London Borough of
Redbridge

Audited
Statement of Accounts
2018/19

Contents

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Narrative Report

This report provides information on Redbridge Council's:

- **Non-Financial Strategies and Performance**
  - Population and geography, main strategic objectives and plans including 2018/19 performance indicators
  - The principal risks that it faces, the Council's financial performance,
- **Financial Position, Performance and Strategy**
  - An overview of the Key Financial Statements included in the detailed Statement of Accounts
  - A review on how the Council has used its resources to achieve its desired outcomes, demonstrating value for money in the use of its resources
  - The financial outlook for the council and highlights of the Medium Term Financial Strategy

Population and Geography

- Redbridge is estimated to have a population of 301,785 as at 2017 mid-year estimates[1]. This is expected to rise by 60,000[2] in the next 10 years with Crossrail bringing residents to Ilford and surrounding neighbourhoods.
- Redbridge has the third most diverse community in London[3] with 60.7% of the population from Black, Asian and Minority Ethnic (BAME) groups[4] and over 90 languages spoken[5].
- There is significant divergence between green, affluent areas and areas of urban deprivation where residents are struggling to manage the rising cost of living. Redbridge has 11 areas that are in the 20% most deprived in the country and 11 areas in the 20% least deprived[6].

Growing Redbridge Through Partnership

Redbridge Council operates by putting the community in the lead of everything that it does. Redbridge's Joint Partnership Plan for 2025 set out how the Council and its local partners must work together

- To ensure regeneration benefits Redbridge's communities
- So that Redbridge is a great place to live as a family
- So that the root causes of social challenges in Redbridge are tackled

The Plan recognises the value of Redbridge's many statutory and non-statutory partners including:

- Local voluntary sector partners, such as Redbridge Council for Voluntary Service (CVS), which receive Redbridge grant funding to provide residents with services to help maintain strong communities;
- The Metropolitan Police;
- Vision Redbridge Culture and Leisure which runs the Council's sports, cultural and leisure facilities and parks and open spaces;
- NHS bodies such as North-East London NHS Foundation Trust (NELFT), who are the Council's key partner in the provision of fully integrated health and social care across the borough, with a single point of access and joint crisis intervention;
- Barnardos who provide a variety of services relating to families and children's social services
- East London Waste Authority (ELWA);
- Redbridge College and New City College;
- Barking & Dagenham, Havering and Redbridge Care Commissioning Group; and
- Local London (the east London devolution partnership), local business forums and London Borough of Waltham Forest, with whom the Council shares procurement services and a Risk and Insurance Manager.

[1] ONS Mid-Year Estimates 2017
[2] Growing a new Redbridge: a partnership plan for 2025. This can be found at Redbridge.gov.uk/about-the-council/council-strategy
[3] 2013 GLA Data
[4] 2013 GLA Data
[5] 2011 Census data
[6] 2014 ONS Index of Multiple Deprivation

Redbridge's Strategic Delivery Plan

Redbridge's Strategic Delivery Plan[7] sets out how it will contribute to the Joint Partnership Plan. This sets out Redbridge Council's key priorities for the next 10 years, which are to:

- Regenerate the borough to benefit our residents and integrate new communities
- Keep the borough clean and safe
- Be a great place to live as a family
- Tackle the root causes of social challenges
- Build a brilliant Council

Council Management and Reporting Structure

The Council's management structure of Directorates support the Strategic Delivery Plan's priority to build a brilliant Council. The Directorates are:

- People which includes Adult Social Services, Children and Families, Education and Inclusion and Public Health
- Place which includes Housing, Civic Pride and Regeneration, Property and Planning
- Resources which includes Finance, Assurance, IT and Revenue, Benefits and Transactional Centre
- Strategy which includes Policy, Equalities and Communications, Change, Customers and Communications

Key Successes

Redbridge has achieved successes in a wide number of areas during the year, the highlights include:

- Been named as the sixth most productive council in the country[8]
- Protected weekly bin collections, free bulky waste and green garden waste collections at a time when many London boroughs are reducing services in these areas
- Redbridge was shortlisted for Local Authority of the Year in the prestigious Municipal Journal awards in April 2019, the winner was announced in June 2019 and we congratulate our neighbours at Waltham Forest on their success.
- Taken top spot as the most productive council for adult social care[9]
- Kick started the largest programme of regeneration and housebuilding the borough has ever seen.
- Opened the new Mayfield Leisure Centre in November 2018

Overview of Performance – Judging Success

As part of the Council's Strategic Delivery Plan, 'A Great Place to Live' which was published during 2018, Redbridge has produced a new performance monitoring framework, the Resident Impact Report. This will be published quarterly and focuses on measuring changes that will have a noticeable impact on our residents' daily lives.

This is backed up by a Corporate Health Check framework which sets high minimum standards for service performance of the Council Directorates. The new Performance Indicators replace the list of largely quantitative top 50 indicators which were originally divided between operational directorates with approximately five outcome focused thematic areas.

The new framework is a clear departure from a quantitative and service silo approach and now moves towards qualitative information to reflect outcomes delivered for residents by the Council.

As can be seen in the table, performance against targets has been positive, with 16 indicators showing the authority meeting or exceeding target, there are also three where the target has been narrowly missed showing that the target should be achievable but there is room for improvement. There are also three where measured performance was below target. For Percentage of Stage 1 Complaints responded to within 10 days there is currently a service review and an improvement plan being implemented including new technology being implemented during 2019/20 to address this. The original target for Percentage of incoming calls to the contact centre abandoned was set based on data which did

[7] The Council's Strategic Delivery Plan is available at: Redbridge Strategic Delivery Plan
[8] iMpower 2018
[9] iMpower2018

not include Revenues and Benefits calls as such the target will be reviewed for 2019/20. The Number of working days per FTE lost due to sickness absence is mainly due to long-term sickness absence which inflates the sickness figures as well as other factors such as restructures, we are managing this through the sickness absence procedure and are working with the aim of reducing this towards the target.

Redbridge Council Directorate Performance		**Annual Target**	**March 2019**
1	**Children, Families and Education**		
1.1	Percentage of children achieving "a good level of development" in Early Years Foundation Stage Profile (EYFSP) - at least expected level in learning, literacy & maths	75%	75%
1.2	Percentage of children looked after with 3+ placements during the year	10%	7.6%
1.3	Percentage of child and family assessments undertaken following a referral to social care completed within 45 days	80%	97.2%
1.4	Increase the percentage of care leavers (former relevant young people aged 19-21) who were in education, employment or training	82%	65.4%
2	**Health and Social Care Service**		
2.1	Percentage of adults using social care currently in community settings	75%	78%
2.2	Percentage of clients using social care who receive direct payments	60%	58%
2.3	Average days delayed of Adult Social Care and Shared Days Delayed Transfers of Care	4.2	3.9
2.4	Permanent Admissions to Care Homes per 100,000 Population	7	2
2.5	Social Isolation: percentage of adult social care users who have as much social contact as they would like	55%	55%
2.6	Self-reported wellbeing - people with an above average (not low) happiness score	5	7.92
3	**Strategy**		
3.1	Percentage of completed Freedom of Information enquiries within 20 working days	90%	89.33%
3.2	Percentage of stage 1 complaints responded to within 10 working days	95%	83.15%
3.3	Percentage of incoming calls to the contact centre abandoned	10%	22.30%
3.4	Percentage of enquiries resolved at first point of contact in customer services	85%	-
3.5	Number of working days per FTE lost due to sickness absence (excluding school staff)	5	8.5
4	**Resources**		
4.1	Percentage of Council Tax collected in year	95%	97.29%
4.2	Percentage of non-domestic rates collected in year	95%	97.44%
5	**Place**		
5.1	Percentage of household waste sent for recycling	26.70%	26.70%
5.2	Number of households living in temporary accommodation	2300	1156
5.3	Percentage of planning applications determined within target time	85%	92.4%
5.4	Percentage of households with children exceeding 6 weeks in B&B	0	1
5.5	Percentage of reported fly tips cleared within target time	90%	99.96%
5.6	Percentage of bin collections completed on relevant day or rescheduled in advance	97%	99.50%

Overview of Financial Performance

The sections below introduce some of the key features of the Council's Statement of Accounts and financial performance in 2018/19, covering revenue and capital outturn positions, borrowing and investment strategies.

General Fund Revenue Budget

The General Fund revenue budget relates to the day to day running expenses of the services that the Council provides during the year. The General Fund outturn position against the net budget expenditure is shown below, the figures are consistent with service headings reported within the Expenditure and Funding Analysis Statement at Note 7 in the Statement of Accounts:

Directorate	Revised Budget £m	Outturn £m	Variance £m
People	92.733	104.646	11.913
Place	25.449	32.416	6.967
Resources	14.312	13.654	(0.659)
Strategy	6.500	6.470	(0.030)
Directorate Net Budgets	**138.995**	**157.186**	**18.191**
Corporate Items & Contingency	39.583	21.392	(18.191)
General Fund Net Outturn	**178.578**	**178.578**	**-**

The outturn position for the year showed an overspend of £18.191m from Service Directorate revenue budgets. A significant proportion of the service overspend relates to an increase in demand for social care and housing services and in year savings targets not being achieved. In total there were £13.204m of planned savings which were not achieved during the year, of these £4.997m was deemed to be undeliverable and matched by growth included in the budget approved by Council in February 2019, the remaining £8.207m has been rolled forward for delivery during 2019/20. The major areas of overspend were:

- Children & Families £1.406m including £1.604m of undelivered savings as well as additional placement pressure costs, offset by underspends and mitigating actions

- Education & Inclusion £1.320m made up of £1.349m of undelivered savings offset by a small underspend elsewhere within the service area.

- Adult Social Services £9.187m mainly due to; £6.037m of undelivered savings as well as pressures on placement budgets from both demand and unit cost increases.

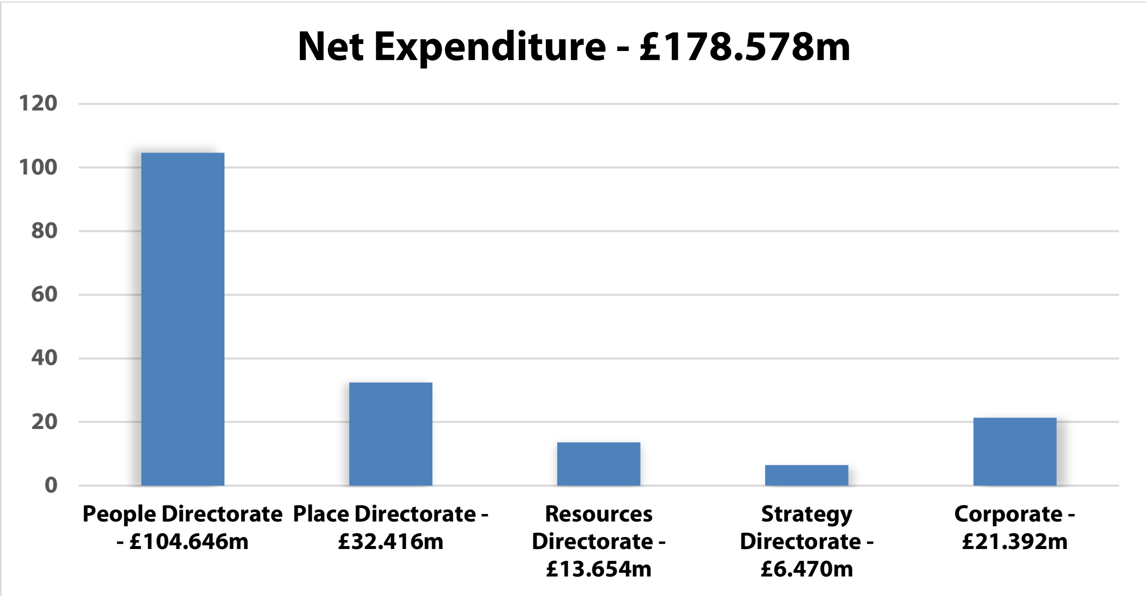
- Civic Pride £1.663m mainly due to; £1.472m of unachieved waste savings, £0.460 increased costs within waste and £0.346 increased staffing costs due to use of agency staff, partially offset by a reduced corporate insurance recharge.

