (EFA Note 3) £'000	Other Statutory Differences (EFA Note 4) £'000	Adjustments between the Funding and Accounting Basis (see note 7) £'000	
Table 5a								
Continuing Services								
Chief Executive Directorate	42,255	(2,219)	40,036	6,974	6,823	(243)	13,554	53,590
Children & Schools	66,793	(13,867)	52,926	12,993	4,745	(14)	17,724	70,650
Adults & Public Health	84,157	(5,579)	78,578	1,567	2,843	(43)	4,367	82,945
Place	15,110	(9,499)	5,611	49,532	7,584	(225)	56,891	62,502
Housing Benefits	4,168	-	4,168	-	-	-	-	4,168
Council Wide Other	7,744	7,075	14,819	-	-	-	-	14,819
Net Cost of Services	220,227	(24,089)	196,138	71,066	21,995	(525)	92,536	288,674
Other Income and Expenditure	29,744	(231,560)	(201,816)	(58,490)	12,023	(9,484)	(55,951)	(257,767)
(Surplus) or Deficit on Provision of Services	249,971	(255,649)	(5,678)	12,576	34,018	(10,009)	36,585	30,907
Opening General Fund and HRA Balance 1 April 2021			(154,281)					
Less/Plus (Surplus) or Deficit on General Fund and HRA Balance In-Year			(5,678)					
Reserve Transfers			-					
Closing General Fund and HRA Balance at 31 March 2022			(159,959)					

	2020/21							Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
	Outturn as Reported to the Executive £'000	Adjustments to Management Reporting (EFA Note 1) £'000	Net Expenditure Chargeable to the General Fund and HRA Balance £'000	Adjustments for Capital Purposes (EFA Note 2) £'000	Net Change for Pensions Adjustments (EFA Note 3) £'000	Other Statutory Differences (EFA Note 4) £'000	Adjustments between the Funding and Accounting Basis (see note 7) £'000	
Table 5b								
Continuing Services								
Chief Executive Directorate	38,468	(512)	37,956	4,831	3,936	475	9,242	47,198
Children & Schools	63,896	(16,476)	47,420	13,583	1,737	877	16,197	63,617
Adults & Public Health	79,969	(7,468)	72,501	1,674	1,397	139	3,210	75,711
Place	15,550	11,793	27,343	51,703	3,300	412	55,415	82,758
Housing Benefits	6,141	-	6,141	-	-	-	-	6,141
Council Wide Other	4,456	(120)	4,336	-	-	-	-	4,336
Net Cost of Services	208,480	(12,783)	195,697	71,791	10,370	1,903	84,064	279,761
Other Income and Expenditure	37,078	(270,298)	(233,220)	(80,905)	13,046	29,005	(38,854)	(272,074)
(Surplus) or Deficit on Provision of Services	245,558	(283,081)	(37,523)	(9,114)	23,416	30,908	45,210	7,687
Opening General Fund and HRA Balance 1 April 2020			(116,759)					
Less/Plus (Surplus) or Deficit on General Fund and HRA Balance In-Year			(37,523)					
Reserve Transfers			-					
Closing General Fund Balance and HRA at 31 March 2021			(154,282)					

EFA NOTE 1: ADJUSTMENTS TO MANAGEMENT REPORTING

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

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

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

EFA NOTE 2: ADJUSTMENT FOR CAPITAL PURPOSES

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

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

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

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

EFA NOTE 3: NET CHANGES FOR THE PENSIONS ADJUSTMENTS

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

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

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

EFA NOTE 4: OTHER STATUTORY ADJUSTMENTS

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

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

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

Note 6 Expenditure and Income Analysed by Nature

	2021/22								Outturn as Reported to the Executive £'000	Adjustments to Management Reporting (EFA Note 1) £'000	Net Expenditure Chargeable to the General Fund and HRA Balance £'000	Adjustments between the Funding and Accounting Basis (see note 7) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
	Chief Executive Directorate	Children & Schools	Adults & Public Health	Place	Housing Benefits	Council Wide Other	Other	Other Income and Expenditure					
Table 6a													
Fees, Charges and Other Service Income	(13,550)	(22,918)	(37,027)	(106,298)	-	(6,676)	(1,727)	(188,196)	(73,455)	(261,651)	-	(261,651)	
Interest and Investment Income	-	-	-	-	-	-	(2,650)	(2,650)	(126)	(2,776)	-	(2,776)	
Government Grants and Contributions	(4,814)	(122,312)	(28,445)	(11,925)	(185,018)	(13)	(29,966)	(382,493)	(332,247)	(714,740)	(28,999)	(743,739)	
Income from Council Tax	-	-	-	-	-	-	-	-	(149,426)	(149,426)	(3,514)	(152,940)	
Income from Business Rates	-	-	-	-	-	-	-	-	(27,419)	(27,419)	(5,938)	(33,357)	
Total Income	(18,364)	(145,230)	(65,472)	(118,223)	(185,018)	(6,689)	(34,343)	(573,339)	(582,673)	(1,156,012)	(38,451)	(1,194,463)	
Employee Benefits Expenses	39,929	49,321	20,562	28,963	-	3,567	-	142,342	243,401	385,743	33,492	419,235	
Other Service Expenses	18,471	160,568	128,909	98,534	189,186	5,296	14,524	615,488	42,392	657,880	-	657,880	
Depreciation, Amortisation and Impairment	-	-	-	-	-	-	-	-	-	-	79,653	79,653	
Capital Expenditure Financed from Revenue Balances	17	-	-	109	-	5,329	-	5,455	1,012	6,467	(6,467)	-	
Revenue Expenditure Funded from Capital Under Statute & De-minimis	-	-	-	-	-	-	-	-	-	-	16,922	16,922	
Interest & MRP Payments	-	-	-	-	-	-	35,100	35,100	34,855	69,955	(21,213)	48,742	
Precepts and Levies	-	-	-	-	-	-	14,463	14,463	-	14,463	-	14,463	
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	-	-	-	-	1,520	1,520	
(Gain) or Loss on Disposal of Non-Current Assets	-	-	-	-	-	-	-	-	-	-	(13,045)	(13,045)	
Posting of HRA Resources from Revenue to the MRR	-	-	-	-	-	-	-	-	15,826	15,826	(15,826)	-	
Total Expenditure	58,417	209,889	149,471	127,606	189,186	14,192	64,087	812,848	337,486	1,150,334	75,036	1,225,370	
Contributions to/(from) Reserves	2,202	2,134	158	5,727	-	241	-	10,462	(10,462)	-	-	-	
(Surplus) or Deficit on the Provision of Services	42,255	66,793	84,157	15,110	4,168	7,744	29,744	249,971	(255,649)	(5,678)	36,585	30,907	

	2020/21											
	Chief Executive Directorate	Children & Schools	Adults & Public Health	Place	Housing Benefits	Council Wide Other	Other Income and Expenditure	Outturn as Reported to the Executive £'000	Adjustments to Management Reporting (EFA Note 1) £'000	Net Expenditure Chargeable to the General Fund and HRA Balance £'000	Adjustments between the Funding and Accounting Basis (see note 7) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Table 6b												
Fees, Charges and Other Service Income	(10,635)	(20,243)	(35,008)	(100,759)	-	(1,313)	(1,282)	(169,240)	(68,128)	(237,368)	-	(237,368)
Interest and Investment Income	-	-	-	-	-	-	(2,480)	(2,480)	(211)	(2,691)	-	(2,691)
Government Grants and Contributions	(2,542)	(118,494)	(27,649)	(11,576)	(208,340)	-	(26,763)	(395,364)	(341,150)	(736,514)	(29,481)	(765,995)
Income from Council Tax	-	-	-	-	-	-	-	-	(146,010)	(146,010)	5,684	(140,326)
Income from Business Rates	-	-	-	-	-	-	-	-	(46,712)	(46,712)	23,352	(23,360)
Total Income	(13,177)	(138,737)	(62,657)	(112,335)	(208,340)	(1,313)	(30,525)	(567,084)	(602,211)	(1,169,295)	(445)	(1,169,740)
Employee Benefits Expenses	40,079	48,083	20,504	29,014	-	2,468	-	140,148	231,976	372,124	25,318	397,442
Other Service Expenses	11,053	153,179	119,082	98,397	214,481	3,302	16,890	616,384	33,167	649,551	-	649,551
Depreciation, Amortisation and Impairment	-	-	-	-	-	-	-	-	-	-	86,006	86,006
Capital Expenditure Financed from Revenue Balances	-	53	1	15	-	422	-	491	2,757	3,248	(3,248)	-
Revenue Expenditure Funded from Capital Under Statute & De-minimis	-	-	-	-	-	-	-	-	-	-	5,091	5,091
Interest & MRP Payments	-	-	-	-	-	-	36,551	36,551	41,886	78,437	(24,553)	53,884
Precepts and Levies	-	-	-	-	-	-	14,161	14,161	-	14,161	-	14,161
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	-	-	-	-	1,520	1,520
(Gain) or Loss on Disposal of Non-Current Assets	-	-	-	-	-	-	-	-	-	-	(30,228)	(30,228)
Posting of HRA Resources from Revenue to the MRR	-	-	-	-	-	-	-	-	14,251	14,251	(14,251)	-
Total Expenditure	51,132	201,315	139,587	127,426	214,481	6,192	67,602	807,735	324,037	1,131,772	45,655	1,177,427
Contributions to/(from) Reserves	513	1,318	3,039	459	-	(423)	1	4,907	(4,907)	-	-	-
(Surplus) or Deficit on the Provision of Services	38,468	63,896	79,969	15,550	6,141	4,456	37,078	245,558	(283,081)	(37,523)	45,210	7,687

Note 7 Adjustments between Accounting Basis and Funding Basis under Regulations

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

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

GENERAL FUND BALANCE

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

HOUSING REVENUE ACCOUNT BALANCE

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

MAJOR REPAIRS RESERVE

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

CAPITAL RECEIPTS RESERVE

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

CAPITAL GRANTS UNAPPLIED

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

	Usable Reserves					Movement in Usable Reserves	Unusable Reserves						Movement in Unusable Reserves	Total Movement in Reserves	
	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied		Revaluation Reserve	Capital Adjustment Account	Deferred Capital Receipts	Collection Fund Adjustment Account	Financial Instruments Adjustment Account	Accumulated Absences Account			Pensions Reserve
Table 7a - 2021/22	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to the Revenue Resources															
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:															
Pensions Costs (transferred to (or from) the Pension Reserve)	30,944	3,074	-	-	-	34,018	-	-	-	-	-	(34,018)	(34,018)	-	-
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	(31)	-	-	-	-	(31)	-	-	-	31	-	-	31	-	-
Council Tax & NDR (transfers to (or from) the Collection Fund Adjustment Account)	(9,453)	-	-	-	-	(9,453)	-	-	-	9,453	-	-	9,453	-	-
Holiday Pay (transferred to the Accumulated Absences Reserve)	(499)	(27)	-	-	-	(526)	-	-	-	-	526	-	526	-	-
Reversal of Entries Included in the Surplus or Deficit on the Provision of Services in Relation to Capital Expenditure (these items are charged to the Capital Adjustment Account or Capital Grants Unapplied)	25,118	62,081	-	-	8,470	95,669	-	(95,669)	-	-	-	-	(95,669)	-	-
Total Adjustments to Revenue Resources	46,079	65,128	-	-	8,470	119,677	-	(95,669)	-	9,453	31	526	(34,018)	(119,677)	-
Adjustments between Revenue and Capital Resources															
Transfer of Non-Current Asset Sale Proceeds from Revenue to the Capital Receipts Reserve	(2,949)	(29,717)	-	32,666	-	-	-	-	-	-	-	-	-	-	-
Payments to the Government Housing Receipts Pool (funded by a transfer from the Capital Receipts Reserve)	1,520	-	-	(1,520)	-	-	-	-	-	-	-	-	-	-	-
Posting of HRA Resources from Revenue to the Major Repairs Reserve	-	(15,826)	15,826	-	-	-	-	-	-	-	-	-	-	-	-
Statutory Provision for the Repayment of Debt transfer from the Capital Adjustment Account	(21,183)	-	-	-	-	(21,183)	-	21,183	-	-	-	-	-	21,183	-
Capital Expenditure Financed from Revenue Balances (transfer to the Capital Adjustment Account)	(5,455)	(1,012)	-	-	-	(6,467)	-	6,467	-	-	-	-	-	6,467	-
Total Adjustments between Revenue and Capital Resources	(28,067)	(46,555)	15,826	31,146	-	(27,650)	-	27,650	-	-	-	-	-	27,650	-
Adjustments to Capital Resources															
Use of the Capital Receipts Reserve to Finance New Capital Expenditure	-	-	-	(20,457)	-	(20,457)	-	20,457	-	-	-	-	-	20,457	-
Use of the Major Repairs Reserve to Finance New Capital Expenditure	-	-	(15,826)	-	-	(15,826)	-	15,826	-	-	-	-	-	15,826	-
Application of Unapplied Capital Grants to Finance New Capital Expenditure	-	-	-	-	(6,800)	(6,800)	-	6,800	-	-	-	-	-	6,800	-
Cash Payments in Relation to Deferred Capital Receipts	-	-	-	136	-	136	-	-	(136)	-	-	-	-	(136)	-
Cash Payments in Relation to Long-Term Debtor Loans	-	-	-	323	-	323	-	(323)	-	-	-	-	-	(323)	-
Total Adjustments to Capital Resources	-	-	(15,826)	(19,998)	(6,800)	(42,624)	-	42,760	(136)	-	-	-	-	42,624	-
Total Adjustments	18,012	18,573	-	11,148	1,670	49,403	-	(25,259)	(136)	9,453	31	526	(34,018)	(49,403)	-

	Usable Reserves					Movement in Usable Reserves	Unusable Reserves							Movement in Unusable Reserves	Total Movement in Reserves
	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied		Revaluation Reserve	Capital Adjustment Account	Deferred Capital Receipts	Collection Fund Adjustment Account	Financial Instruments Adjustment Account	Accumulated Absences Account	Pensions Reserve		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Table 7b - 2020/21															
Adjustments to the Revenue Resources															
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:															
Pensions Costs (transferred to (or from) the Pension Reserve)	21,242	2,174	-	-	-	23,416	-	-	-	-	-	(23,416)	(23,416)	-	
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	(30)	-	-	-	-	(30)	-	-	-	30	-	-	30	-	
Council Tax & NDR (transfers to (or from) the Collection Fund Adjustment Account)	29,035	-	-	-	-	29,035	-	-	(29,035)	-	-	-	(29,035)	-	
Holiday Pay (transferred to the Accumulated Absences Reserve)	1,809	94	-	-	-	1,903	-	-	-	-	(1,903)	-	(1,903)	-	
Reversal of Entries Included in the Surplus or Deficit on the Provision of Services in Relation to Capital Expenditure (these items are charged to the Capital Adjustment Account or Capital Grants Unapplied)	26,033	56,200	-	-	7,449	89,682	-	(89,682)	-	-	-	-	(89,682)	-	
Total Adjustments to Revenue Resources	78,089	58,468	-	-	7,449	144,006	-	(89,682)	-	(29,035)	30	(1,903)	(23,416)	(144,006)	-
Adjustments between Revenue and Capital Resources															
Transfer of Non-Current Asset Sale Proceeds from Revenue to the Capital Receipts Reserve	(8,742)	(42,169)	-	46,015	-	(4,896)	-	-	4,896	-	-	-	-	4,896	-
Administrative Costs of Non-Current Asset Disposals (funded by a contribution from the Capital Receipts Reserve)	67	-	-	(67)	-	-	-	-	-	-	-	-	-	-	-
Payments to the Government Housing Receipts Pool (funded by a transfer from the Capital Receipts Reserve)	1,520	-	-	(1,520)	-	-	-	-	-	-	-	-	-	-	-
Posting of HRA Resources from Revenue to the Major Repairs Reserve	-	(14,251)	14,251	-	-	-	-	-	-	-	-	-	-	-	-
Statutory Provision for the Repayment of Debt transfer from the Capital Adjustment Account	(24,524)	-	-	-	-	(24,524)	-	24,524	-	-	-	-	-	24,524	-
Capital Expenditure Financed from Revenue Balances (transfer to the Capital Adjustment Account)	(491)	(2,757)	-	-	-	(3,248)	-	3,248	-	-	-	-	-	3,248	-
Total Adjustments between Revenue and Capital Resources	(32,170)	(59,177)	14,251	44,428	-	(32,668)	-	27,772	4,896	-	-	-	-	32,668	-
Adjustments to Capital Resources															
Use of the Capital Receipts Reserve to Finance New Capital Expenditure	-	-	-	(43,853)	-	(43,853)	-	43,853	-	-	-	-	-	43,853	-
Use of the Major Repairs Reserve to Finance New Capital Expenditure	-	-	(14,251)	-	-	(14,251)	-	14,251	-	-	-	-	-	14,251	-
Application of Unapplied Capital Grants to Finance New Capital Expenditure	-	-	-	-	(7,155)	(7,155)	-	7,155	-	-	-	-	-	7,155	-
Cash Payments in Relation to Deferred Capital Receipts	-	-	-	106	-	106	-	-	(106)	-	-	-	-	(106)	-
Cash Payments in Relation to Long-Term Debtor Loans	-	-	-	300	-	300	-	(300)	-	-	-	-	-	(300)	-
Total Adjustments to Capital Resources	-	-	(14,251)	(43,447)	(7,155)	(64,853)	-	64,959	(106)	-	-	-	-	64,853	-
Total Adjustments	45,919	(709)	-	981	294	46,485	-	3,049	4,790	(29,035)	30	(1,903)	(23,416)	(46,485)	-

Note 8 Movements In Earmarked Reserves

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

Transfers to/from Earmarked Reserves	Balance at 31 March 2020 £'000	2020/21		Balance at 31 March 2021 £'000	2021/22			Balance at 31 March 2022 £'000
		Transfers In £'000	Transfers Out £'000		Transfers In £'000	Transfers Between £'000	Transfers Out £'000	
Specific Reserves								
Corporate - Ealing Civic Improvement Fund	(1,345)	(1)	48	(1,298)	(5)	-	6	(1,297)
Corporate - Insurance Reserve	(5,721)	-	-	(5,721)	-	-	-	(5,721)
Corporate - Covid-19 Grant	(9,504)	(10,930)	9,504	(10,930)	(1,227)	-	1,267	(10,890)
Corporate - Invest to Save Reserve	(2,375)	(459)	16	(2,817)	(279)	-	-	(3,096)
Corporate - Collection Fund Equalisation Fund	(2,280)	(20,812)	1	(23,091)	(10,870)	-	20,300	(13,661)
Corporate - Other Reserves	(8,500)	(554)	72	(8,982)	(140)	1,700	-	(7,422)
Corporate - Economic Volatility Reserve	(4,568)	(2,394)	-	(6,962)	(6,178)	-	-	(13,140)
Social Care Transformation Reserve	(167)	-	-	(167)	-	-	-	(167)
Service - Dedicated Schools Grant	609	(2,772)	1,794	(370)	(2,846)	-	2,435	(781)
Service - Others Reserves	(6,778)	(1,939)	91	(8,627)	(5,571)	(1,700)	1,416	(14,482)
Parking Places Reserve Account	(3,547)	-	375	(3,172)	(5,781)	-	1,197	(7,756)
PFI Reserves	(23,071)	(2,295)	719	(24,647)	(512)	-	-	(25,159)
	(67,245)	(42,155)	12,618	(96,782)	(33,409)	-	26,621	(103,572)
School Balances (ring-fenced)	(16,579)	(4,826)	-	(21,405)	(4,742)	-	5,853	(20,294)
Total General Fund	(83,824)	(46,981)	12,618	(118,188)	(38,151)	-	32,474	(123,866)
HRA Reserves								
Major Repairs Reserve	-	(14,251)	14,251	-	(15,826)	-	15,826	-
Estate Regeneration Delivery Service	(12,089)	(3,160)	-	(15,249)	-	-	-	(15,249)
Total HRA	(12,089)	(17,411)	14,251	(15,249)	(15,826)	-	15,826	(15,249)

GENERAL FUND EARMARKED RESERVES

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

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

The **Covid-19 Grant reserve** holds the general fund grants that have been received in 2021/22 and are carried forward due to permitted use to fund future Covid pressures.

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

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

- a) Statutory Regulations not permitting for the Council to charge any Collection Fund surplus and deficits to the General Fund in the year they arise.
- b) Change in government legislation required the 2020/21 deficit to be spread over a 3 year period, so the deficit will impact General Fund in 2021/22, 2022/23 and 2023/24.
- c) In 2021/22, the Collection Fund is showing a large deficit, which is predominantly due to the Retail Reliefs brought in by Central Government earlier in the year. Due to the change in the accounting requirements, the deficit will not hit General fund until future years.

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

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

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

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

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

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

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

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

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

HRA EARMARKED RESERVES

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

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

Note 9 Property, Plant & Equipment

* The two figures in each of the tables shown below, totalling £145.875m surplus in 2021/22 (£105.753m surplus in 2020/21), reflect the deficit or surplus on revaluation that appears at the bottom of the Comprehensive Income and Expenditure Statement.

Property, Plant & Equipment Movements in 2021/22	Council Dwellings £'000	Other Land & Buildings £'000	Other Land & Buildings (PFI) £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Infrastructure Assets (PFI) £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000	Intangible Assets £'000
Cost or Valuation											
At 1 April 2021	880,711	820,286	113,454	114,698	272,748	31,977	43,858	2,803	85,442	2,365,977	5,648
Additions	39,098	22,518	108	3,265	7,806	-	1,330	63	29,998	104,186	672
* Revaluation increases/(decreases) recognised in the Revaluation Reserve	54,853	56,752	1,855	-	-	-	85	(81)	-	113,464	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(28,406)	(10,903)	-	-	-	-	4,674	(119)	-	(34,754)	-
Derecognition - disposals	(7,784)	-	-	-	-	-	-	-	(3,970)	(11,754)	-
Derecognition - other	(4,693)	(4,289)	-	-	-	-	-	-	-	(8,982)	-
Other Reclassifications	12,324	682	-	-	88	-	1,138	-	(23,302)	(9,070)	9,070
At 31 March 2022	946,103	885,046	115,417	117,963	280,642	31,977	51,085	2,666	88,168	2,519,067	15,390
Accumulated Depreciation and Impairment											
At 1 April 2021	(1,555)	(4,225)	(11,324)	(101,538)	(124,431)	(7,969)	-	-	-	(251,042)	(3,445)
Depreciation/Amortisation charge	(14,845)	(18,712)	(1,931)	(3,117)	(8,821)	(639)	(333)	(51)	-	(48,449)	(406)
* Depreciation written out to the Revaluation Reserve	13,543	17,719	1,088	-	-	-	12	49	-	32,411	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,301	1,867	-	-	-	-	321	2	-	3,491	-
Impairment losses/reversals to Surplus/Deficit on Provision of Services	465	-	-	-	-	-	-	-	-	465	-
Derecognition - disposals	-	-	-	-	-	-	-	-	-	-	-
Derecognition - other	-	57	-	-	-	-	-	-	-	57	-
At 31 March 2022	(1,091)	(3,294)	(12,167)	(104,655)	(133,252)	(8,608)	-	-	-	(263,067)	(3,851)
Net Book Value											
At 31 March 2022	945,012	881,752	103,250	13,308	147,390	23,369	51,085	2,666	88,168	2,256,000	11,539
At 31 March 2021	879,156	816,061	102,130	13,160	148,317	24,008	43,858	2,803	85,442	2,114,935	2,203

Property, Plant & Equipment Comparative Movements in 2020/21	Council Dwellings £'000	Other Land		Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Infrastructure Assets (PFI) £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000	Intangible Assets £'000
		Other Land & Buildings £'000	& Buildings (PFI) £'000								
Cost or Valuation											
At 1 April 2020	832,303	779,423	109,344	113,142	263,755	31,977	39,408	5,351	66,289	2,240,992	4,643
Additions	30,758	17,985	207	2,094	7,523	-	1,260	797	53,400	114,024	879
* Revaluation increases/(decreases) recognised in the Revaluation Reserve	46,719	23,157	3,903	-	-	-	1,500	(527)	-	74,752	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(28,429)	(17,650)	-	-	-	-	1,690	(2,808)	-	(47,197)	-
Derecognition - disposals	(3,552)	(195)	-	-	-	-	-	-	-	(3,747)	-
Derecognition - other	(6,961)	(4,891)	-	(688)	-	-	-	(10)	(171)	(12,721)	-
Other Reclassifications	9,873	22,457	-	150	1,470	-	-	-	(34,076)	(126)	126
At 31 March 2021	880,711	820,286	113,454	114,698	272,748	31,977	43,858	2,803	85,442	2,365,977	5,648
Accumulated Depreciation and Impairment											
At 1 April 2020	(540)	(11,298)	(11,505)	(97,214)	(115,817)	(7,330)	-	-	-	(243,704)	(3,131)
Depreciation/Amortisation charge	(13,202)	(15,921)	(1,864)	(4,324)	(8,614)	(639)	(288)	(106)	-	(44,958)	(314)
* Depreciation written out to the Revaluation Reserve	10,558	18,292	2,045	-	-	-	-	106	-	31,001	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	2,629	4,560	-	-	-	-	288	-	-	7,477	-
Impairment losses/reversals to Surplus/Deficit on Provision of Services	(1,015)	-	-	-	-	-	-	-	-	(1,015)	-
Derecognition - disposals	-	32	-	-	-	-	-	-	-	32	-
Derecognition - other	15	110	-	-	-	-	-	-	-	125	-
At 31 March 2021	(1,555)	(4,225)	(11,324)	(101,538)	(124,431)	(7,969)	-	-	-	(251,042)	(3,445)
Net Book Value											
At 31 March 2021	879,156	816,061	102,130	13,160	148,317	24,008	43,858	2,803	85,442	2,114,935	2,203
At 31 March 2020	831,763	768,125	97,839	15,928	147,938	24,647	39,408	5,351	66,289	1,997,288	1,512

DEPRECIATION

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

- Council dwellings – 60-80 years
- Other Operating buildings – 40-60 years
- Vehicles, plant, and equipment - 5-15 years
- Infrastructure Assets – 10-75 years
- Intangible Assets – 5-10 years

REVALUATIONS

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

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

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

Note 9c - Revaluations

Revaluations	Council Dwellings £'000	Other Land & Buildings £'000	Other Land & Buildings (PFI) £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Infrastructure Assets (PFI) £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Carried at historical cost	403	19,906	27,820	13,308	147,390	23,369	15,260	-	88,168	335,624
Valued at current value as at:										
31 March 2022	944,570	132,403	-	-	-	-	-	1,326	-	1,078,299
31 March 2021	39	201,410	-	-	-	-	1,500	179	-	203,128
31 March 2020	-	195,949	-	-	-	-	34,325	656	-	230,930
31 March 2019	-	195,679	75,430	-	-	-	-	505	-	271,614
31 March 2018	-	136,405	-	-	-	-	-	-	-	136,405
Total Cost or Valuation	945,012	881,752	103,250	13,308	147,390	23,369	51,085	2,666	88,168	2,256,000

Note 10 Capital Commitments

At 31 March 2022, the Council has significant commitments for future capital expenditure in 2022/23 and future years budgeted to cost £99.284m. Similar commitments at 31 March 2021 were £93.229m. The commitments are:

	Commitments at 31 March 2021 £'000	Commitments at 31 March 2022 £'000
Capital Commitments		
BUILT ENVIRONMENT	823	756
CHILDREN & FAMILIES	32	11
COUNCIL WIDE	-	51
ENVIRONMENT & LEISURE	857	889
HOUSING (GENERAL FUND)	982	5,075
HRA	86,814	77,020
ICT & PROPERTY SERVICES	-	763
REGENERATION	224	278
SAFER COMMUNITIES	132	149
SCHOOLS SERVICE	873	2,624
SUSTAINABILITY	2,492	11,668
Total Commitments	93,227	99,284

Note 11 Heritage Assets

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

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

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

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

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

Note 12 Financial Instruments

CATEGORIES OF FINANCIAL INSTRUMENTS (12A)

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

	31 March 2021					31 March 2022				
	Non-Current		Current		Total £'000	Non-Current		Current		Total £'000
Financial Assets	Investments £'000	Debtors £'000	Investments £'000	Debtors £'000		Investments £'000	Debtors £'000	Investments £'000	Debtors £'000	
Amortised Cost	820	34,237	260,689	76,616	372,363	716	36,593	563,343	64,812	665,464
Fair value through other comprehensive income	2,136	-	-	-	2,136	2,136	-	-	-	2,136
Fair value through Profit and Loss	-	-	-	-	-	-	-	-	-	-
Total Financial Assets	2,956	34,237	260,689	76,616	374,498	2,852	36,593	563,343	64,812	667,600
Non-Financial Assets	-	17	-	19,118	19,135	-	16	-	9,613	9,629
Total	2,956	34,254	260,689	95,733	393,633	2,852	36,609	563,343	74,425	677,229

	31 March 2021					31 March 2022				
	Non-Current		Current		Total £'000	Non-Current		Current		Total £'000
Financial Liabilities	Borrowings £'000	Creditors £'000	Borrowings £'000	Creditors £'000		Borrowings £'000	Creditors £'000	Borrowings £'000	Creditors £'000	
Financial liabilities at amortised cost	(621,644)	(101,586)	(44,206)	(94,502)	(861,938)	(846,698)	(96,042)	(49,147)	(98,295)	(1,090,182)
Financial liabilities at fair value through profit and loss	-	-	-	-	-	-	-	-	-	-
Total Financial Liabilities	(621,644)	(101,586)	(44,206)	(94,502)	(861,938)	(846,698)	(96,042)	(49,147)	(98,295)	(1,090,182)
Non-Financial Liabilities	-	(26,287)	-	(62,878)	(89,165)	-	(37,695)	-	(74,432)	(112,127)
Total	(621,644)	(127,873)	(44,206)	(157,380)	(951,103)	(846,698)	(133,737)	(49,147)	(172,727)	(1,202,309)

CARRYING VALUE

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

FAIR VALUE

Fair value has been measured by:

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

MARKET LOANS

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

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

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

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

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

INCOME, EXPENSE, GAINS AND LOSSES (12C)

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

	2020/21		2021/22	
	Surplus or Deficit on the Provision of services £'000	Other Comprehensive Income and Expenditure £'000	Surplus or Deficit on the Provision of services £'000	Other Comprehensive Income and Expenditure £'000
Income, Expenses, Gains & Losses				
Net gains/losses on:				
Financial liabilities measured at amortised cost	-	16,909	10,303	-
Total net gains/losses	-	16,909	10,303	-
Interest Revenue:				
Financial Assets Measured at Amortised Cost	(2,691)	-	(2,776)	-
Total Interest Revenue	(2,691)	-	(2,776)	-
Interest Expense	36,975	-	38,440	-

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

Basis for recurring fair value measurements:

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

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

Financial Assets Measured as Fair Value	Input Level in Fair Value Hierarchy	Valuation Technique Used to Measure Fair Value	31 March 2021 £'000	31 March 2022 £'000
Fair value through Other Comprehensive Income				
Equity Shareholding in Broadway Living Ltd	Level 3	Acquisition amount	2,136	2,136
Total			2,136	2,136

Equity shareholding in Broadway Living Ltd

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

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

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

- For loans from the PWLB payable, PWLB premature repayment rates have been applied to provide the fair value under PWLB debt redemption procedures;
- For non-PWLB loans payable, PWLB premature repayment rates have been applied to provide the fair value under PWLB debt;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;

Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;

- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

Financial Liabilities - Fair Value	31 March 2021		31 March 2022	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
PWLB debt	(554,414)	(800,628)	(778,357)	(961,514)
Non-PWLB debt	(90,817)	(156,955)	(90,787)	(142,842)
Short term borrowing	(20,619)	(20,618)	(26,702)	(26,650)
Total Borrowings	(665,850)	(978,201)	(895,845)	(1,131,006)
PFI, service concessions and finance lease liabilities	(105,463)	(105,463)	(105,463)	(105,463)
Trade Creditors	(90,625)	(90,625)	(88,875)	(88,875)
Financial Liabilities	(861,939)	(1,174,289)	(1,090,182)	(1,325,343)

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

The fair value of Public Works Loan Board (PWLB) loans of £961.514m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken as at 31 March 2022. The difference between the carrying amount and the fair value measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

	31 March 2021		31 March 2022	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Financial Assets - Fair Value				
Cash and cash equivalents	128,363	128,363	68,152	68,152
Short term investments	132,326	132,326	495,191	495,191
Long term investments	820	1,662	2,852	2,852
Long term debtors	34,236	56,102	36,593	54,008
Short term debtors	76,616	76,616	64,812	64,812
Total Assets	372,361	395,069	667,600	685,015

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

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

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

Recurring Fair Value Measurements Using:	31 March 2022				TOTAL £'000
	Quoted Prices in Active Markets for Identical Assets (Level 1) £'000	Other Significant Observable Inputs (Level 2) £'000	Significant Unobservable Inputs (Level 3) £'000		
Financial Liabilities					
<i>Financial Liabilities Held at Amortised Cost:</i>					
PWLB	-	(961,514)	-		(961,514)
Non-PWLB	-	(142,842)	-		(142,842)
Short term debt	-	(26,650)	-		(26,650)
Total	-	(1,131,006)	-		(1,131,006)
Financial assets					
Financial assets held at amortised cost	-	49,415	-		49,415
Total	-	49,415	-		49,415

Recurring Fair Value Measurements Using:	31 March 2021				TOTAL £'000
	Quoted Prices in Active Markets for Identical Assets (Level 1) £'000	Other Significant Observable Inputs (Level 2) £'000	Significant Unobservable Inputs (Level 3) £'000		
Financial Liabilities					
<i>Financial Liabilities Held at Amortised Cost:</i>					
PWLB	-	(800,628)	-		(800,628)
Non-PWLB	-	(156,955)	-		(156,955)
Short term debt	-	(20,618)	-		(20,618)
Total	-	(978,201)	-		(978,201)
Financial assets					
Financial assets held at amortised cost	-	53,051	-		53,051
Total	-	53,051	-		53,051

Note 13 Debtors

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

	31 March 2021 £'000	31 March 2022 £'000
Short-Term Debtors		
Gross Trade Receivables	94,917	91,551
less Trade Receivables Impairment Allowance	(30,556)	(38,923)
Net Trade Receivables	64,361	52,628
Pre-Payments	4,182	3,952
Gross NNDR Payers	8,864	9,912
less NNDR Payers Impairment Allowance	(6,127)	(7,264)
Net NNDR Payers	2,737	2,648
Gross Council Tax Payers	19,855	23,325
less Council Tax Payers Impairment Allowance	(14,043)	(16,926)
Net Council Tax Payers	5,812	6,399
Collection Fund Preceptors		
Gross Rent Arrears (including Housing Benefit overpayments)	47,376	46,775
less Rent Arrears Impairment Allowance	(43,969)	(42,800)
Net Housing Benefit	3,407	3,975
Ealing Pension Fund	375	-
Gross Other Receivables	16,482	6,650
less Other Receivables Impairment Allowance	(1,622)	(1,827)
Net Receivables	14,860	4,823
Total Short-Term Debtors	95,734	74,425

The gross total of the short-term debtors as at the 31 March 2022 is £178.590m (31 March 2021 was £192.051m).