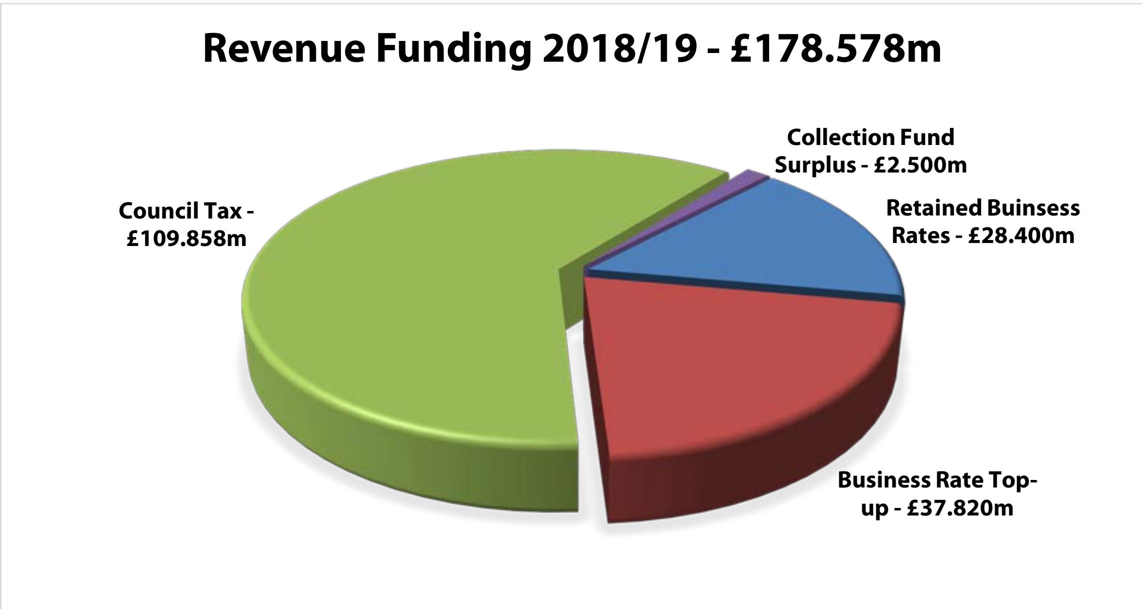
- Housing General Fund £5.465m mainly due to; £2.413m of undelivered savings in temporary accommodation due to delays to the delivery of capital schemes, £0.487m of abortive costs relating to a planned capital works which are no longer going ahead, £0.616m relating to an increase in the impairment allowance for doubtful debt and £0.856m of increased costs from the private rented sector to enable the retention of existing properties and to secure additional properties.

Much work has been done during 2018/19 as part of the budget monitoring and management to mitigate the 2018/19 service directorate overspend as far as possible. Several one-off service savings were implemented in 2018/19 but whilst services are expected to stay within their Service Directorate budgets this was not achieved in 2018/19. Corporate budgets (contingencies) were used to manage the Service Directorate overspends as set out below, this included a one-off underspend on Minimum Revenue Provision (MRP) of £7.093m relating to a previous change in accounting treatment. However, these savings and the use of earmarked reserves are only one off and not sustainable or available in future years and the implications for the future are discussed later under the Forward Plan narrative. This includes the Business Risk Reserve which was created to manage risks such as those which caused the service Directorates to overspend in this year, this reserve has £14.147m remaining.

	£m
Service Directorate Overspend	18.191
Corporate Contingency Budget allocation to meet overspend	(3.000)
Budget Overspend	**15.191**
Savings on interest and borrowing repayment	(10.727)
Other items	(2.875)
Contribution from Earmarked Reserves	**1.589**

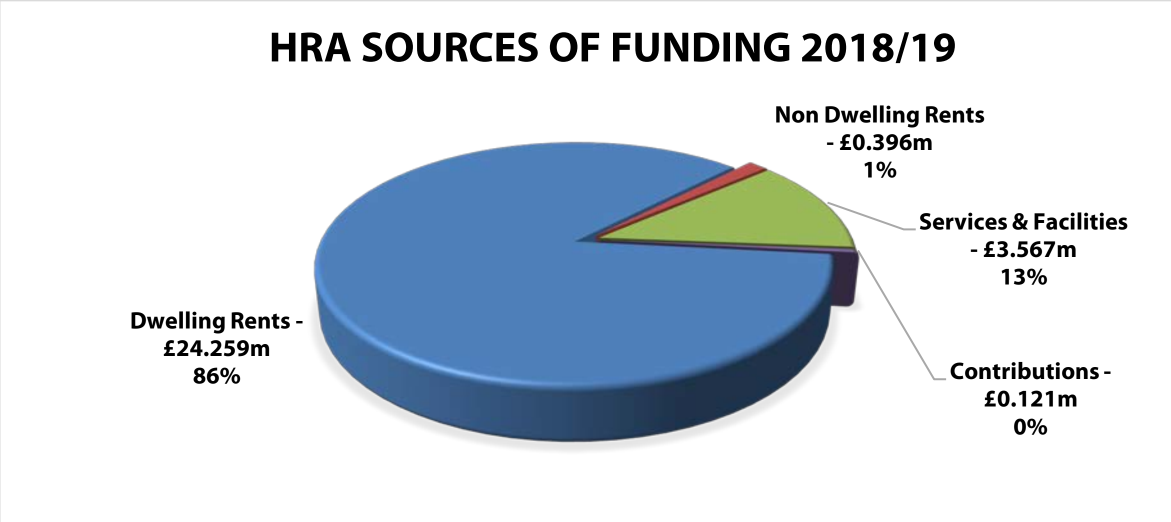
The Council received income from a wide variety of sources, including Council Tax, Business Rates, Government grants, grants from other entities, fees, charges and rental Income. Where this funding is specific to a service, the biggest of which is Dedicated Schools Grant (DSG) of £235.444m, it is accounted for within that service; this gives a net controllable service cost which for 2018/19 was £157.186m as well as £21.392m of corporate items to give a £178.578m balance to be funded from Business Rates (including a top-up grant) and Council Tax. These amounts are represented in the graphs below, further analysis can be found on the Expenditure and Funding Analysis Statement at Note 7 in the Statement of Accounts.





➢ Housing Revenue Account

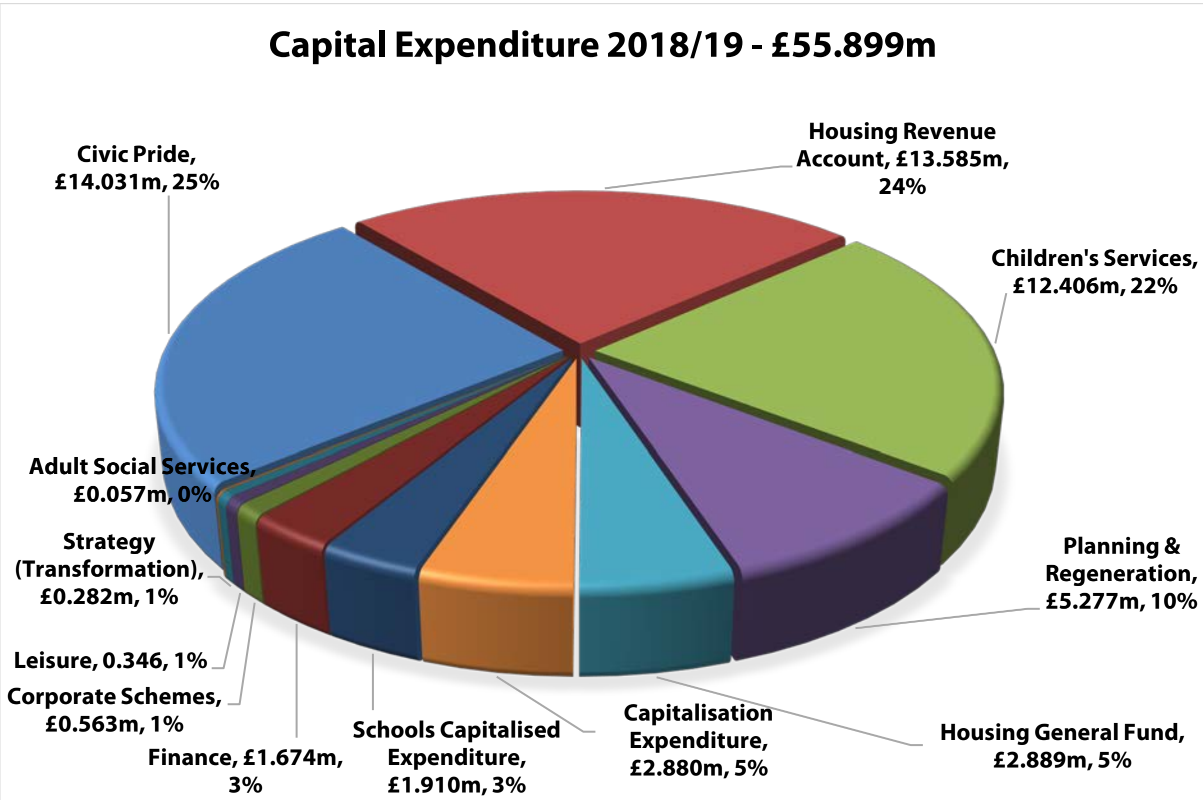
The Housing Revenue Account (HRA) is a ring-fenced Income and Expenditure account within the Statement of Accounts, showing the provision for Council housing. The HRA had a surplus of £0.858m in 2018/19 mainly due to underspend on interest on borrowing. The source of funding for the HRA is shown graphically below.



➢ Capital Expenditure

Capital Expenditure is defined as spending on the purchase, improvement or enhancement of fixed assets. The Capital Programme for 2018/19 approved in February 2018 was £135.862m. During the year the revised budget of £95.544m was approved by Council in February 2019 to take into account slippage. The outturn for the year is £55.899m, including capital expenditure within Schools and is summarised in the chart below.

Significant areas of expenditure in 2018/19 were Civic Pride (£14.031m which is 25% of the capital programme) and as in previous years Children's Services expenditure (£12.406m which is 22% of the capital programme) which was mainly for the expansion of schools to meet the statutory responsibilities of the Council to accommodate the demand for pupil places as well as capital maintenance works on schools. Housing (HRA) capital expenditure of £13.585m (24% of the total capital programme) has been used mainly to improve the Council's housing stock.



Pension Liabilities

The Council has a pension deficit of £472m as at 31 March 2019 calculated in accordance with Accounting requirements. This means that the value of pension's liabilities exceeds the value of the fund assets by this amount. The existence of a pension liability balance is consistent with other local authorities. The Council is responsible for funding this deficit over time as the liabilities are long term in nature and represent the future commitment to pay retirement pensions. The Pension Fund's funding level at the last triennial valuation in 2016 was 80% and current contribution levels remained at 25.1%. The deficit on the local government scheme will be made good by contributions from employees and employers plus investment returns over 17 years as set out in the 2016 Triennial Valuation.

Net Assets

The Council maintains a strong balance sheet despite the financial challenges. Redbridge's Net Worth at 31 March 2019 is £655m compared to £586m 31 March 2018. This increase is mainly due to valuation increases on non-current assets.