Note 14 Cash and Cash Equivalents

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

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

Note 15 Creditors

	31 March 2021	31 March 2022
	£'000	£'000
Short-Term Creditors		
Trade Payables	(78,359)	(86,039)
Receipts in Advance	(8,073)	(4,712)
NNDR Payers	(3,380)	(3,658)
Council Tax Payers	(11,413)	(12,016)
Collection Fund Preceptors	(9,516)	(33,914)
Ealing Pension Fund	-	(1,624)
Other Payables	(46,639)	(30,764)
Total	(157,380)	(172,727)

Note 16 Provisions

	Insurance Provision Rate £'000	Non- Domestic Appeals £'000	Other Provisions £'000	Total £'000
Current Provisions				
Balance at 1 April 2021	(1,133)	(8,579)	(2,079)	(11,791)
Additional provisions made in 2021/22	(25)	(3,087)	(1,456)	(4,568)
Amounts used in 2021/22	27	1,463	1,141	2,631
Unused amounts reversed in 2021/22	-	-	72	72
Balance at 31 March 2022	(1,131)	(10,203)	(2,322)	(13,656)

	Insurance Provision Rate £'000	Non- Domestic Appeals £'000	Other Provisions £'000	Total £'000
Long-Term Provisions				
Balance at 1 April 2021	(2,712)	-	(2,069)	(4,781)
Additional provisions made in 2021/22	-	-	-	-
Amounts used in 2021/22	-	-	600	600
Unused amounts reversed in 2021/22	-	-	-	-
Balance at 31 March 2022	(2,712)	-	(1,469)	(4,181)

	Insurance Provision Rate £'000	Non- Domestic Appeals £'000	Other Provisions £'000	Total £'000
Current Provisions				
Balance at 1 April 2020	(1,133)	(8,125)	(3,518)	(12,776)
Additional provisions made in 2020/21	-	(2,357)	(1,687)	(4,044)
Unused amounts reversed in 2020/21	-	-	3,126	3,126
Amounts used in 2020/21	-	1,903	-	1,903
Balance at 31 March 2021	(1,133)	(8,579)	(2,079)	(11,791)

Long-Term Provisions	Insurance Provision £'000	Non- Domestic Rate Appeals £'000	Other Provisions £'000	Total £'000
Balance at 1 April 2020	(2,712)	-	(1,699)	(4,411)
Additional provisions made in 2020/21	-	-	(370)	(370)
Unused amounts reversed in 2020/21	-	-	-	-
Amounts used in 2020/21	-	-	-	-
Balance at 31 March 2021	(2,712)	-	(2,069)	(4,781)

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

CLAIMS AND SELF-INSURANCE PROVISION

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

NON-DOMESTIC RATES APPEALS

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

Note 17 Usable Reserves

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

Note 18 Unusable Reserves

Unusable Reserves	2020/21 £'000	2021/22 £'000
Revaluation reserve	(541,632)	(673,234)
Capital Adjustment Account	(798,287)	(787,301)
Deferred Capital Receipts Reserve	(5,200)	(5,064)
Collection Fund Adjustment Account	28,799	19,346
Financial Instruments Adjustment Account	1,449	1,418
Accumulated Absences Account	8,070	7,544
Pensions Reserve	593,078	571,844
Total Unusable Reserves	(713,723)	(865,447)

REVALUATION RESERVE (NOTE 18A)

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

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

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

	2020/21 £'000	2021/22 £'000
Revaluation Reserve		
Balance at 1 April	455,064	541,632
Upward revaluation of assets	105,753	145,875
Surplus or (deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	105,753	145,875
Difference between fair value depreciation and historical cost depreciation	(7,451)	(11,045)
Accumulated gains on assets sold or scrapped	(11,734)	(3,228)
Amounts written off to the Capital Adjustment Account	(19,185)	(14,273)
Balance at 31 March	541,632	673,234

CAPITAL ADJUSTMENT ACCOUNT (NOTE 18B)

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

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

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

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

	2020/21 £'000	2021/22 £'000
Capital Adjustment Account		
Balance at 1 April	776,054	798,287
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	(45,973)	(47,984)
Revaluation losses on property, plant and equipment	(39,720)	(31,263)
Amortisation of intangible assets	(314)	(406)
Revenue expenditure funded from capital under statute	(4,922)	(16,726)
De-minimis Capital Expenditure	(169)	(197)
Amounts of non-current assets and assets held for sale written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(20,617)	(19,621)
Sub-total	(111,715)	(116,197)
Adjusting amounts written out of the Revaluation Reserve	19,185	14,273
Net written out amount of the cost of non-current assets consumed in the year	(92,530)	(101,924)
Capital financing applied in the year:		
Use of Capital Receipts Reserve to finance new capital expenditure	43,853	20,457
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	22,032	20,528
Application of grants to capital financing from the Capital Grants Unapplied Account	7,155	6,800
Use of the Major Repairs Reserve to Finance New Capital	14,251	15,826
Statutory provision for the financing of capital investment charged against the General Fund Balance	24,524	21,183
Capital expenditure charged against the General Fund Balance	3,248	6,467
Capital financing applied in the year	115,063	91,261
Cash Payments in Relation to Long-Term Debtor Loans	(300)	(323)
Balance at 31 March	798,287	787,301

DEFERRED CAPITAL RECEIPTS RESERVE (NOTE 18C)

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

	2020/21 £'000	2021/22 £'000
Deferred Capital Receipts Reserve		
Balance at 1 April	731	5,200
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	4,896	-
Transfer to the Capital Receipts Reserve upon receipt of cash	(106)	(136)
Transfers between reserves	(321)	-
Balance at 31 March	5,200	5,064

COLLECTION FUND ADJUSTMENT ACCOUNT (NOTE 18D)

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

	2020/21 £'000	2021/22 £'000
Collection Fund Adjustment Account		
Balance at 1 April	235	(28,799)
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	(29,035)	9,453
Balance at 31 March	(28,799)	(19,346)

FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT (NOTE 18E)

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

	2020/21 £'000	2021/22 £'000
Financial Instruments Adjustment Account		
Balance at 1 April	(1,479)	(1,449)
Amount by which finance costs charged to the comprehensive income and expenditure statement are different from finance costs chargeable in the year in accordance with statutory requirements	30	31
Balance at 31 March	(1,449)	(1,418)

ACCUMULATED ABSENCES ACCOUNT (NOTE 18F)

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

	2020/21 £'000	2021/22 £'000
Accumulated Absences Account		
Balance at 1 April	(6,167)	(8,070)
Settlement or cancellation of accrual made at the end of the preceding year	6,167	8,070
Amounts accrued at the end of the current year	(8,070)	(7,545)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,903)	525
Balance at 31 March	(8,070)	(7,545)

PENSIONS RESERVE (NOTE 18G)

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible. The credit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Pensions Reserve	2020/21 £'000	2021/22 £'000
Balance at 1 April	(567,614)	(593,078)
Remeasurements of the net defined benefit liability / (asset)	(2,048)	55,252
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(56,167)	(67,628)
Employer's pensions contributions and direct payments to pensioners payable in year	32,751	33,610
Balance at 31 March	(593,078)	(571,844)

Note 19 Cash Flow Statements

OPERATING ACTIVITIES (NOTE 19A)

The cash flows for operating activities include the following items:

	2020/21 £'000	2021/22 £'000
Interest Received	(3,295)	(2,622)
Interest Paid	23,932	24,852

The (Surplus)/Deficit on the Provision of Services has been Adjusted for the Following Non-Cash Movements:	2020/21 £'000	2021/22 £'000
Depreciation and Amortisations	(45,272)	(48,855)
Impairment and Downward Valuations	(40,734)	(30,798)
(Increase)/Decrease in Impairment for Bad Debts	(16,388)	(11,425)
(Increase)/Decrease in Creditors	(49,677)	(23,448)
Increase/(Decrease) in Debtors	29,193	2,133
Increase/(Decrease) in Inventories	-	-
Movement in Pension Liability	(8,013)	(26,328)
Carrying Amount of Non-Current Assets and Non-Current Assets Held for Sale, Sold or Derecognised	(20,617)	(20,679)
Other Non-Cash Items Charged to the Net (Surplus) or Deficit on the Provision of Services		
(Increase)/Decrease in Provisions	615	(1,265)
(Increase)/Decrease in Accumulated Absences	(1,903)	526
Net cash flows from operating activities	(152,796)	(160,139)

The (Surplus)/Deficit on the Provision of Services has been Adjusted for the Following Items that are Investing and Financing Activities:	2020/21 £'000	2021/22 £'000
Proceeds from Short-Term (Not Considered to be Cash Equivalents) and Long-Term Investments (Includes Investments in Associates, Joint Ventures and Subsidiaries)	-	-
Proceeds from the Sale of Property Plant and Equipment, Investment Property and Intangible Assets	50,845	32,666
Grant Receipts for the Financing of New Capital Expenditure	29,481	28,999
Net cash flows from operating activities	80,326	61,665

INVESTING ACTIVITIES (NOTE 19B)

The cash flows for investing activities include the following items:

Investing Activities	2020/21 £'000	2021/22 £'000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	116,120	102,913
Purchase of Short-Term and Long-Term Investments	5,345,401	2,719,700
Payments for Other Long Term Loans	6,265	3,778
(Proceeds) From the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(50,845)	(32,666)
(Proceeds) from Short-Term and Long-Term Investments	(5,374,151)	(2,357,052)
(Proceeds) from Other Long-Term Loans	(624)	(1,285)
Grant (Receipts) for the Financing of New Capital Expenditure	(38,196)	(58,971)
Net cash flows from investing activities	3,970	376,417

FINANCING ACTIVITIES (NOTE 19C)

The cash flows for financing activities include the following items:

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

Note 20 Reconciliation of liabilities arising from Financing Activities

	1 April 2021 £'000	Financing Cash Flows £'000	Non-Cash Changes		31 March 2022 £'000
			Acquisition £'000	Other £'000	
Long-Term Borrowings - PWLB	(532,147)	(225,085)	-	-	(757,232)
Long-Term Borrowings - Other	(89,497)	31	-	-	(89,466)
Short-Term Borrowings - PWLB	(17,734)	1,836	-	-	(15,898)
Short-Term Borrowings - Other	(26,472)	(6,778)	-	-	(33,249)
Total Liabilities from Financing Activities	(665,849)	(229,996)	-	-	(895,845)

	1 April 2020 £'000	Financing Cash Flows £'000	Non-Cash Changes		31 March 2021 £'000
			Acquisition £'000	Other £'000	
Long-Term Borrowings - PWLB	(529,880)	(2,266)	-	-	(532,146)
Long-Term Borrowings - Other	(89,527)	30	-	-	(89,497)
Short-Term Borrowings - PWLB	(11,729)	(6,005)	-	-	(17,734)
Short-Term Borrowings - Other	(31,107)	4,634	-	-	(26,473)
Total Liabilities from Financing Activities	(662,243)	(3,607)	-	-	(665,849)

Note 21 Members' Allowances

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

Note 22 Officers' Remuneration

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

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

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

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

(c) The postholder was the acting head of paid services for the period 18th December 2021 to 31 January 2022.

(d) The postholder started this role on 7 June 2021, prior to this the postholder filled a director post at the Council. The above note only includes remuneration for the above role.

(e) The postholder was interim and covered the role from 1 April to 6 June 2022.

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

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

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

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

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

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

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

Table 22b Remuneration band	2020/21		2021/22	
	Employee Count Schools	Employee Count Corporate	Employee Count Schools	Employee Count Corporate
£50,000 - £54,999	241	134	267	148
£55,000 - £59,999	183	82	158	95
£60,000 - £64,999	128	37	105	39
£65,000 - £69,999	66	22	67	32
£70,000 - £74,999	39	26	32	27
£75,000 - £79,999	34	19	19	16
£80,000 - £84,999	25	6	23	7
£85,000 - £89,999	17	13	21	10
£90,000 - £94,999	15	15	9	18
£95,000 - £99,999	9	-	12	3
£100,000 - £104,999	5	1	4	-
£105,000 - £109,999	2	1	1	2
£110,000 - £114,999	2	-	5	-
£115,000 - £119,999	1	11	1	-
£120,000 - £124,999	1	-	-	-
£125,000 - £129,999	1	-	2	-
£130,000 - £134,999	1	3	-	1
£135,000 - £139,999	1	-	1	1
£140,000 - £144,999	2	1	-	2
£145,000 - £149,999	-	-	1	-
Greater Than £150,000	-	1	-	2
Total	773	372	728	403

Note 23 Termination Benefits

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

Exit package cost band (including special payments)	2020/21				2021/22			
	Number of compulsory departures	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages £'000	Number of compulsory departures	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages £'000
£0 - £20,000	7	17	24	182	18	33	51	347
£20,001 - £40,000	3	3	6	152	6	10	16	449
£40,001 - £60,000	-	-	-	-	2	2	4	181
£60,001 - £80,000	1	1	2	147	-	-	-	-
£80,001 - £100,000	-	1	1	95	1	1	2	176
£100,001 - £150,000	1	1	2	227	-	1	1	119
Greater Than £150,001	-	1	1	176	1	-	1	221
Total	12	24	36	979	28	47	75	1,494

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

Note 24 External Audit Costs

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

External Audit Costs	2020/21 £'000	2021/22 £'000
Fees payable to Deloitte LLP with regard to external audit services carried out by the appointed auditor for the year	234	236
Fees payable to KPMG for the certification of grant claims and returns for the year	39	39
Total	273	275

Note 25 Dedicated Schools Grant

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

Note 26 Grant Income

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

Table a - Grant Income Credited to Services	2020/21 £'000	2021/22 £'000
Dedicated Schools Grant	(272,553)	(284,760)
Housing Benefit	(210,069)	(185,145)
Public Health Grant	(24,766)	(25,583)
Private Finance Initiative Grant	(15,806)	(15,806)
Pupil Premium	(11,267)	(11,929)
Sixth Form Funding Grant	(9,518)	(10,683)
Teachers Pay and Pensions Grants	(10,615)	-
Universal Free School Meals	(4,703)	(3,540)
Flexible Homelessness Support Grant	(4,184)	(2,947)
Unaccompanied Asylum Seeking Children	(2,710)	(2,556)
Housing Benefit Admin Grant	-	(2,436)
Rough Sleepers Initiative	(1,138)	(2,199)
Discretionary Housing Payment	-	(2,050)
Schools - Covid 19 Catch Up Premium	(1,812)	-
PE and Sports Grant	(1,270)	(1,257)
Holiday Activities and Food Programme	-	(1,198)
Troubled Families	-	(1,122)
16-19 Bursary Grant	(181)	(138)
Year 7 Catch Up Grant	(41)	(12)
Dedicated Schools Grant from other Authorities	(493)	-
Covid - Discretionary Business Rates	(3,339)	-
Covid - Hardship Fund	(3,061)	-
Covid - Contain Outbreak Management Fund	(1,952)	(4,284)
Covid - National Sleeper Accommodation Plan Grant	(1,594)	-
Covid - Clinically, extremely vulnerable support grant	(1,544)	(170)
Covid - Cold Winter Fund Grant	(1,420)	(20)
Covid - Infection Control Fund	(1,201)	(783)
Covid - Additional Restrictions Grant	(1,192)	(12,563)
Covid - Community Testing Programme	(1,185)	(2,887)
Covid - Self Isolation Payments	-	(1,224)
Covid - Adults Social Care Workforce Grant	-	(2,702)
Covid - Test & Trace	-	(1,750)
Covid - Local Council Tax Support	-	(3,916)
Other Covid Grants	(5,191)	(2,495)
Other Grants	(12,813)	(16,518)
Green Homes Grant (Capital)	-	(5,664)
Disabled Facilities Grant (Capital)	(2,298)	(3,004)
Total	(607,916)	(611,341)

In accordance with The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 capital grants which are used to finance capital expenditure are recognised in the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement.