Net Assets at 31 March 2018:

Non-Current Assets (property and long-term investments and debtors)	Net Current assets (debtors, inventory and cash less creditors and current liabilities)	Long term liabilities and provisions
£1,171m	**£51m**	**(£636m)**
Funded by:		
Usable Reserves **£166m**	Unusable Reserves **£420m**	

Net Assets at 31 March 2019:

Non-Current Assets (property and long-term debtors)	Net Current assets (debtors, inventory and cash less creditors and current liabilities)	Long term liabilities and provisions
£1,299m	**£81m**	**(£725m)**
Funded by:		
Usable Reserves **£182m**	Unusable Reserves **£473m**	

Treasury Management Strategy

Borrowing is undertaken by the Council to finance capital expenditure and to replace maturing debt in accordance with its Treasury Management Strategy. The Council is able to temporarily defer its need to borrow externally by using the internal cash reserves it has set aside for longer term purposes, thereby reducing interest costs. Consequently, there is not always a direct link between the need to borrow to pay for capital expenditure and the level of external borrowing incurred. In addition, this practice of optimising the use of internal balances means the Council enters into fewer investments on the financial markets and hence reduces its exposure to investment risk.

The Council's Annual Investment Strategy is incorporated within the Treasury Management Strategy and it aims to achieve optimum return on its investments whilst ensuring appropriate level of security of its assets and liquidity. It is considered prudent to keep investment periods within permitted limits and only invest with financial institutions that meet the Council's approved creditworthiness criteria, which is regularly reviewed during the year to ensure it remains appropriate.

As at 31 March 2019, the Council had a Long-Term borrowing balance of £228m an increase from prior year of £202.5m as at 31 March 2018. The Investment portfolio held by the LB of Redbridge has increased from £110m as at 31 March 2018 to £113.9m.

Any borrowing for the purpose of funding capital expenditure requires the Council to make a Minimum Revenue Provision (MRP) for the repayment of this borrowing. Due to the change to the MRP policy in 2017/18 the Council has reduced its MRP calculation for the year 2018/19 from £7.098m to £0.001m, as it did last year. This utilises the majority of the remaining immediate benefit of the change in policy therefore such a reduction is not anticipated in future financial years, however the Council will continue to benefit in terms of having a more prudent policy for the calculation of MRP.

The Council prudently manages the level of reserves it holds, taking account of the risks, it faces including cuts in future government grant funding. The General Fund Balance, the Council's financial safety net, remained at £17.2m at

31 March 2019, which is 9.1% of the 2019/20 net revenue budgets. In addition to this balance, the Council also holds Earmarked Reserves which are set aside for specific purposes. With regard to the Council's financial stability, reserves are used to manage corporate risks; the Council has a Business Risk Reserve which has a balance of £14.1m as at 31 March 2019 as well as a Commercial Income Smoothing Reserve of £1.2m which allows for fluctuations in investment return between years and a Business Rate Smoothing Reserve of £5.0m as well as a Pension Reserve of £3.6m to manage the potential impact of future actuarial reviews.

➢ Statement of Accounts Key Financial Statements

The Statement of Accounts for 2018/19 sets out the Council's income and expenditure for the financial year ending 31 March 2019 along with a number of supplementary statements and disclosure notes. The financial statements have been prepared adhering to the CIPFA'S code of practice and the International Financial Reporting Standards. The key financial statements and disclosure notes contained in the Statement of Accounts for 2018/19 are as follow:

- Comprehensive Income and Expenditure Statement (CIES): This statement brings together all of the functions of the Council and reports on the Council's income and expenditure in accordance with International Financial Reporting Standards (IFRS) rather than just the amount to be funded from local taxes, rents and government grants. This difference is accounted for by a series of adjustments made in accordance with regulations. The cost of services within the Comprehensive Income and Expenditure Statement (CIES) follows the reporting structure used by the Council.

- Movement in Reserves Statement (MiRS): This statement provides a summary of the movement on the different reserves held by the Council over the course of the financial year. These reserves represent the Council's net worth and are divided into 'unusable', and 'usable' (i.e. those that can currently be used to fund expenditure or support local taxation).

- Balance sheet: This is a snap shot of the Council's financial position at year-end. It shows the balances and reserves under the Council's disposal, long term debt, net current assets and liabilities and summarises information on the non-current assets held.

- Cash Flow Statement: This is a summary of cash inflows and outflows arising from revenue and capital transactions with third parties.

- Expenditure Funding Analysis (EFA): The Expenditure and Funding Analysis brings together local authority performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the General Fund (including the HRA). The Expenditure and Funding Analysis takes the net expenditure that is chargeable to taxation and rents and reconciles it to the Comprehensive Income and Expenditure Statement.

- Notes to the Financial Statements: The notes provide a better understanding of the financial statements and give further detail about the items contained in the core financial statements along with details of accounting policies used by the Council.

- Housing Revenue Account (HRA): This account records the Council's statutory obligation to separately account for the cost of the ring-fenced landlord function in respect of the provision of Council Housing.

- Collection Fund: The Council is responsible for collecting Council Tax and National Non-Domestic Rates (NNDR). Council Tax is also collected and distributed on behalf of the Greater London Authority (GLA)., Under the Business Rates Retention Scheme, the Council is also responsible for collection and sharing of the NNDR proceeds with Central Government and GLA.

- Group Accounts: The Council has a material interest in Vision – Redbridge Culture and Leisure (VRCL). The Group Accounts show the consolidated position of the activities of the Council and VRCL.

- Pension Fund: The Pension Fund Accounts show the contributions from the Council, participating employers and employees for the purpose of paying pensions. The Fund is separately managed by the Council acting as a trustee and the accounts are not part of the Council's accounts. The Pension Fund Accounts are included here to follow proper accounting practices.

Forward Plan 2019/20 - 2023/24

Redbridge's net revenue budget for 2019/20 was approved on 28 February 2019 and is £187.994m. The context in which the Council's Budget is set is influenced by:

- The Council's Corporate Strategy "A Great Place to Live" and Strategic Priorities;
- The Council's Financial Strategy, to ensure a stable and sustainable medium term financial position in the context of reductions in government funding and demographic pressures;
- Central Government policies, including legislative change, which may require additional expenditure or set additional responsibilities; and
- External drivers – e.g. demand for services, inflationary pressures, change in interest rates etc.

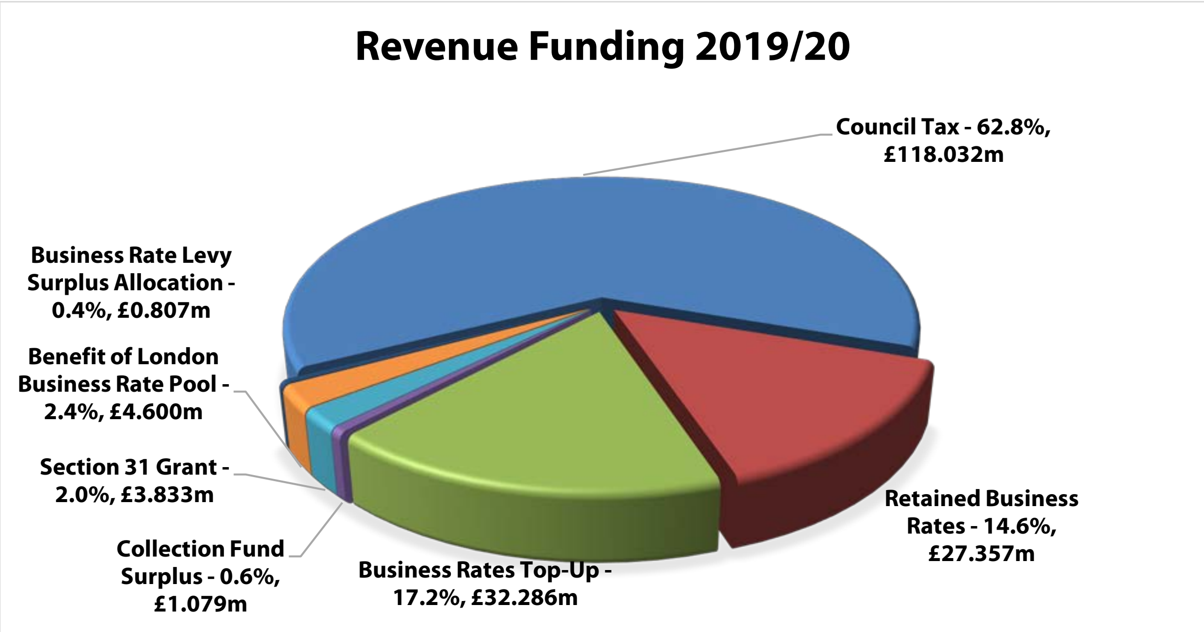
The budget process is designed to ensure that it is priority-led so that resources are aligned with the priorities of the Corporate Strategy.

Setting the budget

This year the council has increased Council Tax to fund the delivery of essential services for the residents of the borough. Redbridge increased the Council Tax by 2.99% together with a 1% increase used exclusively to fund the growing demand for the most vulnerable requiring adult social care. Overall, including the GLA precept, the Council Tax for Redbridge in 2019/20 at Band D increased by £76.39 which equates to an increase of 4.9 per cent or approximately £1.47 per week.

Revenue Budget Funding 2019/20

The main source of funding for the 2019/20 financial year is Council Tax which makes up 62.8% of core funding, followed by Business Rates at 31.8%. The benefits of being part of the London Business Rate Pool and the Business Rate Levy Surplus Allocation were received in 2018/19 but have been carried forward in reserves, to be used to fund as planned in 2019/20.



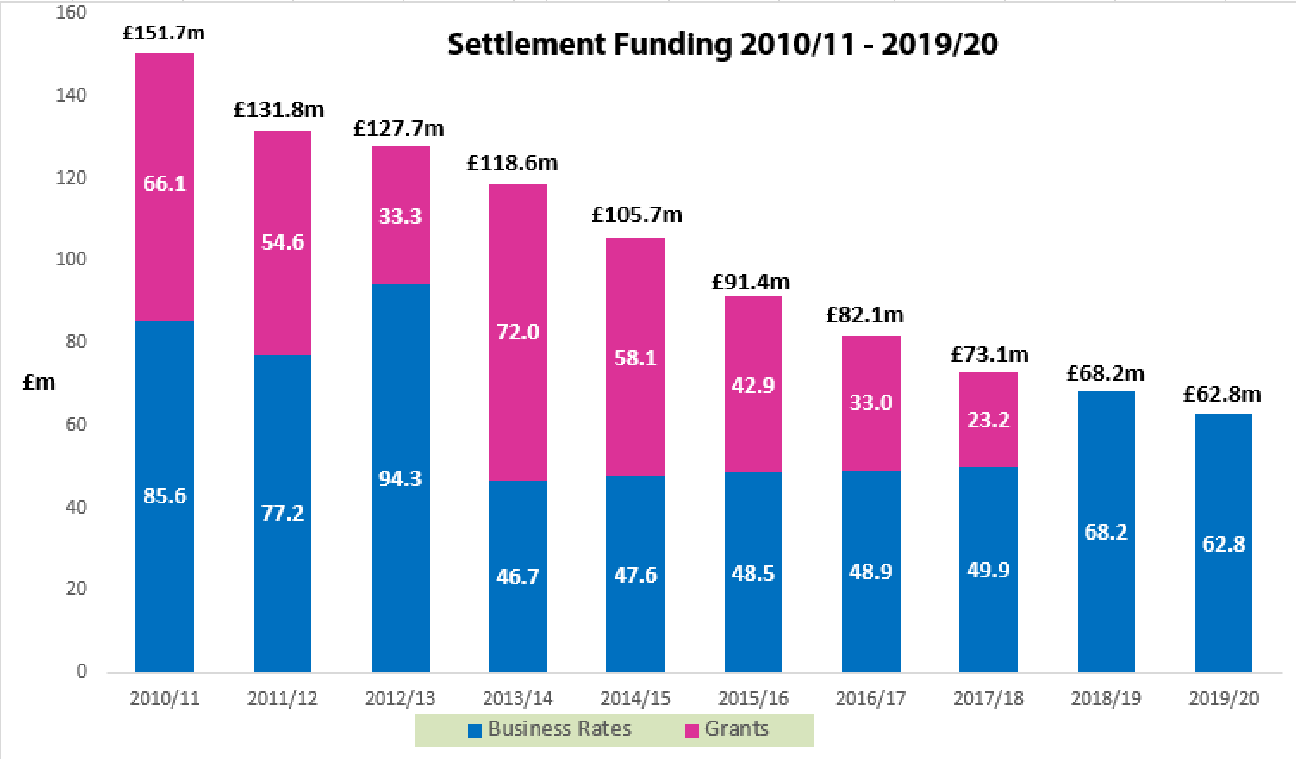
How we spend our budget

The budget includes Government grants and Council Tax and this is used in the following ways:

- to help deliver frontline services within the Borough;
- to fund vital support services to assist in frontline service delivery; and
- to pay for the services Redbridge receives from a number of external bodies.