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

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

CURRENT LIABILITIES

	Balance 31 March 2020 £'000	Receipts 2020/21 £'000	Applied 2020/21 £'000	Balance 31 March 2021 £'000	Reclassified from debtors 1 April 2021 £'000	Receipts 2021/22 £'000	Applied 2021/22 £'000	Balance 31 March 2022 £'000
Table c - Revenue Grants Receipts in Advance								
Housing Benefit Subsidy	-	-	-	-	5,489	(177,504)	164,351	(7,664)
Dedicated Schools Grant	(1,037)	(271,539)	272,182	(394)	-	(283,968)	284,362	-
Pupil Premium	(343)	(11,582)	11,536	(390)	-	(11,634)	11,929	(95)
6th Form Funding	(89)	(9,842)	9,695	(236)	-	(16,187)	15,848	(575)
Flexible Homelessness Support Grant	(8,787)	(3,994)	12,152	(630)	-	-	-	(630)
Covid Grants Receipts in Advance	-	(16,143)	(1,566)	(17,709)	-	-	11,767	(5,942)
Other	(1,992)	(10,962)	5,459	(7,495)	-	(25,483)	13,290	(19,688)
Total	(12,248)	(324,064)	309,458	(26,854)	5,489	(514,776)	501,547	(34,595)

LONG-TERM LIABILITIES

	Balance 31 March 2020 £'000	Receipts 2020/21 £'000	Applied 2020/21 £'000	Balance 31 March 2021 £'000	Receipts 2021/22 £'000	Applied 2021/22 £'000	Balance 31 March 2022 £'000
Table d - Capital Grants Receipts in Advance							
Disabled Facilities Grant	-	(3,724)	2,298	(1,426)	(3,724)	3,003	(2,147)
Local Implementation Plan	(283)	(3,884)	3,883	(284)	(2,371)	2,179	(476)
Council New Build	-	(395)	395	-	(664)	-	(664)
Schools Capital Grants	(3,052)	(703)	951	(2,804)	(720)	415	(3,109)
Green Homes Grant	-	(2,391)	55	(2,336)	(15,036)	178	(17,194)
Public Sector Decarbonisation Scheme	-	(1,056)	-	(1,056)	-	963	(93)
Other	(18)	(2,009)	599	(1,428)	(4,113)	2,761	(2,780)
Total	(3,353)	(14,162)	8,181	(9,334)	(26,628)	9,499	(26,463)

	Balance 31 March 2020 £'000	Receipts 2020/21 £'000	Applied 2020/21 £'000	Balance 31 March 2021 £'000	Receipts 2021/22 £'000	Applied 2021/22 £'000	Balance 31 March 2022 £'000
Table e - S106 Receipts in Advance							
S106 Agreements	(23,771)	(7,071)	4,556	(26,287)	(13,192)	1,784	(37,695)
Total	(23,771)	(7,071)	4,556	(26,287)	(13,192)	1,784	(37,695)

Note 27 Related Parties

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

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

CENTRAL GOVERNMENT

The UK Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides a significant amount of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from Government departments are set out in the Grant Income Note 26.

Significant transactions with Government Departments, precepting and levying bodies, joint arrangements with other bodies, local authorities and the Council's Pension Fund are shown and declared elsewhere in the financial statements. The Council charged the Pension Fund £0.964m (£0.850m in 2020/21) for expenses incurred in administering the fund. The Council owed the Pension Fund £1.624m at 31 March 2022 (the Pension Fund owed the Council £0.375m at 31 March 2021).

ELECTED MEMBERS

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

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowance paid in 2021/22 is shown above in Note 21. Information relating to Councillors has been obtained from their individual Declarations of Interest. The significant declarations are:

- Two Councillors are on the Mortlake Crematorium Board for the year ended 31 March 2022. The board has £3.650m (£3.118m at 31 March 2021) invested with the Council. Mortlake also purchased accountancy, internal audit and payroll services from the Council, at a total cost of £15k (£15k in 2020/21).
- One Councillor is on the West London Waste Authority (WLWA) Board for the year ended 31 March 2022. In 2021/22 the Council paid a levy of £13.204m (£12.867m in 2020/21) and loaned a total of £15.250m (£15.568m in 2020/21) to WLWA. As at 31 March 2020 Ealing held £20m (£17.5m in 2020/21) from WLWA to invest on their behalf.
- A number of Members and Officers have made declarations of their interests in voluntary organisations which receive grants through Council decisions and in positions as school governors. Records of their interests are shown in publicly available records, particularly in the Register of Members Interest which is available on the Council website.

REGISTERS OF OFFICERS INTERESTS

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

COUNCIL OFFICERS

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

- In 2021/22 the Assistant Director Of Planning, Resources And Service Development and the Head Of Corporate Health And Safety acted as Directors of Broadway Living. Broadway Living is a wholly owned subsidiary which was set up to build homes over a range of tenures to assist in meeting the borough's current and future housing demand.
- In 2021/22 the Director of Customer Service and the Director of Strategy and Engagement acted as Directors of Greener Ealing. Greener Ealing is a wholly owned subsidiary providing rubbish and recycling services.

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

London Borough of Ealing and Ealing Clinical Commissioning Group (CCG) have a multi agreement between them (noting that the CCG will have a health successor body – the ICS- from 1 July 2022) to 2023 with a view to establishing a framework and governance arrangement to enable the further integration of health and wellbeing and social care services for adults and children. This arrangement is needed for establishing a pooled fund and thereby accessing the Better Care Fund (BCF) money from the Central Government. The Partners agreed to the establishment of a reporting (or virtual) Pooled Fund for the Better Care Fund, with different arrangements for the various other Services included within the s75 Agreement.

The total BCF funding between the partners is £112.381m in 2021/22 (LBE Contribution £76.644m and CCG Contribution £35.737m). This is a 'virtual pool' and unlike many other S75 agreements the Council will not physically hold the CCG share, nor will it spend money on behalf of the CCG. In 2021/22, BCF plan was increased by £2.086m for inflationary uplifts. The financial monitoring goes to the Joint Management Team (the membership of which is set out in the S75 Agreement) on a monthly basis.

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

POOLED FUND MEMORANDUM ACCOUNT FOR EALING COMMUNITY EQUIPMENT SERVICES

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

ENTITIES CONTROLLED OR SIGNIFICANTLY INFLUENCED BY THE AUTHORITY

The Council has interests in other companies that have the nature of subsidiaries and associates. The Council has produced group accounts in 2021/22 and these can be found in the Group Accounts section of the Accounts.

BROADWAY LIVING LIMITED AND BROADWAY LIVING RP LIMITED

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

Broadway Living earns income through renting its own residential properties. The Council provided Broadway Living with loans amounting to £8m (2020/21: £8m) and a share premium of £2.136m from Broadway Living Ltd (in 2020/21: £2.136m).

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

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

Greener Ealing Limited

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

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

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

Future Ealing Limited

The Council entered into a PFI agreement in 2010/11 for the provision of a new school under the Building Schools for the Future (BSF) scheme. The special purpose vehicle (SPV) company set up for this contract, Future Ealing Phase 1 Limited was owned jointly by the Council and Balfour Beatty Education, with the Council having a 20% stake in the company. In addition to this, the Council has invested £0.600m (of which £0.581m outstanding) into Future Ealing Phase 1 Limited's working capital which is shown as a short-term investment in these accounts. In 2016, Balfour Beatty sold their interest in the SPV to Amber Infrastructure Ltd who are now the primary shareholder.

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

Note 28 Capital Expenditure and Capital Financing

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

	2020/21 £'000	2021/22 £'000
Capital Expenditure and Capital Financing		
Opening Capital Financing Requirement	792,253	798,338
Capital Investment:		
Property, plant and equipment	114,024	104,186
Intangible Assets	879	672
Long Term Debtor Loans	1,153	2,984
Revenue expenditure funded from capital under statute	4,921	16,725
De minimis Capital Expenditure	170	197
Sources of finance:		
Capital receipts	(43,853)	(20,321)
Government grants and other contributions	(29,187)	(27,328)
Major Repairs Reserve	(14,251)	(15,826)
Sums set aside from revenue:		
Direct revenue contributions	(3,248)	(6,467)
Minimum Revenue Provision	(24,524)	(21,319)
		(1,058)
Closing Capital Financing Requirement	798,338	830,783
Explanation of movements in year:		
(Decrease) / Increase in underlying need to borrow (unsupported by Government financial assistance)	6,085	32,445

Note 29 Leases

AUTHORITY AS LESSEE

Operating Leases

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

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

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

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

Finance Leases

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

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

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

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

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

Table e - Finance Leases minimum payment	31 March 2021 £'000	31 March 2022 £'000
Not later than one year	144	144
Later than one year and not later than five years	432	288
Later than five years	-	-
Minimum lease payments	575	432

AUTHORITY AS LESSOR

Operating Leases

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

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

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

Table f - Property	31 March 2021 £'000	31 March 2022 £'000
Not later than one year	1,392	1,616
Later than one year and not later than five years	3,928	4,258
Later than five years	9,053	8,066
Minimum lease payments	14,373	13,940

Finance Leases

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

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

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

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

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

Note 30 Private Finance Initiative (PFI)

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

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

EALING SCHOOLS' PFI

In December 2002 the Council entered into a design, build, finance and operate contract with Ealing Schools' Partnership Ltd for the provision of school buildings and services for Brentside High, Downe Manor Primary, Gifford Primary and Ravenor Primary. The contract is for 27 years. The value of the unitary charge in 2021/22 was £6.2m (2020/21 £5.9m).

In July 2005 the Council entered into a design, build, finance and operate contract with Seafort Ealing Ltd for the provision of school buildings and services for Featherstone Primary, Acton High and Greenford High. The contract is for 25 years. The value of the unitary charge in 2021/22 was £9.6m (2020/21 £9.3m).

STREET LIGHTING PFI

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

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

The PFI lamp column replacement programme was completed in 2010/11. The value of the Unitary charge in 2021/22 was £4.4m (2020/21 £4.6m).

CAREHOME FOR OLDER PEOPLES PFI

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

The value of the Unitary charge in 2021/22 was £16.4m (2020/21 £15.8m).

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

BUILDING SCHOOLS FOR THE FUTURE (BSF) PFI

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

The main work completed in August 2012 and service availability began in September 2012. The value of the unitary charge in 2021/22 was £5.2m (2020/21 £5.0m).

PRIVATE FINANCE INITIATIVE (PFI) PAYMENTS DUE

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

	2020/21					
	Schools 1 £'000	Schools 2 £'000	Street Lighting £'000	Care Homes £'000	BSF £'000	Total £'000
To Write Down Liability						
within 1 year	907	1,931	1,058	203	845	4,944
between 2 to 5 years	4,482	8,807	5,390	3,265	3,615	25,560
between 6 to 10 years	8,474	16,273	6,936	5,698	6,272	43,653
between 11 to 15 years	956	5,792	-	9,263	8,942	24,953
between 16 to 20 years	-	-	-	1,173	5,180	6,353
between 21 to 25 years	-	-	-	-	-	0
Total	14,819	32,804	13,385	19,601	24,854	105,463

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

	2020/21					
	Schools 1 £'000	Schools 2 £'000	Street Lighting £'000	Care Homes £'000	BSF £'000	Total £'000
Interest Charges						
within 1 year	869	2,735	1,169	1,486	2,251	8,510
between 2 to 5 years	2,892	9,259	3,640	5,580	8,246	29,617
between 6 to 10 years	1,820	6,732	1,493	5,314	8,176	23,535
between 11 to 15 years	56	617	-	2,731	4,891	8,295
between 16 to 20 years	-	-	-	89	722	811
between 21 to 25 years	-	-	-	-	-	0
Total	5,637	19,343	6,302	15,200	24,286	70,768

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

Service Charges & Lifecycle Costs	2020/21					
	Schools 1 £'000	Schools 2 £'000	Street Lighting £'000	Care Homes £'000	BSF £'000	Total £'000
within 1 year	1,509	2,338	1,792	7,422	1,098	14,159
between 2 to 5 years	5,762	9,951	7,045	27,599	4,918	55,275
between 6 to 10 years	6,128	12,015	7,647	34,542	6,527	66,859
between 11 to 15 years	364	2,929	-	33,560	7,142	43,995
between 16 to 20 years	-	-	-	3,293	2,488	5,781
between 21 to 25 years	-	-	-	-	-	0
Total	13,763	27,233	16,484	106,416	22,173	186,069

MOVEMENTS IN PFI ASSETS AND LIABILITIES

	Assets at 31 March 2020 £000	Movement In Year £000	Assets at 1 April 2021 £000	Movement In Year £0002	Assets at 1 April 2022 £000
Assets:					
Ealing Schools' 1 PFI - Ealing Schools' Partnership Ltd	38,418	3,230	41,649	581	42,230
Ealing Schools' 2 PFI - Seafort Ealing Ltd	28,605	625	29,230	(1,412)	27,818
Street Lighting PFI - EDF / Southern Electric	24,647	(639)	24,008	(639)	23,369
Resource Centre for Older People PFI - Ealing Care Alliance	30,813	437	31,251	1,949	33,200
Building Schools for the Future - Future Ealing Limited	-	-	-	-	-
Total	122,484	3,653	126,138	479	126,617

	Liabilities at 31 March 2020 £000	Movement In Year £000	Liabilities at 31 March 2021 £000	Movement In Year £0002	Liabilities at 31 March 2022 £000
Liabilities:					
Ealing Schools' 1 PFI - Ealing Schools' Partnership Ltd	(15,522)	703	(14,819)	907	(13,912)
Ealing Schools' 2 PFI - Seafort Ealing Ltd	(34,749)	1,945	(32,804)	1,931	(30,873)
Street Lighting PFI - EDF / Southern Electric	(14,317)	933	(13,385)	1,058	(12,327)
Resource Centre for Older People PFI - Ealing Care Alliance	(20,218)	617	(19,601)	203	(19,398)
Building Schools for the Future - Future Ealing Limited	(25,699)	845	(24,854)	845	(24,009)
Total	(110,504)	5,042	(105,463)	4,944	(100,519)

Note 31 Defined Benefit Pension Schemes

PARTICIPATION IN PENSION SCHEMES (31A)

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

At 31 March 2022 the Council's principal pension arrangement for its employees was the Ealing Pension Fund, which is part of the Local Government Pension Scheme (LGPS). The LGPS is a funded defined benefit pension arrangement for local authorities and related employers and is governed by statute (principally now the Local Government Pension Scheme Regulations 2013).

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

RISKS

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

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

TRANSACTIONS RELATING TO POST-EMPLOYMENT BENEFITS (31B)

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

Table 31b	2020/21	2021/22
	£'000	£'000
Comprehensive Income and Expenditure Statement		
<i>Cost of Services:</i>		
Current service costs	41,292	53,861
Administration costs	982	1,015
Past service costs and settlements and curtailments	847	729
<i>Financing and Investment Income and Expenditure:</i>		
Net interest expense	13,046	12,023
Total Post-employment Benefit Charged to the Surplus or Deficit on the Provision of Services	56,167	67,628
<i>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</i>		
Remeasurement of the net defined benefit liability comprising :-		
Return on plan assets	(214,972)	(43,554)
Actual (Gain)/Loss arising on changes in demographic assumptions	-	(14,780)
Actual (Gain)/Loss arising on changes in financial assumptions	252,946	(2,201)
Other Experience (Gain)/Loss	(35,926)	5,283
Total Post-employment Benefit Remeasurments - Net (Gain)/Loss - Charged to Statement of Other Comprehensive Income and Expenditure	2,048	(55,252)
Total Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement	58,215	12,376
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(56,167)	(67,628)
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
Employers' contributions payable to the scheme	32,751	33,610

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

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

Table 31c i)	2020/21	2021/22
	£'000	£'000
Present Value of the defined benefit obligation	(1,901,513)	(1,949,596)
Fair value of plan assets	1,308,435	1,377,752
Sub-total	(593,078)	(571,844)
Other movements in the liability / (asset)	-	-
Net Liability arising from defined benefit obligation	(593,078)	(571,844)

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

Table 31c ii)	2020/21	2021/22
	£'000	£'000
Opening fair value of scheme assets	1,071,108	1,308,435
Interest Income	25,861	27,549
Remeasurement gain/(loss) on the return on plan assets	214,972	43,554
Contributions from employer	32,751	33,610
Contributions from employees into the scheme	9,706	10,057
Benefits paid	(44,981)	(44,438)
Other	(982)	(1,015)
Closing fair value of scheme assets	1,308,435	1,377,752

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

Table 31c iii)	2020/21	2021/22
	£'000	£'000
Opening balance at 1 April	(1,638,722)	(1,901,513)
Current service cost	(41,292)	(53,861)
Interest cost	(38,907)	(39,572)
Contributions from scheme participants	(9,706)	(10,057)
Remeasurement (gains) and losses:-		
Experience (gains) / loss	35,926	(5,283)
Actuarial (gains) and losses from changes in financial assumptions	(252,946)	2,201
Actuarial (gains) and losses from changes in demographic assumptions	-	14,780
Benefits paid	44,981	44,438
Past Service Cost	-	-
Losses / (gains) on curtailments	(847)	(729)
Liabilities extinguished on settlements	-	-
Closing balance at 31 March	(1,901,513)	(1,949,596)

Pre-Payment of the Past Service Deficit

As part of the 2019 valuation of the Fund, the Fund Administrator and Fund Actuary allowed some fund employers the option of pre-paying specified sums in exchange for a discount on the amounts to be paid. As part of the Council's budget plans for 2020/21 the Council agreed to prepay the past service deficit in full for three years as follows:

Table 31c iv)	2021/22
	£'000
2020/21 Past Service Deficit	7,562
2021/22 Past Service Deficit	7,713
2022/23 Past Service Deficit	7,690
Total Payment in 2021/22	22,965

The past service deficit payment relating to 2020/21 and 2021/22 has been charged against the General Fund Balance. However, the payments in respect of 2022/23 cannot be charged to the General Fund Balance until 2022/23. The payment has therefore been charged directly to the pension liability. As a result, the Pension Liability disclosed on the Balance Sheet at 31 March 2022 differs from the balance on the Pension Reserve owing to this arrangement as summarised below:

Table 31c v)	2020/21	2021/22	2022/23
	£'000	£'000	estimate
			£'000
Fund Assets	1,308,435	1,377,752	1,377,752
Fund Liabilities	(1,901,513)	(1,949,596)	(1,949,596)
Net Liability	(593,078)	(571,844)	(571,844)
less:			
Advance Payment of Past Service Deficit for 2021/22	7,713	-	-
Advance Payment of Past Service Deficit for 2022/23	7,690	7,690	-
Adjusted Net Liability as per Balance Sheet	(577,675)	(564,154)	(571,844)
Balance on Pension Reserve as at 31st March 2021	593,078	571,844	571,844
Difference Relating to Advance Payments	15,403	7,690	-

STATEMENTS LOCAL GOVERNMENT PENSION SCHEME ASSETS COMPRISED (31D)

Table 31d	2020/21	2021/22
Fair Value of Scheme Assets	£'000	£'000
Cash & Cash Equivalents	79,030	22,044
Bonds		
UK Corporate	314,809	315,505
Sub-total Bonds	314,809	315,505
Property	111,479	122,620
Sub-total Property	111,479	122,620
Private Equity		
UK	17,140	26,177
Overseas	785,977	891,406
Sub-total Private Equity	803,117	917,583
Other Investment Funds		
Total Assets	1,308,435	1,377,752

BASIS FOR ESTIMATING ASSETS AND LIABILITIES (31E)

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

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

The significant assumptions used by the actuary have been:

Table 31e i)	2020/21	2021/22
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men current	23.0	22.9
Women current	25.1	25.0
Longevity at 65 for future pensioners:		
Men future	24.5	24.4
Women future	26.9	26.9
Rate of inflation - CPI	2.70%	3.40%
Rate of increase in salaries	3.95%	4.65%*
Rate of increase in pensions	2.80%	3.50%
Rate for discounting scheme liabilities	2.10%	2.80%

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

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

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

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

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

Table 31e ii)	Increase in Assumptions £'000	Decrease in Assumptions £'000
Longevity (increase or decrease in 1 Year)	57,941	(57,941)
Rate of Inflation (increase or decrease by 0.1%)	30,918	(30,918)
Rate of increase in salaries (increase or decrease by 0.1%)	2,214	(2,214)
Rate of discounting scheme liabilities (increase or decrease by 0.1%)	(30,435)	30,435

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

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

The latest triennial valuation of the Fund was carried out by Mercer, the Fund's Actuary, as at 31 March 2019 in accordance with the Funding Strategy Statement of the Fund and Regulation 36 of the Local Government Pension Scheme (Administration) Regulations 2008. The next triennial valuation is due to be completed on 31 March 2022.