Other Challenges

Redbridge continues to face an uncertain and challenging financial future. The table below sets out the reduction in the Council's government Settlement Funding Assessment between 2010/11 and 2019/20, with Revenue Support Grant disappearing in 2018/19 in exchange for increased Business Rate Retention; a total cash reduction of £88.9m. This has had to be replaced by Council Tax and demonstrates the need for increases in local taxation to meet the growing cost of service demands.



There has been small increase of £1.9m in the overall funding in 2019/20 however this is due to the impact of the London Business Rates Pool and a one-off refund relating to the Business Rates Levy Account offsetting reductions elsewhere. Redbridge is applying the benefit of the London Business Rates Pool the year after it is generated, so the 2018/19 benefit of pooling is being used to fund 2019/20. It is anticipated that the benefit of the Pool in 2019/20 will be roughly half that of 2018/19 and there is no indication it will continue in future years.

Redbridge is estimated to have a population of 301,785[10]. This is forecast to rise by 60,000 in the next 10 years. This will place further potential pressures on all services across the Council. The borough continues to need more homes, schools, health and social care and services including cleansing, roads and highways arising from changing demographics and growing population and leading to increasing demand for care services for adults and children's social care and pressures on temporary accommodation. In addition, there are pressures around the long-term funding of migrant children which is yet to be addressed by Government.

Since 2013, Central Government has frozen the distribution of funding between local authorities. Redbridge continues to lose additional funding as a result of the lock in of 'damped' grant at the outset of the new Business Rates Retention Scheme which was introduced in 2013. This process has penalised Redbridge relative to other authorities as it ignores the increasing divergence between population increases and funding reductions. The freeze also means that grant funding does not increase to meet growing demographic pressures.

➢ Achieving a balanced 2019/20 Medium Term Financial Strategy (MTFS)

The MTFS is set out in the following table.

The Council continues to face severe pressures that will particularly impact over the next few years, including increased costs and demands in Children's and Adult Social Services. The Council has also become an accredited London Living Wage Body requiring additional resources to ensure decent pay for all council providers, both public and private. Additional ongoing resources and savings will be required to be found to meet these future pressures totalling nearly £67m in the MTFS. The key pressures included are summarised below the following table.

[10] ONS 2017 Mid-Year Population Estimates

MTFS 2019/20-2023/24[11]

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2019/24 £m
Net Budget Requirement	**178.6**	**188.0**	**199.3**	**195.6**	**204.9**	**178.6**
Movement in Service Budgets:						
Pressures, Risks & Growth	24.7	13.1	8.3	11.8	8.9	66.8
Government Grants	2.1	13.0	(0.1)	(0.1)	-	14.8
Proposed Savings	(15.4)	(14.8)	(11.9)	(2.3)	-	(44.3)
Movement in Reserves	(2.0)	-	-	-	-	(2.0)
Net Budget Requirement	**188.0**	**199.3**	**195.6**	**204.9**	**213.8**	**213.8**
Funding						
Business Rates Top-Up	(32.3)	(35.0)	(35.7)	(36.4)	(37.2)	(37.2)
Locally Retained Business Rates	(32.1)	(22.0)	(19.7)	(19.7)	(19.7)	(19.7)
Council Tax	(123.6)	(120.9)	(123.8)	(123.8)	(123.8)	(123.8)
In Year Budget Gap	**-**	**21.4**	**16.3**	**25.0**	**33.2**	**33.2**

- Inflation is expected to remain around 2%, with a small dip in 2020 before returning to the 2% Government target by 2021[12].
- It is unclear how the 75% Business Rate Retention scheme will operate in 2020/21, the MTFS projects an unchanged locally retained business rates trend after 2019/20. This is a major risk due to continuing uncertainty around voids, impact of backdated appeals, revaluations and bad debt.
- 2019/20 is the second year of the pay settlement agreed by The National Joint Council which offered a 2% pay increase and more to lower paid workers, estimated to add 5.6% to the national pay bill over the two-year period.
- The Council is committed to the London Living Wage (LLW), as being the right course of action and is committed to paying it as soon as financial possible.
- Provision is included for an increase in levy from East London Waste Authority because of increasing landfill tax and tonnage.
- The adoption of IFRS 9 Financial Instruments into the Local Authority Accounting Code will result in gains and losses arising from changes in the value of some categories of investments which will have to be recognised in the revenue account, having a consequent impact on the General Fund. This has been treated as a risk that can be dealt with through reserves to even out between year fluctuations in investment value.
- The cost of interest and repayment on borrowing to finance the capital programme (see below, £397m of borrowing over five years) has been fully provided for.

From the outset of Central Government's austerity programme, the Council has sought to protect front line services wherever possible and has concentrated on the delivery of efficiency savings, transformation initiatives and additional income generation. The strategy has evolved over time and as part of the budget setting process savings are identified under these categories so that they can be weighed up against overall Council priorities:

- Reducing costs through efficiencies;
- Achieving savings through managing demand;
- Generating new savings via the Council transformation programme;
- Maximising Income generation;
- Savings from reducing services; and
- Taking a more commercial approach to its business activities

To balance the budget for 2019/20 including a number of service pressures, risks, growth, new net savings of £7.397m were agreed, in addition to already agreed savings from previous budget years of £7.961m all to be delivered in 2019/20.

[11] Reported to Council February 2019
[12] Bank of England May 2019 Inflation Report

Savings have been identified through efficiencies, income generation, service reduction, transformation and demand management. The corporate budget for inflation was also removed, following organisation commitment to absorb inflationary cost increases. The budget does include an allowance of £2.700m in 2019/20 for costs relating to the Councils commitment to paying the London Living Wage.

Some of the planned savings and improvements are to be delivered through the council taking a more commercial approach. Two companies, Redbridge Living Limited and Redbridge Civic Services Ltd, were set up during 2018/19 as subsidiaries of the Council and are expected to start trading in 2019/20 delivering housing development and waste services respectively. A further two companies are expected to be incorporated during 2019/20, one with a focus on services to schools and another to deliver affordable housing.

The spending plans assume the delivery of £15.4m proposed savings in 2019/20 and a further £28.9m by 2023/24. These savings include improving the way the Council works by adopting smarter and lean working initiatives, transforming services, identifying and implementing alternative service delivery models and by making better use of assets. Even with these savings there is still a forecast budget gap of £33.2m over the remaining four years. In response to the ongoing budget pressures, the Council has set up a Change Board to support and monitor the delivery of all planned savings and pressures and significant work is ongoing to ensure that the 2019/20 outturn is within budget. This includes a refresh of the budget monitoring process to improve the efficiency and effectiveness of the process and the accuracy of forecasting.

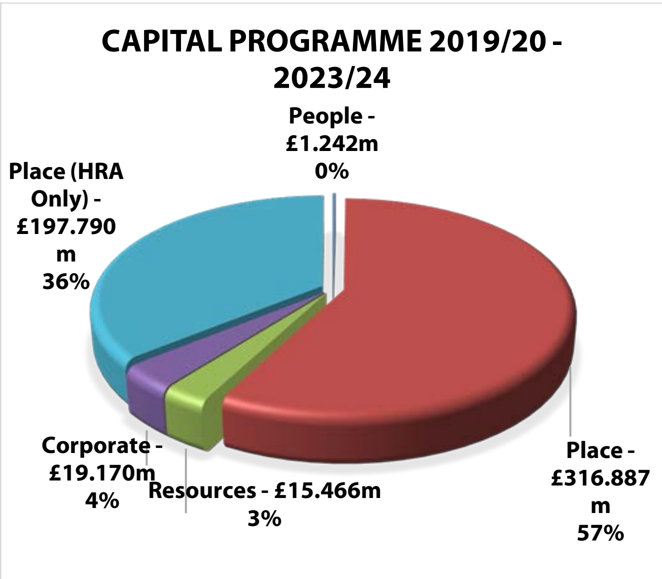
Without a significant increase in the Public Spending allocated by the Government to local government and the way it is distributed to recognise the increasing demands and pressures, Redbridge faces an increasingly difficult challenge to continue delivering all its services in accordance with its priorities.

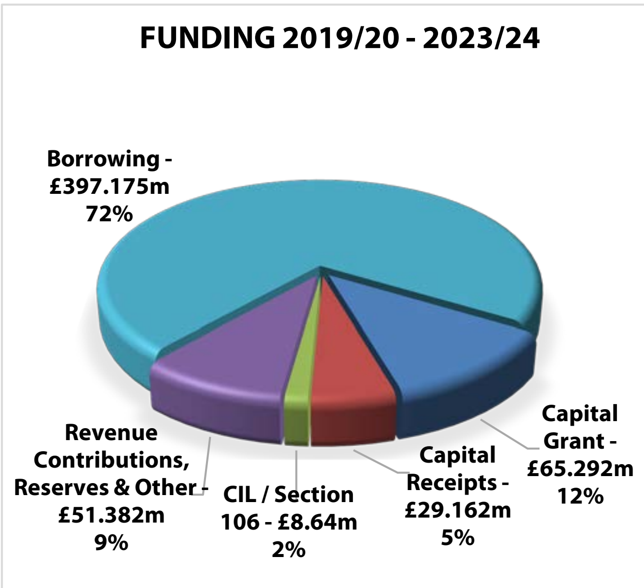
The Government has postponed the promised 2019 Spending Review as a result of the uncertainty surrounding the UK's exit from the European Union. At the same time, the Ministry for Housing, Communities and Local Government (MHCLG) is consulting on future funding arrangements for local government which are likely to have major re-distributional changes in the funding of councils through local business rates. As a result, the Council must continue to assume there will be reduced resources, increasing demand across services, and the need to continue to deliver the good-quality frontline services that meet residents' needs and continue to care for the Borough's most vulnerable residents. Redbridge must maintain robust financial management and control, alongside strong performance management, risk and financial management systems in order to ensure the delivery of cost effective services.

Redbridge continues to monitor the situation regarding the UK's exit from the European Union however until more details are known it is challenging to make specific plans or forecasts for the impact of this on the borough. Government have allocated a small amount grant funding to Redbridge in relation to this and until more is known it is anticipated that this is sufficient to manage any likely short-term impact.

➢ Capital Programme 2019/20 to 2023/24

The Council's capital programme and financing for the next five years is summarised below, this totalling £551.1m, which has been approved by Council in February 2019.





Key Priorities

➢ Better streets

Redbridge has been looking for clever ways to fight crime and in 2019/20 budget, and are investing £2m in new funding for state-of-the-art CCTV and ANPR cameras in addition to the committed £1.5m, creating a 'ring of steel' round the borough to improve safety and tackle all forms of crime including fly-tipping.

Keeping Redbridge streets clean is also a priority. Redbridge has invested an extra £1m to help keep the streets clean, as well as protect weekly refuse and recycling collections and continue with free bulky waste and green garden waste collections at a time when many London boroughs are reducing these services.

Redbridge Council will be changing how waste collection services are delivered in 2019, with a Waste Services company being set up to allow Redbridge more freedom to redesign and improve the service. The council's Our Streets strategy is giving residents more control over their local streets and the tools they need to create a great place to live.

➢ Better housing

The government's austerity measures and benefit changes, combined with rising rents and a lack of housing supply in the private sector, means many thousands of Redbridge families are without a home and on our waiting list. This situation has a devastating human impact and one Redbridge are committed to addressing by pledging to deliver 1,000 genuinely affordable homes.

Redbridge has one of the smallest housing stocks of any London Borough. To overcome this severe shortage of affordable housing in the borough, Redbridge have agreed capital investment of £103.3m to deliver new homes in the coming years, and unveiled plans for capital investment of £70m to buy 300 homes so that the council does not rely on privately rented accommodation.

➢ Better lives

The Council wants Redbridge to be a great place to live for residents of all ages, and as part of this will continue to deliver health and wellbeing projects and maintain and enhance vital services:

- Redbridge will support the borough's vulnerable children and adults by investing £9.8m in extra money for 2019/20.
- Redbridge will be investing in six community hubs - brand new buildings in the heart of the community with integrated facilities co-designed by residents.
- Redbridge will continue working on anti-poverty work, including £6.1m to roll out the London Living Wage to all council contracts and encouraging Redbridge employers to follow suit.

Key Risks and Controls

The London Borough of Redbridge has a structured Enterprise Risk Framework for Risk Management that has been designed to align to the size, scale and complexity of the borough. The Risk Management Framework is embedded within the organisation to ensure risks are identified, analysed and responded to in accordance to their perceived gravity.

The Risk Management Strategy and Policy were reviewed and agreed by Governance and Assurance Committee and Cabinet.

The Strategic Risk Register (SRR) is a live register which identifies the strategic risks the organisation is facing. The risk owners are Corporate Directors and the Chief Executive to ensure that there is responsibility and ownership for the risks. They are reviewed quarterly by the Council, Management Team and also presented for review to the Governance and Assurance Committee. The RSS has been used to inform the Corporate Director of Resources statement on the robustness of the budget and reserves. The SRR sets out the key financial risks to the Council and can be found using the committee link below.

Operational risk registers are maintained at Directorate level and Service level. Risks are escalated and de-escalated between risk registers in accordance to their severity.

The latest reported risk register is available on the Council's website: Governance and Assurance Committee.

Governance arrangements within the Council have been covered by the Annual Governance Statement that accompanies the financial statements.

What's next?

The Council must continue to move forward to deliver on its corporate priorities and statutory responsibilities, as well as grasping new opportunities offered by regeneration, investment and technology. The Council has produced a new Strategic Delivery Plan which sets out it priorities over the next ten years and how it will be delivered. This Plan is supported by a Borough Plan which was produced with strategic partners, and is an outcomes-focused document, outlining what the future of the Borough might look like and how partners will work together to get there. This work will help to inform how services will be delivered effectively for residents in the future.

Conclusion

The Statement of Accounts provides a very detailed and comprehensive picture of the Council's performance for 2018/19 as required by statute and the CIPFA Code of Practice.

A widespread understanding of the Council's financial position will become even more important in the light of the financial challenges that Redbridge faces. I hope the Members of the Council, residents of the Borough and other readers find this document useful.

I would like to thank all those in the Finance Service and throughout the Council who have helped to prepare this document.

Maria G. Christofi, BA (Hons), FCCA, CPFA
Corporate Director of Resources
31 July 2019

Statement of Responsibilities

The Council's responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Section 151 Officer) has responsibility for the administration of those affairs;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

The Corporate Director of Resources (Section 151 Officer) responsibilities

The Corporate Director of Resources is responsible for the preparation of the Statement of Accounts (which includes the Pension Fund financial statements) in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this Statement of Accounts, the Corporate Director of Resources has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the Council's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Authority and the Group will continue in operational existence for the foreseeable future; and
- maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error,

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council at 31 March 2019 and of its income and expenditure for the year then ended.

Maria G Christofi, BA (Hons), FCCA, CPFA
Corporate Director of Resources and Section 151 Officer
31 July 2019

Approval of Accounts

In accordance with the Accounts and Audit Regulations 2015, I certify that the Statement of Accounts was approved by the Governance and Assurance Committee.

Councillor Dev Sharma
Chair of the Governance and Assurance Committee
31 July 2019

Independent Auditor's Report to the Members of the London Borough of Redbridge

Opinion
We have audited the financial statements of London Borough of Redbridge for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Authority and Group Movement in Reserves Statement,
- Authority and Group Comprehensive Income and Expenditure Statement,
- Authority and Group Balance Sheet,
- Authority and Group Cash Flow Statement,
- The related Authority notes 1 to 41, Group notes 1 to 9,
- Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and the related notes 1 to 10,
- Collection Fund and the related notes 1 to 7.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion the financial statements:

- give a true and fair view of the financial position of London Borough of Redbridge and Group as at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the authority and group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where: -

- the Corporate Director of Resources' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Corporate Director of Resources has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information
The other information comprises the information included in the Audited Statement of Accounts (in the Narrative Report and Forward Plan 2019/20 - 2023/24 set out on pages 1 to 14), other than the financial statements and our auditor's report thereon. The Corporate Director of Resources is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Arrangements to secure economy, efficiency and effectiveness in the use of resources
In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, we are satisfied that, in all significant respects, London Borough of Redbridge put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Matters on which we report by exception
We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

Responsibility of the Corporate Director of Resources
As explained more fully in the Statement of the Corporate Director of Resources (Section 151 Officer) Responsibilities set out on page 15, the Corporate Director of Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Corporate Director of Resources is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

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

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

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

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources
We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether the London Borough of Redbridge had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the London Borough of Redbridge put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

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

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

Use of our report
This report is made solely to the members of London Borough of Redbridge, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Debbie Hanson
Ernst + Young LLP

Debbie Hanson (Key Audit Associate Partner)
Ernst & Young LLP (Local Auditor)
Luton
31 July 2019

The maintenance and integrity of the London Borough of Redbridge web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Comprehensive Income and Expenditure Statement

This 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 and rents. Authorities raise taxation and rents to cover expenditure in accordance with regulations; this can be very different in some respects from the accounting cost. The taxation position is shown in both the Movement in Reserves Statement and the Expenditure and Funding Analysis at note 7.

2017/18					2018/19		
Gross Expenditure £000	**Gross Income £000**	**Net Expenditure £000**		***Notes***	**Gross Expenditure £000**	**Gross Income £000**	**Net Expenditure £000**
466,686	(329,387)	137,299	People		468,616	(337,539)	131,077
146,046	(83,020)	63,026	Place		135,157	(81,206)	53,951
173,042	(158,926)	14,116	Resources		172,629	(154,931)	17,698
12,125	(2,058)	10,067	Strategy		11,497	(4,555)	6,942
13,322	(1,047)	12,275	Corporate		8,359	(829)	7,530
28,482	(28,165)	317	Local Authority Housing (HRA)		29,816	(28,619)	1,197
839,703	**(602,603)**	**237,100**	**Cost of Services**		**826,074**	**(607,679)**	**218,395**
		47,247	Other operating expenditure	***10***			27,592
		15,141	Financing and investment income and expenditure	***11***			17,231
		(230,795)	Taxation and non-specific grant income	***12***			(232,034)
		68,693	**Deficit on the provision of services**				**31,184**
		(84,848)	Surplus on revaluation of non-current assets	***30***			(137,691)
		(20,766)	Re-measurement of the net defined Benefit liability	***40***			37,660
		562	Loss on revaluation of available for sale financial assets				-
		(105,052)	**Other Comprehensive Income and Expenditure**				**(100,031)**
		(36,359)	**Total Comprehensive Income and Expenditure**				**(68,847)**

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce taxation) and other unusable reserves. The statement shows how the movement in year of the Council's reserves is broken down between gains and losses incurred in accordance with generally accepted accounting practices and 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 Balance movements in the year following those adjustments.

2017/18- Comparative Figures	General Fund	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Contributions Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 17 brought forward	(95,591)	(18,793)	(15,149)	(3,509)	(32,696)	(165,738)	(384,302)	(550,040)
Movement in Reserves during 2017/18								
Total Comprehensive Income and Expenditure	67,695	998	-	-	-	68,693	(105,052)	(36,359)
Adjustment between accounting basis and funding basis under regulations *(Note 8)*	(57,537)	2,034	(1,499)	3,266	(15,180)	(68,916)	68,916	-
Net (Increase) / Decrease	10,158	3,032	(1,499)	3,266	(15,180)	(223)	(36,136)	(36,359)
Balance at 31 March 18 carried forward	(85,433)	(15,761)	(16,648)	(243)	(47,876)	(165,961)	(420,438)	(586,399)
2018/19								
Movement in Reserves during 2018/19								
Total Comprehensive Income and Expenditure	27,792	3,392	-	-	-	31,184	(100,031)	(68,847)
Adjustment between accounting basis and funding basis under regulations *(Note 8)*	(31,542)	(4,315)	421	(90)	(11,625)	(47,151)	47,151	-
Net (Increase) / Decrease	(3,750)	(923)	421	(90)	(11,625)	(15,967)	(52,880)	(68,847)
Balance at 31 March 19 carried forward	(89,183)	(16,684)	(16,227)	(333)	(59,501)	(181,928)	(473,318)	(655,246)

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use, 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 and repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts could only be realised if the assets are sold and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2018 £000		Notes	31 March 2019 £000
1,123,562	Property, Plant & Equipment	13	1,246,655
34,476	Investment Property	14	38,444
1,242	Intangible Assets	15	2,492
9,481	Long Term Investments	23	9,628
2,211	Long Term Debtors	19	2,183
1,170,972	**Long Term Assets**		**1,299,402**
800	Assets Held for Sale	18	-
60,314	Short Term Investments	23	82,406
95	Inventories		274
30,909	Short Term Debtors	19	47,139
42,235	Cash and Cash Equivalents	20	24,796
134,353	**Current Assets**		**154,615**
(18,947)	Short Term Borrowing	23	(5,387)
(62,618)	Short Term Creditors	21	(66,337)
(1,241)	Provisions	22	(2,150)
(103)	Capital Grants Receipts in Advance	25	-
(82,909)	**Current Liabilities**		**(73,874)**
(10,998)	Provisions	22	(13,652)
(202,499)	Long Term Borrowing	23	(227,977)
(422,520)	Other Long-Term Liabilities	23 & 40	(483,268)
(636,017)	**Long Term Liabilities**		**(724,897)**
586,399	**Net Assets**		**655,246**
165,961	Usable Reserves	29	181,928
420,438	Unusable Reserves	30	473,318
586,399	**Total Reserves**		**655,246**

These financial statements replace the unaudited financial statements confirmed by the Corporate Director of Resources on the 30 May 2019.

Maria G Christofi, BA (Hons), FCCA, CPFA
Corporate Director of Resources
31 July 2019

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during 2018/19. The Statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2017/18 £000		*Note*	2018/19 £000
(68,693)	Net deficit on the provision of services		(31,184)
116,580	Adjustments to net deficit on the provision of services for non- cash movements		74,801
(49,865)	Adjustments for items included in the net deficit on the provision of services that are investing and financing activities		(43,409)
(1,978)	**Net cash flows generated from Operating Activities**	**41a**	**208**
22,924	Investing Activities	**41b**	(29,157)
7,593	Financing activities	**41c**	11,510
28,539	**Net (decrease)/increase in cash and cash equivalents**		**(17,439)**
13,696	Cash and cash equivalents at the beginning of the reporting period	**20**	42,235
42,235	**Cash and cash equivalents at the end of the reporting period**		**24,796**

Notes to the Accounts

1. Statement of Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's and group transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the Local Government Act 2003.