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

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

The authority anticipated to pay £32.636m expected contributions to the scheme in 2021/22.

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

Note 32 Pensions Schemes Accounted for as Defined Contribution Schemes

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

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

TEACHERS PENSION AGENCY

In 2021/22 the Council has paid £22.5m (2020/21 - £21.9m) to the Teachers Pensions Agency in respect of teachers' retirement benefits, which represented 23.68% of pensionable pay in 2021/22 (2020/21 - 23.68%). At 31 March 2022 the pension contributions due to the scheme in respect of the salaries were £1.863m (£1.86m as at 31 March 2021).

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

NHS PENSION SCHEME

In 2021/22 the Council has paid £0.023m (2020/21 Outturn – £0.023m) to the NHS Pension Scheme in respect of public health employees' retirement benefits, which represented 14.38% of their pensionable pay for the year (14.38% in 2020/21). At 31 March 2022 the pension contributions due to the scheme in respect of the March 2022 salaries were £0.002m (£0.002m as at 31 March 2021).

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

Note 33 Contingent Liabilities

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

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

Note 34 Nature and Extent of Risks arising from Financial Instruments

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

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

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

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

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

Credit Risk

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

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

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

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

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

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

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

The full Investment Strategy for 2021/22 was approved by Full Council on 02 March 2021 and is available on the Council's website.

The Council's maximum exposure to credit risk in relation to its investments in financial institutions of £558.636m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2022 that this was likely to crystallise.

AMOUNTS ARISING FROM EXPECTED CREDIT LOSSES (34B)

The council has reviewed all financial assets and determined that the credit risk exposure on investments has been reviewed and calculated on a 12-month basis, which has been deemed immaterial for the financial assets held as at 31 March 2022.

CREDIT RISK EXPOSURE (34C)

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

	Credit Risk Rating	Gross Carrying Amount £'000
12-Month Expected Credit Losses	A	33,003
12-Month Expected Credit Losses	Other	18,216

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

COLLATERAL AND OTHER CREDIT ENHANCEMENTS (34D)

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

LIQUIDITY RISK (34E)

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Treasury Management Code of Practice. This seeks to ensure that cash is available when needed.

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

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

	31 March 2021 £'000	31 March 2022 £'000
Investments Outstanding:		
Debt Management Office	196,501	492,130
UK Banks and Building Society	30,000	71,155
Other	30,514	774
Total Investments outstanding	257,015	564,059
Less than 1 year	227,801	563,322
Between 1 and 2 years	1,409	-
Between 2 and 5 years	233	119
Between 5 and 10 years	-	-
More than 10 years	27,571	618
Total Investments outstanding	257,015	564,059

All trade payables are paid in less than one year.

REFINANCING & MATURITY RISK (34F)

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

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

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

	Approved minimum limits	Approved maximum limits	31 March 2021 £'000s	31 March 2022 £'000s
Loans Outstanding:				
Public Works Loans Board			(554,414)	(779,751)
Market Debt			(90,817)	(89,460)
Temporary Borrowing			-	-
Other			(20,619)	(26,634)
Total Loans outstanding			(665,850)	(895,845)
Less than 1 year	0%	10%	(44,238)	(23,963)
Between 1 and 2 years	0%	20%	(15,930)	(37,206)
Between 2 and 5 years	0%	20%	(38,221)	(45,982)
Between 5 and 10 years	0%	20%	(63,827)	(63,951)
More than 10 years	30%	90%	(503,635)	(724,743)
Total Loans outstanding			(665,850)	(895,845)

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

MARKET RISK (34G)

Interest Rate Risk

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

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

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

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which

provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns, similarly the drawing of longer-term fixed rates borrowing would be postponed.

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

Price Risk

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

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

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

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

Foreign Exchange Risk

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

4. Supplementary Accounts and Explanatory Notes

Housing Revenue Account

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

INCOME AND EXPENDITURE STATEMENT

Housing Revenue Account Income and Expenditure Statement	Note	2020/21 £000	2021/22 £000
Expenditure			
Repairs and Maintenance		12,907	11,337
Supervision and management		21,993	25,554
Rent, rates, taxes and other charges		336	942
Depreciation and impairment of non-current assets	6	41,302	42,644
Debt Management Costs		33	57
Movement in the allowance for bad debts		-	-
Revenue expenditure funded from capital under statute	8	1,688	6,859
Total Expenditure		78,259	87,394
Income			
Dwelling rents		(55,978)	(55,609)
Non-dwelling rents		(1,397)	(1,473)
Charges for services and facilities		(4,913)	(4,788)
Contributions towards expenditure		(2,470)	(2,507)
Total Income		(64,759)	(64,376)
Net Cost of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement		13,500	23,018
HRA services' share of Corporate and Democratic Core		278	278
HRA share of other amounts included in the whole authority Cost of services but not allocated to specific services		2,744	4,369
Net Cost of HRA Services		16,522	27,665
(Gain) or loss on disposal of HRA fixed assets		(27,907)	(16,776)
Interest payable and similar charges		7,699	7,113
Interest and investment income		(211)	(126)
Pension Interest cost and expected return on pension assets		1,080	1,059
Capital grants and contributions receivable		(1,052)	(362)
(Surplus) or deficit for the year on HRA services		(3,869)	18,573

MOVEMENTS ON THE HRA STATEMENT

	2020/21 £000	2021/22 £000
Movement on the HRA Statement		
Balance on the HRA at the end of the previous reporting period	4,925	4,926
Surplus or (deficit) for the year on the HRA Income and Expenditure Statement	3,869	(18,573)
Adjustments between accounting basis and funding basis under statute	(709)	18,573
Net increase or decrease before transfers to or from reserves	3,160	-
Transfers to or from reserves	(3,160)	-
Increase or decrease in year on the HRA	-	-
Balance on the HRA at the end of the current year	4,926	4,925

ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER STATUTE

	2020/21 £000	2021/22 £000
Adjustments between accounting basis and funding basis under statute		
Holiday Pay (transferred to the Accumulated Absences Reserve)	94	(27)
Net gain or loss on sale of non-current assets	(27,907)	(16,776)
Pensions Costs (transferred to (or from) the Pension Reserve)	2,174	3,074
Capital Expenditure Financed from Revenue Balances (transfer to the Capital Adjustment Account)	(2,757)	(1,012)
Statutory Provision for the Repayment of Debt transfer from the Capital Adjustment Account)	-	-
Posting of HRA Resources from Revenue to the Major Repairs Reserve	(14,251)	(15,826)
Reversal of Entries Included in the Surplus or Deficit on the Provision of Services in Relation to Capital Expenditure (these items are charged to the Capital Adjustment Account or Capital Grants Unapplied)	41,939	49,140
Total Adjustments	(709)	18,573

Notes to the Housing Revenue Account

Note 1 Housing Stock Units

The Council's stock of dwellings increased during the year from 11,700 to 11,773, a net increase of 73 dwellings. This increase is due to new builds from regeneration programmes. In addition to the units listed below, the Council also owns the freehold on 4,902 flats with leaseholders paying service charges and contributing towards the cost of major works to the block.

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

Stock type	31 March 2021	Movement during the year			31 March 2022
	Units	RTB Disposals	Other Disposals	Acquisitions	Units
Flats	8,501	(41)	(10)	143	8,593
Houses	2,840	(15)	(6)	23	2,842
Temporary Accommodation (Hostels)	285	-	(21)	-	264
Shared Ownership	55	-	-	-	55
Short Leases	19	-	-	-	19
Long Leases	-	-	-	-	-
Total Dwellings Units	11,700	(56)	(37)	166	11,773

Note 2 Non-current Assets Valuation

The vacant possession value of dwellings within the HRA as 31 March 2022 is £3,670m. The difference between the vacant possession value and the balance sheet value of dwellings within the HRA show the economic cost to government of providing council housing at less than market rents.

Non-current Assets Valuation	31 March 2021	2021/22			31 March 2022
	Total Non-Current Assets £000s	Council Dwellings £000s	Non-Dwellings £000s	Assets Under Construction £000s	Total Non-Current Assets £000s
Opening Net Book Value at 1 April	878,911	879,157	23,313	39,179	941,648
Revaluations	31,324	41,291	1,578	-	42,869
Capital Expenditure	60,942	39,098	465	13,206	52,769
Disposals	(3,552)	(7,785)	-	-	(7,785)
Depreciation for the year	(14,251)	(14,845)	(982)	-	(15,826)
Reclassification	-	12,324	-	(12,015)	309
Other movements	(11,727)	(4,228)	(464)	-	(4,692)
Closing Net Book Value at 31 March	941,646	945,012	23,911	40,369	1,009,292

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

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

	2020/21 £000	2021/22 £000
Provision for Bad or Doubtful Debts		
Tenants:		
Provision at 1 April	3,200	3,557
Write-offs in year	(345)	(371)
Increase in provision	702	238
Provision at 31 March	3,557	3,423

Note 4 Major Repairs Reserve

	2020/21 £000	2021/22 £000
Major Repairs Reserve (MRR)		
Balance at 1 April	-	-
Depreciation charges for all dwellings	14,251	15,826
Capital projects funded from the MRR	(14,251)	(15,826)
Additional Transfer Above Depreciation to MRR allowed under statute	-	-
Balance at 31 March	-	-

Note 5 Capital Receipts

	2020/21 £000	2021/22 £000
Capital Receipts		
Land		
Council Dwellings	42,169	29,718
Other Receipts		
Total	42,169	29,718

Local authorities are required to contribute to the Housing Capital Receipt Pool a proportion of receipts generated from the disposal of HRA assets. In 2021/22 £1.5m (2020/21 £1.5m) of receipts was paid into the pool.

Note 6 Depreciation and Impairment Charge

	2020/21 £000	2021/22 £000
Depreciation and Impairment Charge		
Depreciation Charges		
Council Dwellings	13,202	14,845
Other Land & Buildings	943	927
Vehicles, Plant, Furniture and Equipment	-	3
Surplus Assets	106	51
Total	14,251	15,826
Impairment Charges / Revaluation Losses/(Gains)		
Dwellings and Other Land and Buildings	27,051	26,817
Total	41,302	42,644

Note 7 Capital Expenditure and Funding

	2020/21 £000	2021/22 £000
Capital expenditure and funding		
Total Capital Expenditure	62,629	59,628
Funded by:		
Borrowing	1,843	23,200
Capital Receipts	42,726	19,127
Developer Contribution S.106	-	-
Revenue contributions	2,757	1,012
Major Repairs Reserve	14,251	15,826
Leaseholder's Income	524	464
Capital Grants	529	0
Other	-	-
Total	62,629	59,628

Note 8 Revenue Expenditure Funded from Capital Under Statute

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

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

Collection Fund Statement

THE COLLECTION FUND STATEMENT

	Council Tax £'000	NDR/ BRS £'000	31 March 2021 Total £'000	Council Tax £'000	NDR	BRS	NDR/ BRS £'000	31 March 2022 Total £'000
COLLECTION FUND 2021/22								
INCOME								
Income from Council Tax Payers	(186,257)	-	(186,257)	(199,600)	-	-	-	(199,600)
Income Collectable from Business Ratepayers	-	(99,152)	(99,152)	-	(121,055)	-	(121,055)	(121,055)
Income Collectable from Business Ratepayers - BRS	-	(2,731)	(2,731)	-	-	(3,311)	(3,311)	(3,311)
TOTAL INCOME	(186,257)	(101,883)	(288,140)	(199,600)	(121,055)	(3,311)	(124,366)	(323,967)
EXPENDITURE								
Precepts & Demands								
Local Demand (LBE)	144,780	45,599	190,379	152,395	45,267	-	45,267	197,662
Greater London Authority (GLA)	38,798	56,239	95,037	42,598	55,829	-	55,829	98,428
Central Government (MHCLG)	-	50,159	50,159	-	49,794	-	49,794	49,794
	183,578	151,997	335,577	194,994	150,890	-	150,890	345,885
Contributions Towards Previous Year Estimated Surplus/(Deficit)								
Local Demand (LBE)	1,231	12	1,243	(2,969)	(17,848)	-	(17,848)	(20,817)
Greater London Authority (GLA)	331	7	338	(796)	(22,075)	-	(22,075)	(22,870)
Central Government (MHCLG)	-	584	584	-	(19,686)	-	(19,686)	(19,686)
	1,562	603	2,164	(3,765)	(59,609)	-	(59,609)	(63,374)
Charges to the Collection Fund								
Transitional Protection Payment (Reveivable)/Payable	-	209	209	-	252	-	252	252
Less: Costs of Collection - NDR	-	499	499	-	498	-	498	498
Less: Write offs of uncollectable amounts	(2)	-	(2)	(4)	(4)	-	(4)	(8)
Less: Increase/(Decrease) in Bad Debt Provision	8,314	12,573	20,887	3,920	3,704	-	3,704	7,623
Less: Write offs of uncollectable amounts relating to appeals	-	-	-	-	(4,877)	-	(4,877)	(4,877)
Less: Increase/(Decrease) in Provision for Appeals	-	11,671	11,671	-	10,289	-	10,289	10,289
	8,312	24,952	33,263	3,916	9,861	-	9,861	13,777
Business Rate Supplement (BRS)								
Payment to Lewing Authority (GLA)	-	2,722	2,722	-	-	3,302	3,302	3,302
Costs of Collection - BRS	-	9	9	-	-	9	9	9
	-	2,731	2,731	-	-	3,311	3,311	3,311
TOTAL EXPENDITURE	193,452	180,283	373,735	195,146	101,142	3,311	104,453	299,599
MOVEMENTS ON THE COLLECTION FUND								
Opening Fund Balance 1 April	(168)	(796)	(964)	7,027	77,604	-	77,604	84,631
Closing Fund Balance 31 March	7,027	77,604	84,631	2,572	57,691	-	57,691	60,264
MOVEMENT ON FUND BALANCE	7,195	78,400	85,595	(4,455)	(19,913)	-	(19,913)	(24,368)
ANALYSIS OF CLOSING FUND BALANCE								
Ealing Council	5,552	23,246	28,798	2,039	17,307	-	17,307	19,346
Central Government (MHCLG)	-	25,570	25,570	-	18,983	-	18,983	18,983
Greater London Authority (GLA)	1,474	28,788	30,262	533	21,401	-	21,401	21,934
CLOSING FUND BALANCE	7,027	77,604	84,631	2,572	57,691	-	57,691	60,264

Notes to the Collection Fund Statement

Note 1 General

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

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

Note 2 Council Tax

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

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

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

COUNCIL TAX BASE

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

Band	Estimated No. of properties after discounts, exemptions and council tax support	Ratio	Equivalent No. of Band D properties
A	3,063	6/9	2,042
B	7,882	7/9	6,130
C	25,343	8/9	22,527
D	37,914	9/9	37,914
E	20,262	11/9	24,765
F	9,188	13/9	13,272
G	6,584	15/9	10,974
H	952	18/9	1,905
Total Council Tax Base	111,189		119,529
Adjustment for actual collection rate			2,391
Council Tax Base for 2021/22			117,138

Note 3 Non-Domestic Rates

The Council collects Non-Domestic Business Rates (NDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set by Central Government. The total non-domestic rateable value for the Council's area at 31 March 2022 was £375.4m (£379.7m at 31 March 2021). The national multipliers for 2021/22 were 49.9p for qualifying small businesses (49.9p in 2020/21) and the standard multiplier being 51.2p for all other businesses (51.2p in 2020/21).