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 Statement of Accounts has been prepared on a "going concern" basis.

Balances relating to the Pension Fund and other funds have been excluded.

ii. Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods and 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

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 investments that having originally been invested for no longer than three months are repayable on demand or readily convertible to known amounts of cash with insignificant risk of change in value. Fixed term deposits, excluding overnight deposits, are not considered to be readily convertible since they only become repayable at the point of maturity and cannot be traded or redeemed without penalty. 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 strategy.

iv. 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 amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement that is equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. This contribution is known as the Minimum Revenue Provision (MRP). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the MRP 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.

v. Council Tax and Non- Domestic Rates

Billing authorities act as agents, collecting Council Tax and non-domestic rates (NDR) on behalf of the major preceptors (including Government for NDR) and, as principals, collecting Council Tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of Council Tax and 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.

Council Tax

- Council Tax income included in the Comprehensive Income and Expenditure Statement for the year will be the Council's share of accrued income for the year.

Non- Domestic Rates (NDR)

- Retained Business Rate income and top up income included in the Comprehensive Income and Expenditure Statement for the year will be the Council's share of accrued income for the year.

All of the above income will be recognised in the Comprehensive Income and Expenditure Statement within the Taxation and Non-Specific Grant Income line. However, regulations determine the amount of Council Tax and NDR that must be included in the Council's General Fund. As a billing council the difference between the Council Tax and NDR included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund shall be taken to the Collection Fund Adjustment Account and reported in the Movement of Reserves Statement. Each major preceptor's share of the accrued Council Tax and NDR income will be available from the information contained in the Collection Fund Statement.

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

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

vi. Employee Benefits

- ***Benefits Payable during Employment***

Short term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as salaries, paid annual leave, paid sick leave, and non-monetary benefits (e.g. cars) 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 (or any form of leave, e.g. time off in lieu) 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 salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements 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 in exchange for those benefits. The benefits are charged on an accruals basis to directorates within the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructure.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund 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 are members of three separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The NHS Pension Scheme, administered by NHS Business Services Authority.
- The Local Government Pension Scheme, administered by the London Borough of Redbridge.

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

However, the arrangements for the teachers' and NHS schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. These schemes are therefore accounted for as if they are defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The People Directorate line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the Teachers' Pensions Scheme and the NHS Pension Scheme in the year.

- ***The Local Government Pension Scheme***

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

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

Liabilities are discounted to their value at current prices, using a discount rate determined by the actuary. The discount rate is based on the indicative rate of return on high quality bonds (iBoxx Sterling Corporates AA index).

The assets of the London Borough of Redbridge Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price;
- Unquoted securities – professional estimate;
- Unitised securities – current bid price;
- Property – fair value.

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

Services 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 as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years, debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement;
- Net Interest on the net defined benefit liability (asset), i.e. net interest expense for the Council. The change during the period in the net defined benefit liability (asset), that arises from the passage of time charged to the Financing and Investment Income line in 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 contributions 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 Statement;
- 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 London Borough of Redbridge 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 transfers 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.

vii. 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.

This version of the Statement of Accounts was authorised for issue by the Corporate Director of Resources on 31 July 2019. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing at 31 March 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

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

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

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

- ***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 cash flow characteristics. There are two main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss (FVPL)

The business model of the council is to hold investments to collect contractual cash flows. Financial assets are therefore classified at 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 then measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

- ***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 Code requires that all local authorities shall not recognise a loss allowance for expected credit losses on a financial asset where the other party is central government or a local authority for which relevant statutory provisions prevent default.

The expected credit loss model also applies to lease receivables and contract assets and trade receivables (debtors) held by the Council. The Council adopts the simplified approach to impairment, in accordance with the Code, and measures the loss allowance at an amount equal to lifetime expected credit losses.

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 substantially since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased substantially or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets are amalgamated into the following groups to assess risk and associated loss allowances, also using a simplified approach contained in regulations for the latter category.

Group 1 – Investments in line with treasury management policy including counterparties that have external credit ratings of B or better. Loss allowances will be assessed based on default risk;

Group 2 – Other assets, expected loss is based on provision matrix or default risk.

- ***Financial Assets Measured at Fair Value through Profit or Loss***

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

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 access 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 or 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.

ix. 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 contributions have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants and contributions) in the Comprehensive Income and Expenditure Statement.

Where capital grants and contributions 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 and Contributions Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants and Contributions Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

- ***Business Improvement Districts***

A Business Improvement District (BID) scheme is funded by a BID levy payment made by non-domestic ratepayers. The Council acts as agent under the scheme and collects money on behalf of Ilford BID and Hainault BID. This is then paid over in monthly instalments to the BID companies.

- ***Community Infrastructure Levy***

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy is charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects to support the development of the area.

CIL is received without outstanding conditions. It is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions. CIL charges will be largely used to fund capital expenditure; however a proportion of the charges for may be used to fund revenue expenditure if it meets the conditions set out in the CIL regulations.

- ***Section 106 Agreements***

The Council has entered into a number of Section 106 agreements with developers. Payments due to the Council under these agreements are recognised when received, not when they become due.

x. 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 the 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 historic 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. In practice, 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 line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) 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 and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Interests in Companies and Other Entities

An assessment of the Council's interests has been carried out to determine the group relationships that exist. Inclusion in the group is dependent upon the extent of the Council's control over the company or entity and the materiality of the interest. The Council considers that it has a material interest in Vision Redbridge Culture and Leisure and has classified it as a subsidiary. Accordingly, Group Accounts are prepared. In consolidating the accounts, all transactions and balances between the Council and the subsidiary are eliminated in full.

xi. Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Cost of inventories is determined using either the first in first out (FIFO) costing formula or weighted average price depending on the nature of the inventory. Work in progress is recorded in the Balance Sheet at cost.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

xii. Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually, and subject to market conditions at year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Account. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements 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 and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xiii. 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 Council 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, unless another systematic basis is more representative of the benefits received by the Council.

The Council 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 in the Movement in Reserves Statement. When the future rentals are received, the element of the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve

The written-off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore transferred 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.

xiv. Overheads and Support Services

Costs of overheads and support services are not charged to service segments and they are treated as non-controllable Expenditure/Income.

xv. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

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 initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction. The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

- Infrastructure and community assets - depreciated historical cost;
- Assets under construction – historical cost;
- Dwellings - current value, determined using the basis of existing use value for social housing (EUV-SH);
- Surplus assets – current value measurement base is fair value, estimated at highest and best use from a market participant's perspective (see Investment Property for further details on Fair Value Measurements);
- School buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value;
- All other assets - fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market based evidence of 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, low value, 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 year. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- 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.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007, 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 – straight line allocation over the weighted average useful life of the property as estimated by the valuer;
- Other buildings – straight line allocation over the useful life of the property as estimated by the valuer;
- Vehicles, plant, furniture and equipment – straight line basis over the useful life of the asset.

- Infrastructure - straight line basis over a 20-year period.

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

Component Accounting
The Code requires that each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total asset cost is depreciated separately. A significant part of an item of Property, Plant and Equipment may have a useful life and a depreciation method that are the same as the useful life and the depreciation method of another significant part of that same item. Such parts may be grouped in determining the depreciation charge.

The following asset classes will not be considered for componentisation:
- Equipment – as considered immaterial;
- Asset classes that are not depreciated – such as land, investment property, surplus assets, community assets and assets held for sale.

Componentisation of the remaining assets within in the Council's operational portfolio is considered as follows;

- **General Fund -** The Council will only consider assets with cost or fair value above £8m for component depreciation and then will only separate components with a cost or fair value of more than 20% of the individual asset for component depreciation.
- **HRA-** The Council will only consider HRA assets with cost or fair value above £450,000 for component depreciation and then will only separate components with a cost of or fair value of more than 20% of the individual asset for component depreciation.

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 previously losses recognised in the Surplus or Deficit on 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 in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

The written-off value of disposals is not a charge against Council Tax, as the cost of 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.

Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as property fund holdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability 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 or liability, 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 sufficient 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.

xvi. 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.

xvii. Private Finance Initiative (PFI) and Similar Contracts

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

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

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

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

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement,
- Finance cost – an interest charge of 8.16% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement,
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement,
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).

xviii. Provisions, Contingent Liabilities and Contingent Assets

- ***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 example, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

- ***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.

- ***Contingent Assets***

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xix. 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. 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 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 and retirement and employee benefits and do not represent usable resources for the Council – the reasons for these reserves are explained in the relevant policies.

xx. 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.

xxi. Schools

In line with accounting standards and the Code on group accounts and consolidation, all maintained schools in the borough are now considered to be entities controlled by the Council. The Code of Practice has adapted its definition of the Council's single entity financial statements to include the income, expenditure, assets, liabilities, reserves and cashflow's of local authority maintained schools. Recognition of non-current assets used by maintained schools are determined in accordance with the relevant standards adopted in the Code. The Council has the following types of maintained schools under its control:

- Community Schools;
- Voluntary Aided Schools;
- Foundation Schools.

School's non-current assets are recognised on the Balance Sheet where the Council directly owns the assets, where the Council owns the balance of control of the assets, or where the school or the school governing body own the assets or have had rights to use the assets transferred to them.

Community Schools are owned by the Council and are therefore recognised on the Balance Sheet.

The Council's Voluntary Aided Schools are mainly owned by the respective Diocese / religious bodies, with the school or governing body having no formal right to the assets as use is through licence arrangements. These schools are therefore not recognised on the Balance Sheet.

Where the ownership of a Foundation School lies with the school or school governing body the school is recognised on the Council's Balance Sheet.

The PFI School is recognised on the Council's Balance Sheet as it is considered that the Council controls the asset through the PFI arrangement

xxii. Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

2. Accounting Standards that have been issued but not yet been Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (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 by the Code. This applies to the adoption of the following new or amended standards within the 2019/20 Code.

- **Amendments to IAS 40 Investment Property: Transfers of Investment Property** provides further explanation of the instances in which a property can be reclassified as investment property.
- **Annual Improvements to IFRS Standards 2014 - 2016 Cycle,** which covers IFRS 1 first time adoption of IFRS, IFRS 12 disclosure of interest in other entities covering interest classified as held for sale, as held for distribution or as discontinued operations and IAS28 investments in associates and joint ventures.
- **IFRIC 22 Foreign Currency Transactions and Advance Consideration** clarifies the treatment of payments in a foreign currency made in advance of obtaining or delivering services or goods.
- **IFRIC 23 Uncertainty over Income Tax Treatments** provides additional guidance on income tax treatment where there is uncertainty.
- **Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation** amends IFRS9 to make clear that amortised cost should be used where prepayments are substantially lower than the unpaid principal and interest.

These accounting policy changes come into effect from 1 April 2019 and are not expected to have a material impact on the Council's financial statements.

From 1 April 2020, the Code's adoption of IFRS16 will require lessees to recognise most leases on the balance sheet as a right of use asset. This is a significant change to Local Authority Accounting and will impact on the Council's financial statements.

3. Critical Judgements in applying Accounting Policies

In applying accounting policies laid out in Note 1, the Council has had to make certain critical judgements about complex transactions or those involving uncertainty about future events. The following management judgements have the most significant effect on the financial statements. Critical estimation uncertainties are described in note 4.

Accounting for Schools – Balance Sheet Recognition
The Council recognises school assets for Community schools and Foundation schools on its Balance Sheet. The Council has not recognised non-current assets relating to Voluntary Aided schools or Academies as it is of the opinion that these assets are not controlled by the Council.

Accounting for Schools - Academies
When a school that is held on the Council's Balance Sheet transfers to Academy status, the Council accounts for this as a disposal for nil consideration on the date that the schools converts to Academy status, rather than as an impairment on the date that approval to transfer to Academy status is announced. During 2018/19, no maintained schools converted to academy status.

PFI Contract - Oak Park High School
The Council is deemed to control the services provided under the PFI contract with NU Schools to provide a secondary school, Oaks Park High School, and also to control the residual value of the school at the end of the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the school is recognised within Property, Plant and Equipment on the Council's Balance Sheet.
Funding

The Council anticipates that the pressures on public expenditure will continue to be severe. These pressures will be mitigated by further service area and corporate savings and a limited use of reserves. As a consequence, the Council is of the view that the level of uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

Group Boundaries

Group boundaries have been estimated using the criteria associated with the Code of Practice. Vision Redbridge Culture and Leisure (VRCL), has acquired responsibility for the management of the services previously provided in-house by the then Culture, Sport & Community Learning (CSCL) service area. The majority of the CSCL service area's employees transferred to VRCL. The Council can exert control over the organisation through the power to govern their financial and operating policies in order to maximise the benefits for the Council. As such, the Council is deemed to have a subsidiary relationship with VRCL, and VRCL has been consolidated into the Council's Group Accounts.

In October 2018, the Council set up a wholly owned company, Redbridge Living. The aim of this company is to deliver a range of affordable, private rented and for sale housing on council owned land. During 2018/19 the were no material transactions by this company, therefore Redbridge Living has not been consolidated within the Council's Group accounts. Redbridge Living's first reporting year-end is 31 March 2020.

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 2019 for which there are significant risks of material adjustment in the forthcoming financial year are as follows:

Arrears – At 31 March 2019, the Council had a balance of short term debtors of £81.3m. A review of significant balances suggested that an impairment allowance for doubtful debts of £34.2m is appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient. If collection rates were to deteriorate an increase in the amount of the impairment for doubtful debts would be required.

Pensions Liability - Estimates of the net liability to pay pensions depends on a number of complex judgements including those relating to the discount rate used, the rate at which salaries are projected to increase, the rate at which pensions are projected to increase, longevity rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The effects on the net pension's liability of changes in individual assumptions can be measured e.g. a 0.5% decrease in the discount rate would increase the net liability by £114.6m, a 0.5% increase in the salary increase rate would increase the net liability by£11.5m and a 0.5% increase in the pension increase rate would add £101.6m to the net liability. However, the assumptions interact in complex ways. As at 31 March 2019, the Council's actuaries advised that the net pension's liability had increased by £61.3m (2017/18 – increased by £1.9m), as a result of updating estimates to reflect current market conditions.

Property, Plant and Equipment – Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets. The Council's external valuers provided valuations as at 1 April 2018 for all of the Council's investment portfolio and other operational portfolios on a five-year rolling programme. At year end, all portfolios are reviewed and updated to reflect any material changes.

A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's operational properties were to reduce by 5%, this would result in valuation reduction of approximately £54.42m.

An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that a one-year reduction in the useful life of buildings would increase the annual depreciation charge by 1%. If funding streams were reduced, in so far that it results in the reduction of service delivery or closure of facilities, this could result in the impairment of assets due to obsolesce. However, the Council has determined that the level of uncertainty at this time is not sufficient to indicate this course of action.

Provisions
Insurance
The outcome of outstanding insurance claims is always very difficult to estimate. The Council engages experts to assess appropriate provisions for self-insured liability motor and property losses based on the Council's risk profile and historical claims experience However, certain claims such as severe weather or environmental issues cannot be predicted far in advance and can have a significant impact. These are considered to be relatively infrequent. In addition to the insurance provision that is held to meet existing claims, the Council holds an Insurance Reserve of £9.0m (£9.0m 2017/18) which is deemed adequate to meet future potential claims.

Business Rates
2018/19 is the sixth year of the Business Rates Retention Scheme and the first year of the 100% London pilot scheme. In 2018/19 the council will retain 64% (compared to 30% in 2017/18) of the business rates income (£38.2m) it collects. Redbridge also receives a top-up of £28.4m from the business rates retention scheme because its business rates income is not sufficient to meet the cost of services, as assessed by the Government.

The Council must meet its relevant share of backdated business rate appeals. The outcome of successful appeals is difficult to estimate and predict. As at the end of March 2019, eighty-two appeals from the 2010 rating list remain outstanding with the Valuation Office Agency. The Council holds a sufficient level of provision for these appeals. Following the 2017 revaluation a new check, challenge, appeal process has been introduced, the impact of which is highly uncertain. The Council has made a provision for the cost of expected future successful business rate appeals to the end of March 2019 based on the Government's estimated allowance for lost income due to appeals in the 2018/19 business rate multipliers.

The Council has calculated that a total provision of £8.348m, calculated using Valuation Office data, historical experience and Government assumptions available at the end of the reporting period should be adequate to meet future potential claims. The Council's share of the provision is £5.343m (comparable to £2.231m in 2017/18 based upon a 64% retention scheme). This provision may not be sufficient to meet claims arising if greater success rates are achieved than allowed for.

The Council's overall financial losses are protected via the London Pool with any variance to our assumptions being offset by the safety net payment entitlement for the council. The Council's loss is capped at approximately £2.1m.

If London's business rates income fell, the pool would have a higher "safety net" threshold of 97% rather than the current 92.5% of the overall baseline funding level.

This reflects the greater reliance local authorities will have on business rates and the fact that, under the terms of the pilot, the 32 London Boroughs, the City of London and the Greater London Authority will not collectively have less resources than would have been the case with the previous local government finance regime.

Fair Value Estimations – When the fair values of investment properties, surplus assets and certain financial instruments cannot be measured based on quoted prices in active markets (i.e. level 1 inputs) their fair value is measured using the following valuation techniques. Where possible, the inputs to these valuation techniques are based on observable data (level 2 inputs), but where this is not possible, (unobservable data), judgement is required in establishing fair values (level 3 inputs). These judgements typically include considerations such as uncertainty and risk. Where level 1 inputs are not available the Council employs relevant professional experts to identify the most appropriate valuation techniques. The Council uses a combination of techniques to measure fair value under IFRS13 depending on which is considered most appropriate. Changes in any of the unobservable data used could significantly affect the fair value of the Council's assets and liabilities.

5. Material Items of Income and Expenditure

All material items of income and expenditure are disclosed in their respective notes throughout the accounts.

6. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Corporate Director of Resources on 31 July 2019. 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 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7. Expenditure and Funding Analysis

The Expenditure and Funding Analysis (EFA) 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 Directorates/Services/Departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Reconciliation of outturn to statutory requirements

2018/19	**Outturn**	**Use of Reserves**	**Other**	**EFA**
Directorate	**£000**	**£000**	**£000**	**£000**
People	104,646	2,239	-	106,885
Place	32,416	870	-	33,286
Resources	13,654	458	-	14,112
Strategy	6,470	(182)	-	6,288
Corporate	21,392	(6,340)	(7,984)	7,068
HRA	(858)	(65)	-	(923)
Cost of Services	**177,720**	**(3,020)**	**(7,984)**	**166,716**
Other Income and Expenditure	**(178,578)**	**(795)**	**7,984**	**(171,389)**
Surplus	**(858)**	**(3,815)**	**-**	**(4,673)**

Expenditure and Funding Analysis

2018/19

	Net Expenditure Chargeable to the General Fund and HRA Balance	**Total Adjustments between the funding and accounting basis**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**
	£000	**£000**	**£000**
People	106,885	24,192	131,077
Place	33,286	20,665	53,951
Resources	14,112	3,586	17,698
Strategy	6,288	654	6,942
Corporate	7,068	462	7,530
HRA	(923)	2,120	1,197
Net Cost of Services	**166,716**	**51,679**	**218,395**
Other Income and Expenditure	**(171,389)**	**(15,822)**	**(187,211)**
(Surplus) or Deficit	**(4,673)**	**35,857**	**31,184**
Opening General Fund and HRA Balance	**(101,194)**		
Plus Surplus on General Fund and HRA Balance in year	**(4,673)**		
Closing General Fund and HRA Balance as at 31 March 2019 *	**(105,867)**		

2017/18

	Net Expenditure Chargeable to the General Fund and HRA Balance £000	Total Adjustments between the funding and accounting basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
People	113,098	24,201	137,299
Place	33,101	29,925	63,026
Resources	12,660	1,456	14,116
Strategy	10,086	(19)	10,067
Corporate	11,065	1,210	12,275
HRA	3,032	(2,715)	317
Net Cost of Services	**183,042**	**54,058**	**237,100**
Other Income and Expenditure	**(169,852)**	**1,445**	**(168,407)**
Deficit	**13,190**	**55,503**	**68,693**
Opening General Fund and HRA Balance	**(114,384)**		
Less deficit on General Fund and HRA Balance in year	**13,190**		
Closing General Fund and HRA Balance as at 31 March 2018 *	**(101,194)**		

* For a split of this balance between the General Fund and the HR A – see the Movement in Reserves Statement and note 9

7 (a) Adjustment between Accounting Basis and Funding Basis – Expenditure and Funding Analysis

2018/19

	Adjustment for capital purposes £000	Net charges for the Pension Fund Adjustments £000	Other Differences Statutory £000	Other Differences Non-Statutory £000	Total £000
People	17,042	7,815	856	(1,521)	24,192
Place	16,745	2,534	42	1,344	20,665
Resources	1,835	1,447	11	293	3,586
Strategy	531	114	10	(1)	654
Corporate	-	492	-	(30)	462
HRA	4,188	364	20	(2,452)	2,120
Net Cost of Services	**40,341**	**12,766**	**939**	**(2,367)**	**51,679**
Other Income and Expenditure	**(29,304)**	**10,834**	**281**	**2,367**	**(15,822)**
Deficit	**11,037**	**23,600**	**1,220**	**-**	**35,857**

2017/18

	Adjustment for capital purposes £000	Net charges for the Pension Fund Adjustments £000	Other Differences Statutory £000	Other Differences Non-Statutory £000	Total £000
People	18,501	7,881	(739)	(1,442)	24,201
Place	25,928	1,972	(2)	2,027	29,925
Resources	607	851	(2)	-	1,456
Strategy	-	(21)	3	(1)	(19)
Corporate	-	1,236	-	(26)	1,210
HRA	(920)	365	-	(2,160)	(2,715)
Net Cost of Services	**44,116**	**12,284**	**(740)**	**(1,602)**	**54,058**
Other Income and Expenditure	**(13,386)**	**10,365**	**2,864**	**1,602**	**1,445**
Deficit	**30,730**	**22,649**	**2,124**	**-**	**55,503**

Adjustments for Capital Purposes
This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other Operating Expenditure – adjusts for capital disposals with a transfer for 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.

Net Change for the Pension Adjustments
Net Change for the removals of pension contributions and the addition of IAS 19 Employee Benefits Pension related Income and Expenditure:

- 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 CIES.

Other Statutory Adjustments
Other differences 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.
- The charge under 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.

Other Non-Statutory Adjustments
Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement:

- For Financing and investment income and expenditure the other non-statutory adjustments column recognises adjustments to service segments, e.g. for interest income and expenditure and for rental and expenses incurred on investment properties.

7 (b) Expenditure and Income Analysed by Category

2017/18 Total £000	Expenditure/Income	2018/19 Total £000
	Expenditure	
297,495	Employee Benefits Expenses	301,633
485,675	Other Services Expenses	476,237
56,527	Depreciation, Amortisation, Impairment	48,201
20,645	Interest and Financing Payments	22,223
17,643	Precept and Levies	18,458
581	Payments to Housing Capital Receipts Pool	692
-	Transfer of capital Receipts to GLA	1,532
29,023	Losses on the disposal of non-current assets	6,910
907,589	**Total Expenditure**	**875,886**
	Income	
(167,766)	Fees, Charges and Other Service Income	(156,660)
(5,504)	Interest and Investment Income	(4,991)
(121,657)	Income from Council Tax and Non-Domestic Rates	(179,556)
(543,969)	Government Grants and Contribution	(503,495)
(838,896)	**Total Income**	**(844,702)**
68,693	**Deficit on the Provision of Services**	**31,184**

8. 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 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 a statutory fund into which all the receipts of a Council are required to be paid and out of which all liabilities of the Council 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 (excluding HRA services), or the deficit of resources that the Council is required to recover, at the end of the financial year.