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

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

Note 4 Business Rates Supplements

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

Note 5 London Business Rates Pool

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

Pension Fund Account

FUND ACCOUNT			
	Notes	2020/21 £'000	2021/22 £'000
Dealings with members, employers and others directly involved in the fund			
Contributions	6	(65,828)	(44,243)
Transfers in from other Pension Funds	6a	(7,213)	(6,121)
		(73,041)	(50,363)
Benefits	7	48,485	51,464
Payments to and on account of leavers	7a	7,735	4,306
		56,220	55,771
Net (additions)/withdrawals from dealings with Members		(16,821)	5,407
Management Expenses	8	5,068	5,186
Net (additions)/withdrawals Including Fund Management Expenses		(11,753)	10,592
Returns on Investments			
Investment Income	9	(23,862)	(24,751)
Taxes on Income	9	8	6
Profit and losses on disposal of investments and changes in Value of investments	14	(245,378)	(58,895)
Net return on investments		(269,232)	(83,640)
Net (Increase)/Decrease in the Net Assets Available for Benefits During the Year		(280,985)	(73,048)
Opening Net Assets of the Scheme		(1,192,157)	(1,473,142)
Closing Net Assets of the Scheme		(1,473,142)	(1,546,190)

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

Notes to the Pension Fund Account

Note 1 General Description of the Pension Fund

GENERAL

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

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

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

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

FUNDING

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

BENEFITS

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

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

From 1 April 2014, the Fund became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is updated annually in line with the Consumer Prices Index. Benefits for service prior to 1 April 2014 are protected and continue to be based on the table shown above.

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

GOVERNANCE

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

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

INVESTMENT PRINCIPLES

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

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

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

MEMBERSHIP

The Council is the administering authority for the Fund and has the major share of contributors and pensioners. Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme. Other organisations that currently participate in the Fund are detailed the table below:

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

The following table summarises the membership numbers of the Fund:

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

Note 2 - Basis of Preparation of Financial Statements

The Statement of Accounts (SoA) summarises the Fund's transactions for 2021/22 and its position as at 31 March 2022. The SoA has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which is based upon International Financial Reporting Standards (IFRS) as amended for the UK public sector. The Accounts have been prepared on an accruals basis, apart from transfer values which are accounted for on a cash basis as described below.

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

Note 3 - Summary of Significant Accounting Policies

FUND ACCOUNT – REVENUE RECOGNITION

CONTRIBUTIONS

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

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

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

TRANSFERS TO AND FROM OTHER SCHEMES

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

INVESTMENT INCOME

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

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

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

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

FUND ACCOUNT EXPENSE ITEMS

BENEFITS PAYABLE

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

TAXATION

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

MANAGEMENT EXPENSES

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

ADMINISTRATIVE EXPENSES

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

OVERSIGHT AND GOVERNANCE COSTS

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

INVESTMENT MANAGEMENT EXPENSES

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

NET ASSETS STATEMENT

FINANCIAL ASSETS

Financial assets are included in the Net Assets Statement on a fair value basis as at the reporting date. A financial asset is recognised in the net asset statement on the date the fund becomes party to the contractual acquisition of the assets. From this date, any gains/losses are recognised in the Fund Account. The Net Asset Statement shows values of investments have been determined at fair value in accordance

with the requirements of the code and IFRS13 “Fair Value Measurement”. For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in accordance with the requirements of the Code and IFRS 13 (see Note 14).

FOREIGN CURRENCY TRANSACTIONS

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

CASH AND CASH EQUIVALENTS

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

FINANCIAL LIABILITIES

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

ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS19 ‘Employee Benefits’ and relevant actuarial standards. As permitted under the Code, the financial statements include a note disclosing the actuarial present value of retirement benefits as detailed at **Appendix A**.

ADDITIONAL VOLUNTARY CONTRIBUTIONS

The fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund, and in accordance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. AVCs are not included in the accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, but their valuation is disclosed in Note 19 for information only.

RECHARGES FROM THE GENERAL FUND

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

Note 4 - Critical Judgements in Applying Accounting Policies

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

There were no such critical judgements made during 2021/22.

RUSSIA/UKRAINE CONFLICT

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

developments and collaborate with fund managers to ensure that any changes to sanctions regimes are implemented immediately.

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

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

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

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

Item	Uncertainties	Effect of actual results differ from assumptions
Private equity	Private equity investments are valued at fair value in accordance with British Venture Capital Association guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	Private equity investments are valued at £52.510m (£40.199m: 2020/21) in the financial statements. There is a risk that this investment may be under or overstated in the accounts.
Infrastructure	The Pension Fund contains investments in infrastructure funds. that are classified within the financial statements as level 3 investments. The final realised value of those funds may differ slightly from the valuations presented in the accounts as detailed in note 14a.	The value of these investments is £54.726m (£27.455m: 2020/21).

PENSION FUND LIABILITY

The Pension Fund liability is calculated triennially by the appointed actuary with annual updates in the intervening years. The methodology follows generally agreed guidelines and is in accordance with IAS19 ‘Employee Benefits’. These assumptions are summarised in **Appendix A**. The estimates are sensitive to changes in the underlying assumptions underpinning the valuations.

EVENTS AFTER THE NET ASSET STATEMENT DATE

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

Note 6 - Contributions Receivable

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

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

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

Note 6a - Transfers In From Other Pension Funds

	2020/21 £'000	2021/22 £'000
Individual transfers	(7,213)	(6,121)
Total	(7,213)	(6,121)

Note 7 - Benefits Payable

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

By Category	2020/21 £'000	2021/22 £'000
Pensions	42,211	42,823
Commutation and lump sum retirement benefits	5,358	7,168
Lump sum death benefits	916	1,474
Total	48,485	51,464

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

Note 7a – Payments to and on Account of Leavers

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

Note 8 – Management Expenses

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

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

Note 8a – Management Expenses

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

	2020/21 £'000	2021/22 £'000
Management fees	2,956	2,871
Performance fees	25	28
Custody fees	118	126
Transaction costs	251	298
Total	3,350	3,322

Note 9 – Investment Income

	2020/21 £'000	2021/22 £'000
Fixed interest securities	12,883	13,798
Equity dividends	2,981	1
Pooled investments	7,905	10,932
Interest and cash deposits	87	18
Investment income	23,856	24,749
Other income	5	2
Total before taxes	23,861	24,751
Taxes on income	(8)	(6)
Total	23,854	24,745

Note 10 – External Audit Costs

	2020/21 £'000	2021/22 £'000
Payable in respect of external audit	43	43
Total	43	43

Note 11 – Investments

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

	Market Value 31 March 2021 £'000	Market Value 31 March 2022 £'000
Investment Assets		
Bonds	354,740	352,223
Equities	-	6
Pooled Funds		
Fixed Income Unit Trusts	10,391	10,766
Infrastructure Funds	27,455	54,726
Global Equity	814,675	902,865
	852,521	968,357
Other Investments		
Pooled Property Investments	118,664	136,588
Private Equity	40,199	52,510
	158,863	189,098
Cash Deposits	77,569	27,483
Investment Income Due	4,273	5,291
Amounts Receivable for Sales	65	64
	81,908	32,838
Total Investment Assets	1,448,031	1,542,522
Investment liabilities		
Amounts payable for purchases	(2,686)	(2,780)
Total investment assets	1,445,345	1,539,742

Note 12 – Reconciliation in movement in Investments

2021/22	Market value 1 April 2020	Purchases during the year	Sales during the year	Change in market value during the year	Market value 31 March 2021
	£'000	£'000	£'000	£'000	£'000
Bonds	354,740	65,291	(40,486)	(27,322)	352,223
Equities	0	6	0	0	6
Pooled Investments	852,522	69,834	(20,189)	66,190	968,357
Pooled Property Investments	118,663	16	0	17,909	136,588
Private Equity	40,199	12,864	(1,972)	1,419	52,510
Cash Instruments	69,940	62,506	(114,146)	0	18,300
Total	1,436,064	210,517	(176,793)	58,196	1,527,984
Investment Cash	7,629			(78)	9,183
Amounts receivable from Sales	65				64
Investment Income due	4,273			(4)	5,291
Payable for Purchases	(2,686)				(2,780)
Net investment assets	1,445,345			58,112	1,539,742

2020/21	Market value 1 April 2020	Purchases during the year	Sales during the year	Change in market value during the year	Market value 31 March 2021
	£'000	£'000	£'000	£'000	£'000
Bonds	304,277	71,550	(35,655)	14,568	354,740
Equities	201,695	43,422	(257,503)	12,386	-
Pooled Investments	471,994	327,227	(166,455)	219,755	852,521
Pooled Property Investments	119,023	13	-	(372)	118,664
Private Equity	21,556	22,141	(2,559)	(938)	40,199
Cash Instruments	48,734	203,866	(182,660)	-	69,940
Total	1,167,279	668,219	(644,832)	245,399	1,436,064
Investment Cash	7,420			(118)	7,629
Amounts receivable from Sales	231			-	65
Investment Income due	5,563			(4)	4,273
Payable for Purchases	(1,091)				(2,686)
Net investment assets	1,179,402			245,273	1,445,345

Note 13 – Investments analysed by Fund Manager

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

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

Fund Manager	Mandate	Market Value 31 March 2021 £'000	%	Market Value 31 March 2022 £'000	%
Investments managed within the London CIV					
Baillie Gifford	Global Equity (Active)	273,632	19	255,990	17
Investments managed outside of the LCIV					
Royal London	UK Corporate (Active)	371,880	26	358,119	23
	UK Government (Active)	3,752	0	-	0
	UK corporate (Pooled)	10,391	1	10,766	1
BlackRock	Global Equities	-	0	48,370	3
Legal & General	Future World - Global Equities (Passive)	274,702	19	301,093	20
	MSCI World - Global Equities (Passive)	266,263	18	297,838	19
Brightwood	Private Debt (Overseas Pooled)	5,610	0	6,638	0
Churchill	Private Debt (Overseas Pooled)	15,085	1	16,756	1
Permira	Private Debt (UK Pooled)	19,161	1	29,124	2
Lothbury	UK Property (Pooled)	44,139	3	50,619	3

Fund Manager	Mandate	Market Value 31 March 2021 £'000	%	Market Value 31 March 2022 £'000	%
Hermes	UK Property (Pooled)	42,985	3	50,408	3
Standard Life	UK Property (Pooled)	38,525	3	43,918	3
JP Morgan	Infrastructure (Overseas Pooled)	27,455	2	54,726	4
Ealing In-house Cash		51,765	4	15,377	1
Total outside the pool		1,171,713	81	1,283,752	83
Total Investments		1,445,345	100	1,539,742	100

Note 13a – Investments Exceeding 5% of Net Assets

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

	2020/21		2021/22	
	Market Value	Holding	Market Value	Holding
	£'000	%	£'000	%
LCIV GLOBAL ALPHA GROWTH FUND	273,632	19	255,990	17
FUTURE WORLD FUND	274,702	19	301,093	20
MSCI WORLD CARBON TARGET FUND	266,263	18	297,838	19
Total	814,597	55	854,921	56

Note 14 – Fair value – basis of valuation

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

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments – equities	Level 1	The published bid market price on the final day of the accounting period	Not required	Not required
Bonds - Corporate bonds and Government gilts	Level 2	Market value based on current yields	Current yields	Not required
Cash deposits and instruments	Level 1	Closing bid value on published exchanges	Not required	Not required
Pooled investments - property	Level 2	Average of broker prices	Evaluated price feeds	Not required
Pooled investments –infrastructure funds	Level 3	Closing bid price where bid and offer prices are published Closing single price where single price published.	NAV-based pricing set on a forward pricing basis	Estimated acquisition and disposal costs
Unquoted equities	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines	EBITDA multiple Revenue multiple Discount for lack of marketability Control premium	Valuations could be affected by post balance sheet events, changes to expected cash flows, or by any differences between audited and unaudited accounts

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

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

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

Level 3 – where at least one input that could have a significant effect on the instrument’s valuation is not based on observable market data. Such instruments would include unquoted equity investments and hedge fund of funds, the Fund currently invests in Private Equity and infrastructure, these assets have been valued at level 3.

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

Note 14a – Level 3 Assets sensitivity

The fund has considered the current market trends, and also consulted with independent investment advisors, and has determined that the valuation methods described above are likely to be accurate to

within the following ranges and has set out below the resulting potential impact on the closing value of investments held at 31 March 2022.

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

Note 14b - Fair Value Hierarchy

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

	31 March 2021			31 March 2022		
	Quoted market price	Using observable inputs	With significant unobservable inputs	Quoted market price	Using observable inputs	With significant unobservable inputs
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3*
	£'000	£'000	£'000	£'000	£'000	£'000
Financial Assets						
Held at fair value through profit and loss	58,646	1,317,393	67,654	20,988	1,406,226	107,236
	58,646	1,317,393	67,654	20,988	1,406,226	107,236
Grand Total		1,443,693			1,534,450	

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

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

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

Note 14d – Classification of Financial Instruments

	31 March 2021			31 March 2022		
	Financial Assets held at Fair Value through Profit and Loss	Financial Assets held at Amortised cost	Financial liabilities at amortised cost	Financial Assets held at Fair Value through Profit and Loss	Financial Assets held at Amortised cost	Financial liabilities at amortised cost
	£'000	£'000	£'000	£'000	£'000	£'000
Bonds	354,740	-	-	352,223	-	-
Equities	-	-	-	6	-	-
Pooled investment vehicles						
Fixed Income Unit Trusts	10,391			10,766		
Property	118,664	-	-	136,588	-	-
Infrastructure Funds	27,455		-	54,726	-	
Global Equity	814,675	-	-	902,865	-	-
Private Equity	40,199	-	-	52,510	-	-
Cash Instruments						
Cash deposits	98,775	-	-	27,483	-	-
Unsettled sales	-	65	-	-	64	-

	31 March 2021			31 March 2022		
	Financial Assets held at Fair Value through Profit and Loss	Financial Assets held at Amortised cost	Financial liabilities at amortised cost	Financial Assets held at Fair Value through Profit and Loss	Financial Assets held at Amortised cost	Financial liabilities at amortised cost
	£'000	£'000	£'000	£'000	£'000	£'000
Accrued income	-	4,273	-	-	5,291	-
Total investment assets	1,464,899	4,338	-	1,537,166	5,355	-
Investment Liabilities						
Unsettled Purchases	-	-	(2,686)	-	-	(2,780)
Net Investment assets	1,464,899	4,338	(2,686)	1,537,166	5,356	(2,780)
Other financial assets						
Contributions Due	-	566	-	-	7,721	-
Cash Balances	-	28,401	-	-	672	-
Other debtors	-	183	-	-	138	-
	1,464,899	33,488	(2,686)	1,537,166	13,887	(2,780)
Financial Liabilities						
Current Liabilities	-	(919)	-	-	(1,610)	-
	0.000	(919)	-	-	(1,610)	-
Total	1,464,899	32,569	(2,685)	1,537,166	12,276	(2,780)
Grand Total		1,494,782			1,546,662	

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

Note 15 – Net Gains and Losses on Financial Instruments

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

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

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

RISK AND RISK MANAGEMENT

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

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

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

MARKET RISK

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

advisors undertake regular monitoring of market conditions and benchmark analysis in order to mitigate market risk.

PRICE RISK

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

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

The following table demonstrates the change in the net assets available to pay benefits if the market price had increased or decreased by 12.8%. The Fund believes that 12.8% is consistent with the level of sensitivity that should be applied. The analysis excludes cash, debtors, creditors, and non-equity investment balances as these financial instruments are not subject to price risk:

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

INTEREST RATE RISK

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

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

Assets exposed to interest rate risk	Value £'000	Value on 7.2% interest rate increase £'000	Value on 7.2% interest rate decrease £'000
As at 31 March 2022	442,982	411,088	474,877
As at 31 March 2021	482,899	443,301	522,496

CURRENCY RISK

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than Sterling but diversifies this risk by investing in securities in multiple currencies. Management recognises that a strengthening or weakening of the pound against the various currencies in which the Fund holds investments would increase or decrease the net assets available to pay benefits accordingly.

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

The following table demonstrates the change in value of these assets had there been a 9.5% strengthening/weakening of the pound against foreign currencies:

Assets exposed to currency risk	Value	Value on 9.5% foreign exchange rate increase	Value on 9.5% foreign exchange rate decrease
	£'000	£'000	£'000
As at 31 March 2022	980,985	1,074,178	887,791
As at 31 March 2021	862,826	947,383	778,269

CREDIT RISK

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund’s financial assets and liabilities. The selection of high-quality fund managers, counterparties, brokers, and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner. The Fund sets both maximum investment limits and minimum credit rating limits.

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

The Fund has no financial assets past their due date as at 31 March 2022 and has not identified any events or conditions to date that would suggest that any impairment or provision in respect of credit risk is required.

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

Summary	Rating	Balances as at 31 March 2021 £'000	Balances as at 31 March 2022 £'000
Bank Current Accounts			
Lloyds Bank	A+	28,401	672
Money Market Funds			
BNY Mellon Goldman Sachs MMF	AAA	91,146	18,300
Total		119,547	18,972

LIQUIDITY RISK

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

Note 17 – Current Assets

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

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

Note 18 – Current Liabilities

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

Analysis of Current Liabilities	31 March 2021 £'000	31 March 2022 £'000
Central government bodies	-	(516)
Local authorities	(633)	(1,140)
Other entities and individuals	(243)	(427)
Total	(876)	(2,083)

Note 19 – Additional Voluntary Contributions

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

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

Note 20 – Related Party Transactions

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

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

Note 21 – Key Management Personnel Remuneration

The key management personnel of the Pension Fund are the Members of the Pension Fund Panel and Pension Board, as detailed in the Pensions Fund annual report for 2021/22. There was a £1k (2021: £1k) remuneration for the Pension Board Chair. No remuneration is paid to other Members in relation to their duties.

Note 22 – Contingent Liabilities and Contractual Commitments

The total capital commitments as at 31 March 2022 were £12.1m (2021: £48.6m). These commitments relate to outstanding call payments due on the Private Debt portfolios. The amounts called by these funds are irregular in both size and timing over a period of between four and six years from the date of each original commitment. The Fund has no material contingent assets or liabilities as at 31 March 2022. In addition, the Fund's actuary has estimated the past service liabilities in relation McCloud to be £6.0m, details of this are contained within the actuary statement below.

Note 23 - Impact of McCloud

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

Note 24 - Goodwin, Brewster and Langford judgments

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

Appendix A Actuarial Statement

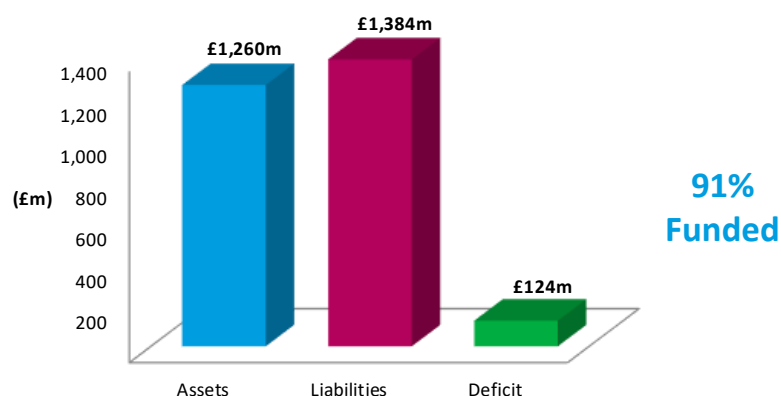
LONDON BOROUGH OF EALING PENSION FUND

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022 - STATEMENT BY THE CONSULTING ACTUARY

This statement has been provided to meet the requirements under Regulation 57(1)(d) of The Local Government Pension Scheme Regulations 2013.

An actuarial valuation of the London Borough of Ealing Pension Fund was carried out as at 31 March 2019 to determine the contribution rates with effect from 1 April 2020 to 31 March 2023.

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



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

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

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

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated 31 March 2020.

In practice, each individual employer's position is assessed separately, and the contributions required are set out in the report. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Any different approaches adopted, e.g. with regard to the implementation of contribution increases and deficit recovery periods, are as determined through the FSS consultation process.

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

	For past service liabilities (Solvency Funding Target)	For future service liabilities (Primary rate of contribution)
Rate of return on investments (discount rate)	3.95% per annum	4.65% per annum
Rate of pay increases (long term)*	3.65% per annum	3.65% per annum
Rate of increases in pensions in payment (in excess of GMP)	2.40% per annum	2.40% per annum

* allowance was also made for short-term public sector pay restraint over a 4 year period.

The next triennial actuarial valuation of the Fund is due as at 31 March 2022. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2023.

The McCloud Judgment

The “McCloud judgment” refers to a legal challenge in relation to historic benefit changes for all public sector schemes being age discriminatory. The Government has accepted that remedies are required for all public sector pension schemes and a consultation was issued in July 2020 including a proposed remedy for the LGPS. The key feature of the proposed remedy was to extend the final salary underpin to a wider group of members for service up to 31 March 2022. This applies to all members who were active on or before 31 March 2012 and who either remain active or left service after 1 April 2014.

In line with guidance issued by the LGPS Scheme Advisory Board, the above funding level and Primary contribution rate do not include an allowance for the estimated cost of the McCloud judgment.

However, at the overall Fund level we estimate that the cost of the judgment was an increase in past service liabilities of broadly £6 million and an increase in the Primary Contribution rate of 0.4% of Pensionable Pay per annum as at the last valuation. Where the employer has elected to include a provision for the cost of the judgment, this is included within the secondary rate for that employer (and also within the whole Fund average secondary rate of £9.7 million per annum shown above).

Impact of Covid 19 / Ukraine

The valuation results and employer contributions above were assessed as at 31 March 2019. Since 2020 there has been significant volatility and uncertainty in markets around the world in relation to the COVID-19 pandemic and more recently the situation in Ukraine and cost of living crisis. This potentially has far-reaching consequences in terms of funding and risk, which will need to be kept under review and will be considered further as part of the 2022 valuations currently ongoing. We believe that it is important to take stock of the situation as opposed to make immediate decisions in what is an unprecedented set of events. Contributions will be reviewed and updated as part of the 2022 valuation.

In addition the Administering Authority has the power review contributions between valuations where there is a material change in employer circumstances, in line with the new regulations on contribution flexibilities introduced in September 2020. The position will be kept under review by the Administering Authority who will monitor the development of the situation and keep all stakeholders informed of any potential implications so that the outcome can be managed effectively.

Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS 26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes.

To assess the value of the benefits on this basis, we have used the following financial assumptions as at 31 March 2022 (the 31 March 2021 assumptions are included for comparison):

	31 March 2021	31 March 2022
Rate of return on investments (discount rate)	2.1% per annum	2.8% per annum
Rate of CPI Inflation / CARE benefit revaluation	2.7% per annum	3.4% per annum
Rate of pay increases*	3.95% per annum	4.65% per annum
Rate of increases in pensions in payment (in excess of GMP) / Deferred revaluation	2.8% per annum	3.5% per annum

* This is the long-term assumption. An allowance corresponding to that made at the latest formal actuarial valuation for short-term public sector pay restraint was also included.

The demographic assumptions are the same as those used for funding purposes, but we have used the most recent CMI future improvement tables (CMI 2021). Full details of these assumptions are set out in the formal report on the actuarial valuation dated March 2020.

During the year corporate bond yields increased, resulting in a higher discount rate being used for IAS26 purposes at the year-end than at the beginning of the year (2.8% p.a. vs 2.1%). This on its own would have led to a significantly lower value placed on the liabilities but it was offset by an increase in the expected long-term rate of CPI inflation increased during the year, from 2.7% p.a to 3.4%.

The value of the Fund's promised retirement benefits for the purposes of IAS 26 as at 31 March 2021 was estimated as £2,155 million including the potential impact of the McCloud Judgment.

Interest over the year increased the liabilities by c£45 million and allowing for net benefits accrued/paid over the period also increased the liabilities by c£29 million (this includes any increase in liabilities arising as a result of early retirement). There was also a decrease in liabilities of £10 million due to "actuarial gains" (i.e. the effects of the changes in the actuarial assumptions used, referred to above, offset to a small extent by the fact that the 2022 pension increase award was more than assumed).

The net effect of all the above is that the estimated total value of the Fund's promised retirement benefits as at 31 March 2022 is therefore £2,219 million.

GMP Indexation

The public service schemes were previously required to provide full CPI pension increases on GMP benefits for members who reach State Pension Age between 6 April 2016 and 5 April 2021. The UK Government has recently confirmed that it will extend this to include members reaching State Pension Age from 6 April 2021 onwards. This will give rise to a further cost to the LGPS and its employers, and an estimation of this cost was included within the IAS26 liabilities calculated last year and is again included in the overall liability figure above.

Michelle Doman

Fellow of the Institute and

Faculty of Actuaries

Clive Lewis

Fellow of the Institute and

Faculty of Actuaries

5. Group Accounts

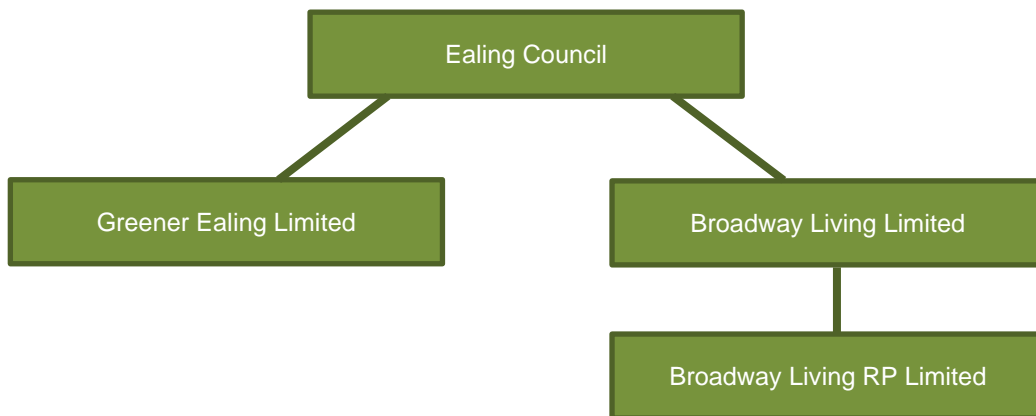
INTRODUCTION

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

The Council has consolidated its subsidiaries Broadway Living Ltd, Broadway Living RP Ltd and Greener Ealing Ltd on a line-by-line basis with all intra-group transactions and balances removed.

GROUP STRUCTURE

The Group structure is as set out below. Greener Ealing is a wholly owned subsidiary of the Council. Broadway Living Ltd is a wholly owned subsidiary of the Council, and Broadway Living RP Ltd is a wholly owned subsidiary of Broadway Living Ltd.



Group Core Financial Statements

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	31 March 2021			31 March 2022		
	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
Continuing Services						
Chief Executive Directorate	60,375	(13,177)	47,198	71,954	(18,364)	53,590
Children & Schools	427,421	(363,804)	63,617	449,952	(379,302)	70,650
Adults & Public Health	140,905	(65,194)	75,711	154,637	(71,692)	82,945
Place	263,515	(179,470)	84,045	259,000	(196,941)	62,059
Housing Benefits	214,481	(208,340)	6,141	189,186	(185,018)	4,168
Council Wide Other	19,519	(15,183)	4,336	36,852	(22,033)	14,819
Cost of Services	1,126,216	(845,168)	281,048	1,161,581	(873,350)	288,231
Other Operating Expenditure & Income						
Precepts and Levies	14,161	-	14,161	14,463	-	14,463
Payments to the Government Housing Capital Receipts Pool	1,520	-	1,520	1,520	-	1,520
(Gains)/Losses on Disposal of Non-Current Assets	(30,228)	-	(30,228)	(13,045)	-	(13,045)
	(14,547)	-	(14,547)	2,938	-	2,938
Financing and Investment Income & Expenditure						
Interest Payable and Similar Charges	37,092	-	37,092	38,553	(9)	38,544
Net Interest on the Net Defined Benefit Liability (Asset)	13,046	-	13,046	12,023	-	12,023
Interest Receivable and Similar Income	-	(2,110)	(2,110)	-	(2,255)	(2,255)
Impairment Losses	16,909	-	16,909	10,303	-	10,303
	67,047	(2,110)	64,937	60,879	(2,264)	58,615
Taxation and Non-Specific Grants						
Council Tax Income	-	(140,327)	(140,327)	-	(152,940)	(152,940)
Non-Domestic Rates Income and Expenditure	-	(23,360)	(23,360)	-	(33,358)	(33,358)
Business Rates Top-Up	-	(31,499)	(31,499)	-	(31,499)	(31,499)
Non-Ringfenced Government Grants	-	(99,397)	(99,397)	-	(80,568)	(80,568)
Capital Grants and Contributions	-	(27,183)	(27,183)	-	(20,331)	(20,331)
	-	(321,766)	(321,766)	-	(318,696)	(318,696)
Tax Expenses of Subsidiaries	-	-	-	86	-	86
(Surplus) / Deficit on Provision of Services	1,178,716	(1,169,044)	9,672	1,225,484	(1,194,310)	31,175
(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			(106,959)			(145,754)
Remeasurement of the Net Defined Benefit Liability / (Asset)			2,048			(55,252)
Deferred Taxation			229			-
Other Comprehensive (Income) / Expenditure			(104,682)			(201,006)
Total Comprehensive (Income) / Expenditure			(95,010)			(169,831)

GROUP BALANCE SHEET

	31 March 2021 £'000	31 March 2022 £'000
BALANCE SHEET		
Property, Plant & Equipment	2,131,029	2,275,413
Intangible Assets	2,931	12,163
Heritage Assets	2,741	2,741
Long-Term Investments	820	716
Long-Term Debtors	19,854	20,742
Long-term Assets	2,157,375	2,311,775
Short-Term Investments	131,026	494,038
Short-Term Debtors	94,593	73,251
Cash and Cash Equivalents	133,401	76,804
Inventories	-	191
Current Assets	359,020	644,284
Short-Term Borrowings	(44,206)	(49,165)
Short-Term Creditors	(161,136)	(175,866)
Short-Term Provisions	(11,791)	(13,656)
Grants Receipts in Advance - Revenue	(26,854)	(34,594)
Current Liabilities	(243,986)	(273,281)
Long-Term Borrowings	(621,644)	(846,698)
Long-Term Creditors	(127,878)	(133,795)
Long-Term Provisions	(4,781)	(4,181)
Grants Receipts in Advance - Capital	(9,334)	(33,067)
Pensions Liability	(577,747)	(564,329)
Deferred Tax Liability	(406)	(259)
Long-term Liabilities	(1,341,791)	(1,582,329)
Net Assets	930,617	1,100,449
Represented by:		
Usable Reserves		
General Fund	(15,919)	(15,919)
Earmarked Reserves	(118,188)	(123,866)
Housing Revenue Account	(4,925)	(4,925)
Capital Receipts Reserve	(37,865)	(49,013)
Capital Grants Unapplied	(26,272)	(27,943)
Housing Revenue Account Earmarked Reserves	(15,249)	(15,249)
Profit and Loss Account	3,256	3,136
	(215,162)	(233,779)
Unusable Reserves		
Revaluation Reserve	(543,363)	(674,457)
Capital Adjustment Account	(798,286)	(787,301)
Deferred Capital Receipts	(5,200)	(5,064)
Collection Fund Adjustment Account	28,799	19,346
Financial Instruments Adjustment Account	1,449	1,418
Accumulated Absences Account	8,070	7,544
Pension Reserve	593,078	571,844
	(715,455)	(866,670)
Total Reserves	(930,617)	(1,100,449)

GROUP CASH FLOW

	2020/21	2021/22
	£'000	£'000
CASH FLOW STATEMENT		
Net (Surplus) / Deficit on the Provision of Services	9,672	31,175
Adjustments to Net (Surplus) / Deficit on the Provision of Services for Non-Cash Movements	(158,772)	(159,839)
Adjustments for Items Included in Net (Surplus) / Deficit on the Provision of Services that are Investing or Financing Activities	80,326	61,773
Net Cash Inflows from Operating Activities	(68,774)	(66,891)
Investing Activities	3,753	377,574
Financing Activities	10,124	(254,085)
Net (Increase) or Decrease in Cash and Cash Equivalents	(54,897)	56,597
Cash and Cash Equivalents at the Beginning of the Reporting Period	(78,504)	(133,401)
Cash and Cash Equivalents at the End of the Reporting Period	(133,401)	(76,803)

Group Notes to the Core Financial Statements

Where figures in the group accounts differ materially from the Council's single entity accounts, the relevant explanatory notes have been prepared on a consolidated basis. The notes below give information on the areas that have materially changed on consolidation of the group entities into the Council's accounts.

ACCOUNTING POLICIES

The Accounting Policies of the Council's subsidiary companies have been aligned with the Council's Accounting Policies contained in Section 6. Any statutory adjustments between accounting basis and funding basis included in the Council's Accounting Policies do not apply to the subsidiary companies.

Note 1 – Audit Costs

	2020/21 £'000	2021/22 £'000
External Audit Costs		
Fees payable to Deloitte LLP with regard to external audit services carried out by the appointed auditor for the year	260	236
Fees payable to Beever and Struthers Services Ltd with regard to external audit services carried out for the year	-	57
Fees payable to KPMG for the certification of grant claims and returns for the year	39	39
Total	299	332

Note 2 – Property, Plant and Equipment

Property, Plant & Equipment Movements in 2021/22	Council Dwellings £'000	Other Land & Buildings		Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Infrastructure Assets (PFI) £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000	Intangible Assets £'000
		Other Land & Buildings £'000	& Buildings (PFI) £'000								
Cost or Valuation											
At 1 April 2021	880,711	831,946	113,454	115,523	272,748	31,977	43,858	2,803	90,740	2,383,760	6,492
Additions	39,098	22,518	108	3,321	7,806	-	1,331	63	34,415	108,660	750
Donations	-	-	-	-	-	-	-	-	-	-	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	54,853	55,856	1,855	-	-	-	85	(82)	-	112,567	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(28,406)	(12,469)	-	-	-	-	4,674	(119)	-	(36,320)	-
Derecognition - disposals	(7,785)	-	-	(1)	-	-	-	-	(3,970)	(11,756)	-
Derecognition - other	(4,693)	(4,289)	-	(16)	-	-	-	-	-	(8,998)	-
Other Reclassifications	12,324	6,548	-	-	88	-	1,138	-	(29,167)	(9,069)	9,070
At 31 March 2022	946,102	900,110	115,417	118,827	280,642	31,977	51,086	2,665	92,018	2,538,844	16,312
Accumulated Depreciation and Impairment											
At 1 April 2021	(1,555)	(5,792)	(11,324)	(101,659)	(124,431)	(7,969)	-	-	-	(252,730)	(3,561)
Depreciation charge	(14,845)	(18,905)	(1,931)	(3,287)	(8,821)	(639)	(333)	(51)	-	(48,812)	(588)
Depreciation written out to the Revaluation Reserve	13,543	17,840	1,088	-	-	-	12	49	-	32,532	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,301	1,867	-	-	-	-	321	2	-	3,491	-
Impairment losses/reversals to Surplus/Deficit on Provision of Services	465	1,566	-	-	-	-	-	-	-	2,031	-
Derecognition - disposals	-	-	-	-	-	-	-	-	-	-	-
Derecognition - other	-	57	-	-	-	-	-	-	-	57	-
At 31 March 2022	(1,091)	(3,367)	(12,167)	(104,946)	(133,252)	(8,608)	-	-	-	(263,431)	(4,149)
Net Book Value											
At 31 March 2022	945,011	896,743	103,250	13,881	147,390	23,369	51,086	2,665	92,018	2,275,413	12,163
At 31 March 2021	879,156	826,154	102,130	13,864	148,317	24,008	43,858	2,803	90,740	2,131,029	2,931

Property, Plant & Equipment Comparative Movements in 2020/21	Council Dwellings £'000	Other Land & Buildings £'000	Other Land & Buildings (PFI) £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Infrastructure Assets (PFI) £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000	Intangible Assets £'000
Cost or Valuation											
At 1 April 2020	832,303	789,947	109,344	113,142	263,755	31,977	39,408	5,351	69,718	2,254,945	4,661
Additions	30,758	17,999	207	2,919	7,523	-	1,260	797	55,268	117,112	1,724
Donations	-	-	-	-	-	-	-	-	-	-	-
* Revaluation increases/(decreases) recognised in the Revaluation Reserve	46,719	24,279	3,903	-	-	-	1,500	(527)	-	75,874	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(28,429)	(17,650)	-	-	-	-	1,690	(2,808)	-	(47,197)	-
Derecognition - disposals	(3,552)	(195)	-	-	-	-	-	-	-	(3,747)	-
Derecognition - other	(6,961)	(4,891)	-	(688)	-	-	-	(10)	(171)	(12,721)	(18)
Other Reclassifications	9,873	22,457	-	150	1,470	-	-	-	(34,076)	(126)	126
At 31 March 2021	880,711	831,946	113,454	115,523	272,748	31,977	43,858	2,803	90,740	2,384,140	6,493
Accumulated Depreciation and Impairment											
At 1 April 2020	(540)	(11,298)	(11,505)	(97,214)	(115,817)	(7,330)	-	-	-	(243,704)	(3,149)
Depreciation charge	(13,202)	(16,006)	(1,864)	(4,445)	(8,614)	(639)	(288)	(106)	-	(45,222)	(431)
* Depreciation written out to the Revaluation Reserve	10,558	18,376	2,045	-	-	-	-	106	-	31,085	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	2,629	4,560	-	-	-	-	288	-	-	7,477	-
Impairment losses/reversals to Surplus/Deficit on Provision of Services	(1,015)	(1,566)	-	-	-	-	-	-	-	(2,581)	-
Derecognition - disposals	-	32	-	-	-	-	-	-	-	32	-
Derecognition - other	15	110	-	-	-	-	-	-	-	125	18
At 31 March 2021	(1,555)	(5,792)	(11,324)	(101,659)	(124,431)	(7,969)	-	-	-	(252,788)	(3,561)
Net Book Value											
At 31 March 2021	879,156	826,154	102,130	13,864	148,317	24,008	43,858	2,803	90,740	2,131,029	2,931
At 31 March 2020	831,763	778,649	97,839	15,928	147,938	24,647	39,408	5,351	69,718	2,011,241	1,512

Note 3 – Financial Instruments

CATEGORIES OF FINANCIAL INSTRUMENTS

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

	31 March 2021					31 March 2022				
	Non-Current		Current			Non-Current		Current		
	Investments £'000	Debtors £'000	Investments £'000	Debtors £'000	Total £'000	Investments £'000	Debtors £'000	Investments £'000	Debtors £'000	Total £'000
Financial Assets										
Amortised Cost	820	19,837	264,259	75,475	360,390	716	20,726	570,632	63,638	655,712
Fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Fair value through Profit and Loss	-	-	-	-	-	-	-	-	-	-
Total Financial Assets	820	19,837	264,259	75,475	360,390	716	20,726	570,632	63,638	655,711
Non-Financial Assets	-	17	-	19,118	19,135	-	16	-	9,613	9,629
Total	820	19,854	264,259	94,593	379,526	716	20,742	570,632	73,251	665,341

	31 March 2021					31 March 2022				
	Non-Current		Current			Non-Current		Current		
	Investments £'000	Debtors £'000	Investments £'000	Debtors £'000	Total £'000	Investments £'000	Debtors £'000	Investments £'000	Debtors £'000	Total £'000
Financial Liabilities										
Financial liabilities at amortised cost	(621,644)	(101,591)	(44,206)	(98,258)	(865,699)	(846,698)	(96,100)	(49,165)	(101,434)	(1,093,398)
Financial liabilities at fair value through profit and loss	-	-	-	-	-	-	-	-	-	-
Total Financial Liabilities	(621,644)	(101,591)	(44,206)	(98,258)	(865,699)	(846,698)	(96,100)	(49,165)	(101,434)	(1,093,398)
Non-Financial Liabilities	-	(26,287)	-	(62,878)	(89,165)	-	(37,695)	-	(74,432)	(112,127)
Total	(621,644)	(127,878)	(44,206)	(161,136)	(954,864)	(846,698)	(133,795)	(49,165)	(175,866)	(1,205,525)

Note 4 – Cash Flow Statements

OPERATING ACTIVITIES (NOTE 4A)

	2020/21 £'000	2021/22 £'000
Interest Received	(2,595)	(2,100)
Interest Paid	23,930	24,918

The (Surplus)/Deficit on the Provision of Services has been Adjusted for the Following Non-Cash Movements:	2020/21 £'000	2021/22 £'000
Depreciation and Amortisations	(45,603)	(49,158)
Impairment and Downward Valuations	(42,300)	(30,678)
(Increase)/Decrease in Impairment for Bad Debts	(16,378)	(11,425)
(Increase)/Decrease in Creditors	(52,149)	(20,836)
Increase/(Decrease) in Debtors	27,648	214
Increase/(Decrease) in Inventories	-	-
Movement in Pension Liability	(8,085)	(26,431)
Carrying Amount of Non-Current Assets and Non-Current Assets Held for Sale, Sold or Derecognised	(20,617)	(20,787)
Other Non-Cash Items Charged to the Net (Surplus) or Deficit on the Provision of Services		
(Increase)/Decrease in Provisions	615	(1,265)
(Increase)/Decrease in Accumulated Absences	(1,903)	526
Net cash flows from operating activities	(158,772)	(159,839)

The (Surplus)/Deficit on the Provision of Services has been Adjusted for the Following Items that are Investing and Financing Activities:	2020/21 £'000	2021/22 £'000
Proceeds from Short-Term (Not Considered to be Cash Equivalents) and Long-Term Investments (Includes Investments in Associates, Joint Ventures and Subsidiaries)	-	-
Proceeds from the Sale of Property Plant and Equipment, Investment Property and Intangible Assets	50,845	32,774
Grant Receipts for the Financing of New Capital Expenditure	29,481	28,999
Net cash flows from operating activities	80,326	61,773

INVESTING ACTIVITIES (NOTE 4B)

	2020/21 £'000	2021/22 £'000
Investing Activities		
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	118,355	104,214
Purchase of Short-Term and Long-Term Investments	5,344,101	2,716,716
Payments for Other Long Term Loans	904	3,778
(Proceeds) From the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(46,636)	(29,826)
(Proceeds) from Short-Term and Long-Term Investments	(5,374,151)	(2,357,052)
(Proceeds) from Other Long-Term Loans	(624)	(1,285)
Grant (Receipts) for the Financing of New Capital Expenditure	(38,196)	(58,971)
Net cash flows from investing activities	3,753	377,574

FINANCING ACTIVITIES (NOTE 4C)

	2020/21 £'000	2021/22 £'000
Financing Activities		
Cash (Receipts) of Short-Term and Long-Term Borrowing	(20,375)	(253,640)
Cash (Receipts) from Other Short-Term and Long-Term Liabilities	(129)	(530)
Cash Payments for the Reduction of Outstanding Liabilities Relating to Finance Leases and on-Balance Sheet PFI Contracts	4,441	4,843
Repayments of Short-Term and Long-Term Borrowing	16,758	19,084
Repayments of Other Short-Term and Long-Term Liabilities	85	555
Billing Authorities - Council Tax and NDR Adjustments	9,344	(24,398)
Net cash flows from financing activities	10,124	(254,085)

6. Accounting Policies

Accounting Policies

I. GENERAL PRINCIPLES

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

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Council is required to prepare an annual statement of accounts in accordance with proper accounting practice, by the Accounts and Audit Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act).

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

II. ACCRUALS OF EXPENDITURE & INCOME

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

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

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

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

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

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

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

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

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

V. CHARGES TO REVENUE FOR NON-CURRENT ASSETS

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

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

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

VI. COUNCIL TAX AND NON-DOMESTIC RATES

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

ACCOUNTING FOR COUNCIL TAX AND NDR

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

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

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

VII. EMPLOYEE BENEFITS

BENEFITS PAYABLE DURING EMPLOYMENT

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and nonmonetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the short term accumulating compensated absences account so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

TERMINATION BENEFITS

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund or Housing Revenue Account balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

POST-EMPLOYMENT BENEFITS

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

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

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

However, the arrangements for the teachers' and NHS scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children and Schools Service line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year. The Adults & Public Health line incurs the NHS Pension employer costs.

THE LOCAL GOVERNMENT PENSION SCHEME

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

- The liabilities of the Ealing Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.
- The assets of Ealing Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - 1) quoted securities – current bid price.
 - 2) unquoted securities – professional estimate.

- 3) unitised securities – current bid price.
- 4) property – market value.

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

- Service cost comprising:
 - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
 - net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Re-measurements comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - contributions paid to the Ealing Council Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

DISCRETIONARY BENEFITS

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

VIII. EVENTS AFTER THE REPORTING PERIOD

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

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

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

IX. FINANCIAL INSTRUMENTS

FINANCIAL LIABILITIES

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective rate of interest is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

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

FINANCIAL ASSETS

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss (FVPL), and
- Fair value through other comprehensive income (FVOCI).

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

FINANCIAL ASSETS MEASURED AT AMORTISED COST

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

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

EXPECTED CREDIT LOSS MODEL

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

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

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the Surplus or Deficit on the Provision of Services.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the Surplus or Deficit on the Provision of Services.

FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

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

X. GOVERNMENT GRANTS AND CONTRIBUTIONS

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income and Expenditure (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

XI. HERITAGE ASSETS

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

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

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

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

XII. INTANGIBLE ASSETS

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

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

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

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

XIII. INTERESTS IN COMPANIES AND OTHER ENTITIES

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

XIV. JOINT OPERATIONS

Joint operations are arrangements where the parties that have joint control of the arrangements have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Council as a joint operator recognises:

- Its assets, including its share of any assets held jointly
- Its liabilities, including its share of any liabilities incurred jointly
- Its revenue from the sale of its share of the output arising from the joint operation
- Its share of the revenue from the sale of the output by the joint operation
- Its expense, including its share of any expenses incurred jointly

XV. LEASES

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

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

THE AUTHORITY AS LESSEE

Finance leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the

asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

THE AUTHORITY AS LESSOR

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal

(i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve. When future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

XVI. OVERHEADS AND SUPPORT SERVICES

The cost of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

XVII. PROPERTY, PLANT AND EQUIPMENT – (SEE NOTE 9)

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

RECOGNITION

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

MEASUREMENT

Assets are initially measured at cost comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income and Expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- Infrastructure, community assets and assets under construction – depreciated historical cost
- Dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- School buildings – current value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV) or where there is no market because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value
- Surplus asset – the current value measurement base is fair value, estimated at highest and best use from a market participants perspective
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

IMPAIRMENT

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

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

DEPRECIATION

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

Depreciation is calculated on the following bases:

- Dwellings and other buildings - straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- Infrastructure – straight-line allocation over 25 years
- Intangible assets - straight-line allocation over the useful life of the asset, as advised by a suitably qualified officer.

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately if they have different economic useful lives. The minimum value for separate components has been set at £1m as it is believed that anything

below this would result in a trivial impact on the Council's accounts. However, the major components of land and buildings have already been separated for many years, with no depreciation being applied to the land element.

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

DISPOSALS AND NON-CURRENT ASSETS HELD FOR SALE

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

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

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line of the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

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

XVIII. PRIVATE FINANCE INITIATIVES (PFI) AND SIMILAR CONTRACTS

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

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

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

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

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

- b. Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- c. Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- d. Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).
- e. Lifecycle replacement costs – expensed in-year and debited to the relevant service in the Comprehensive Income and Expenditure Statement.

XIX. PROVISIONS AND CONTINGENT LIABILITIES

PROVISIONS

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council has an obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that the reimbursement will be received if the Council settles the obligation.

CONTINGENT LIABILITIES

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

XX. RESERVES

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

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

XXI. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

XXII. SCHOOLS

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements (and not the Group Accounts). Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

XXIII. VALUE ADDED TAX

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

XXIV. FAIR VALUE MEASUREMENT

The Council's accounting policy for fair value measurement of financial assets is set out in note The Council measures some of its non-financial assets such as surplus assets and some of its financial instruments such as equity shareholdings at fair value at the end of the reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which suitable data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – unobservable inputs for the asset or liability.

7. Glossary

Glossary of Terms

ACCOUNTING PERIOD

The period of time covered by the accounts, 12 months commencing on 1 April and ending on 31 March (the balance sheet date).

ACCRUAL

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

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

AGENCY SERVICES

Services provided by the Council, as an agent on behalf of the responsible body, where that body reimburses the Council for the cost of the work carried out.

ANNUAL GOVERNANCE STATEMENT (AGS)

The formal statement that recognises, records and publishes a local Authority's governance arrangements.

ASSET

A resource controlled by the Authority as a result of past events and from which future economic or service potential is expected to flow to the Authority.

AUDITOR'S OPINION

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

BALANCE SHEET

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

BALANCES

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

BUDGET

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

CAPITAL ADJUSTMENT ACCOUNT

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

CAPITAL CHARGE

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

CAPITAL EXPENDITURE

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

CAPITAL FINANCING COSTS

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

CAPITAL GRANTS UNAPPLIED

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

CAPITAL RECEIPTS

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

CAPITAL RECEIPTS - DEFERRED

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

CARRYING AMOUNT

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

CIPFA

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

CIPFA PRUDENTIAL CODE

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

CODE OF PRACTICE

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

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

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

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

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

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

COLLECTION FUND

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

COMMUNITY ASSETS

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

CONSISTENCY

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

CONSOLIDATED BALANCE SHEET

The combined fund balance sheets of the Council.

CONTINGENCY SUM

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

CONTINGENT LIABILITY

A contingent liability is either:

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

CORPORATE GOVERNANCE

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

COST OF MANAGEMENT AND ADMINISTRATION

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

CREDITORS

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

CURRENT ASSET

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

CURRENT LIABILITY

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

CURRENT SERVICE COST (PENSIONS)

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

DEBT REDEMPTION

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

DEBTOR

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

DEFERRED CHARGES

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

DEFERRED DEBTORS

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

DEPRECIATION

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

EXCEPTIONAL ITEMS

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

EXPECTED RATE OF RETURN ON PENSIONS ASSETS

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

EXPENSES

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

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

FAIR VALUE

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

FINANCE LEASE

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

FINANCIAL YEAR

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

FIXED ASSETS

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

FORMULA GRANT

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

GENERAL FUND

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

GOING CONCERN

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

GROSS EXPENDITURE

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

HISTORICAL COST

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

IMPAIRMENT

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

INCOME

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

INFRASTRUCTURE ASSETS

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

INTANGIBLE ASSET

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

INTEREST COST (PENSIONS)

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

INVESTMENT PROPERTY

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

LEASING

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

LIABILITIES

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

LOANS OUTSTANDING

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

MATERIALITY

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

MINIMUM REVENUE PROVISION

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

NON-DOMESTIC RATES (NDR)

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

NET EXPENDITURE

Gross expenditure less specific Government grants and other income.

NET BOOK VALUE

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

NON-OPERATIONAL ASSETS

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

OPERATING LEASE

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

OPERATIONAL ASSETS

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

PAST SERVICE COST

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

PRECEPT

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

PROVISION

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

PRUDENCE

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

PRUDENTIAL FRAMEWORK

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

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

PUBLIC WORKS LOAN BOARD (PWLB)

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

RELATED PARTIES

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

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

RELATED PARTY TRANSACTIONS

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

RENT ALLOWANCE

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

RESERVE

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

RESIDUAL VALUE

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

REVALUATION RESERVE

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

REVENUE ACCOUNT

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

REVENUE EXPENDITURE FINANCED FROM CAPITAL UNDER STATUTE (REFFCUS)

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

REVENUE SUPPORT GRANT (RSG)

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

STOCKS AND WORK IN PROGRESS

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

TEMPORARY LOANS

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

TREASURY MANAGEMENT

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

8. Annual Governance Statement

The draft Annual Governance Statement will follow.