Housing Revenue Account (HRA) Balance –The Housing Revenue Account 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.

Major Repairs Reserve – The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at 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 on the reserve shows the resources that have yet to be applied for these purposes at year end.

Capital Grants Unapplied – The Capital Grants Unapplied Account 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.

Unusable Reserves – Non-cash backed reserves that are used to record unrealised gains and losses, and other adjustment accounts to absorb the difference between the outcome of applying proper accounting practices and the requirements of statutory arrangements for funding expenditure.

2018/19

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non-current assets	(21,963)	-	-	-	-	21,963
Revaluation losses on Property, Plant and Equipment	(9,955)	(10,872)	-	-	-	20,827
Movements in the market value of Investment Properties	706	-	-	-	-	(706)
Amortisation of intangible assets	(303)	-	-	-	-	303
Capital Grants and Contributions applied	-	-	-	-	25,437	(25,437)
Revenue expenditure funded from capital under statute	(5,343)	-	-	-	-	5,343
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(12,135)	(1,122)	-	-	-	13,257
Statutory provision for the financing of capital investment	514					(514)
Capital expenditure charged in year to the General Fund and HRA Balances	1,411	6,468	-	-	-	(7,879)
Capital Grants and Contributions Unapplied credited to the Comprehensive Income and Expenditure Statement	36,627	435	-	-	(37,062)	-
Transfer of cash sale proceeds credited as part of gains/losses on disposal to the Comprehensive Income and Expenditure Statement	3,575	2,772	(6,347)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	4,774	-	-	(4,774)
Contribution from the Capital Receipts Reserve to finance the payments to the Government's capital receipts pool	(692)	-	692	-	-	-
Capital receipts received in respect of repayment of grants, advances and distributions	-	276	(276)	-	-	-
Contribution from the Capital Receipts Reserve towards administrative costs on non-current asset disposals	-	(60)	60	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipts of cash	-	-	(14)	-	-	14
Transfer of Capital Receipts to GLA	-	(1,532)	1,532	-	-	-
Reversal of Major Repairs Allowance	-	-	-	(5,108)	-	5,108
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	5,018	-	(5,018)
Financial Instruments – revaluation of pooled investments	147	-	-	-	-	(147)
Financial Instrument – accumulated gains on assets sold as part of other investment income	9	-	-	-	-	(9)
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.	(1,259)	-	-	-	-	1,259
Amount by which Council Tax and non-domestic rate income credited/debited to the CIES is different from Council Tax and non-domestic rate income calculated for the year in accordance with statutory requirements	978	-	-	-	-	(978)
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(47,812)	(1,330)	-	-	-	49,142
Employer's pension contributions and direct payments to pensioners payable in year	24,872	670	-	-	-	(25,542)
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	(919)	(20)	-	-	-	939
Total Adjustments	**(31,542)**	**(4,315)**	**421**	**(90)**	**(11,625)**	**47,151**

2017/18- Comparative Figures

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non-current assets	(26,575)	-	-	-	-	26,575
Revaluation losses on Property, Plant and Equipment	(16,043)	(8,416)	-	-	-	24,459
Movements in the market value of Investment Properties	893	-	-	-	-	(893)
Amortisation of intangible assets	(173)	-	-	-	-	173
Capital Grants and Contributions applied	-	-	-	-	26,443	(26,443)
Revenue expenditure funded from capital under statute	(2,500)	(11)	-	-	-	2,511
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(30,595)	(6,725)	-	-	-	37,320
Statutory provision for the financing of capital investment	475					(475)
Capital expenditure charged in year to the General Fund and HRA Balances	255	9,359	-	-	-	(9,614)
Capital Grants and Contributions Unapplied credited to the Comprehensive Income and Expenditure Statement	41,158	465	-	-	(41,623)	-
Transfer of cash sale proceeds credited as part of gains/losses on disposal to the Comprehensive Income and Expenditure Statement	216	8,026	(8,242)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	6,223	-	-	(6,223)
Contribution from the Capital Receipts Reserve to finance the payments to the Government's capital receipts pool	(581)	-	581	-	-	-
Capital receipts received in respect of repayment of grants, advances and distributions	55	139	(194)	-	-	-
Contribution from the Capital Receipts Reserve towards administrative costs on non-current asset disposals	-	(151)	151	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipts of cash	-	-	(18)	-	-	18
Reversal of Major Repairs Allowance	-	-	-	(5,319)	-	5,319
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	8,585	-	(8,585)
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.	(1)	-	-	-	-	1
Amount by which Council Tax and non-domestic rate income credited/debited to the CIES is different from Council Tax and non-domestic rate income calculated for the year in accordance with statutory requirements	(2,864)	-	-	-	-	2,864
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(47,536)	(1,321)	-	-	-	48,857
Employer's pension contributions and direct payments to pensioners payable in year	25,539	669	-	-	-	(26,208)
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	740	-	-	-	-	(740)
Total Adjustments	**(57,537)**	**2,034**	**(1,499)**	**3,266**	**(15,180)**	**68,916**

9. Transfers to/from Reserves and Balances

The note sets out the amounts set aside from General Fund and HRA balances and the movement on these balances. The General Fund balance is a sum held centrally for unavoidable cost increases and other unforeseen items and spending pressures and therefore acts as the Council's financial safety net. Earmarked reserves are set aside to provide financing for future expenditure plans. HRA balances and reserves are ring-fenced and are not available to the General Fund.

	Balance at 31 March 2017 £000	Net Transfers £000	Balance at 31 March 2018 £000	Net Transfers £000	Balance at 31 March 2019 £000
General Fund:					
General Fund Balance	17,193	28	17,221	-	17,221
Total	**17,193**	**28**	**17,221**	**-**	**17,221**
Earmarked Reserves					
Business Risk Reserve	15,346	2,680	18,026	(3,879)	14,147
Insurance Fund Reserve	6,002	3,005	9,007	(23)	8,984
Business Rates Smoothing Reserve	-	-	-	5,006	5,006
Invest to Save Reserve	1,120	1,600	2,720	(397)	2,323
Repairs & Renewals Reserve	1,100	619	1,719	(316)	1,403
Invest to Earn Reserve	-	1,000	1,000	-	1,000
Pension Fund Reserve	-	1,200	1,200	2,400	3,600
Commercial Income Smoothing Reserve	-	1,200	1,200	-	1,200
Other Corporate Reserves	21,415	(17,567)	3,848	(712)	3,136
Service Directorate Reserves	2,788	(245)	2,543	(196)	2,347
Schools Balances	16,061	(413)	15,648	3,646	19,294
Dedicated Schools Grant	8,405	(5,783)	2,622	(1,845)	777
Total	**72,237**	**(12,704)**	**59,533**	**3,684**	**63,217**
Revenue Grants and Contributions Unapplied	6,161	2,518	8,679	66	8,745
	95,591	**(10,158)**	**85,433**	**3,750**	**89,183**
Housing Revenue Account HRA Balance	7,333	6,110	13,443	858	14,301
Total	**7,333**	**6,110**	**13,443**	**858**	**14,301**
Earmarked Reserves	**11,460**	(9,142)	2,318	65	2,383
Total	**18,793**	**(3,032)**	**15,761**	**923**	**16,684**
Total General Fund and HRA Reserves and Balances	**114,384**	**(13,190)**	**101,194**	**4,673**	**105,867**

Purpose of Earmarked Reserves and Balances

The **Business Risk Reserve** is intended to cover unforeseen future events which have adverse financial consequences.

The **Insurance Fund Reserve** is resources set aside to provide for unquantified insurance claims that may be settled in the future.

The **Business Rates Smoothing Reserve** has been set up as a one -off short term resource to meet reductions in income and funding shortfalls resulting from the increasing demand for local services.

The **Invest to Save Reserve** provides funds for project bids that will generate future cash savings.

The **Repairs and Renewals Reserve** exists to enable resources to be set aside for to meet the costs and future funding of the replacement of vehicles.

The **Invest to Earn Reserve** provides funds for project bids that will generate future earnings.

The **Pension Fund Reserve** has been established to meet future employer contributions.

The **Commercial Income Smoothing Reserve** has been established to allow for the fluctuation of investment returns between years.

Other Corporate Reserves comprise a number of smaller reserves to finance corporate initiatives.

Service Directorate Reserves comprise a number of earmarked reserves to finance service area plans.

School Balances are resources delegated to schools that will be used to fund future expenditure.

The **Dedicated Schools Grant Reserve** is a ring-fenced reserve that can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2018.

10. Other Operating Expenditure

2017/18 £000		2018/19 £000
17,643	Levies	18,458
581	Payments to the Government Housing Capital Receipts Pool	692
29,023	Losses on the disposal of non-current assets	6,910
-	Transfer of Capital Receipts to GLA	1,532
47,247	**Total**	**27,592**

11. Financing and Investment Income and Expenditure

2017/18 £000		2018/19 £000
8,659	Interest payable and similar charges	9,878
10,365	Net interest on the net defined benefit liability	10,834
(1,109)	Interest receivable and similar income	(1,375)
(2,774)	Income and expenditure in relation to investment properties and changes in their fair value	(3,058)
-	Gains on pooled investments	(156)
-	Impairment allowances	1,108
15,141	**Total**	**17,231**

12. Taxation and Non-Specific Grant Income

2017/18 £000		2018/19 £000
(102,269)	Council Tax Income	(112,226)
(4,500)	Collection Fund Surplus	(2,500)
(14,888)	Non- domestic rates income	(64,830)
(67,515)	Non-ring-fenced government grants	(15,416)
(41,623)	Capital grants and contributions	(37,062)
(230,795)	**Total**	**(232,034)**

13. Property, Plant and Equipment

Movements in 2018/19	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant and Equipment	PFI Assets included in property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation									
At 1 April 2018	**299,621**	**671,523**	**26,739**	**186,349**	**11,876**	**6,613**	**43,339**	**1,246,060**	**14,881**
Additions	11,286	9,300	1,547	11,558	42	1,224	11,106	46,063	85
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(27,035)	149,175	-	-	-	1,623	622	124,385	(436)
Revaluation increases / (decreases) recognised in the Surplus (Deficit) on the provision of services	(10,872)	(9,955)	-	-	-	-	-	(20,827)	-
Derecognition– Disposals	(1,144)	-	-	-	-	(2,530)	(8,555)	(12,229)	-
Reclassification	-	5,077	-	-	-	2,171	(7,248)	-	-
At 31 March 2019	**271,856**	**825,120**	**28,286**	**197,907**	**11,918**	**9,101**	**39,264**	**1,383,452**	**14,530**
Accumulated Depreciation and Impairment									
At 1 April 2018	**46**	**3,280**	**13,700**	**97,801**	**7,639**	**32**	**-**	**122,498**	**2**
Adjustments	-	35	-	-	-	(11)	-	24	-
Depreciation charge	5,019	9,333	3,783	8,297	580	39	-	27,051	228
Accumulated Write Back on Revaluation	(5,000)	(7,696)	-	-	-	(31)	-	(12,727)	(230)
Derecognition– Disposals	(20)	-	-	-	-	(29)	-	(49)	-
At 31 March 2019	**45**	**4,952**	**17,483**	**106,098**	**8,219**	**-**	**-**	**136,797**	**0**
Net Book Value									
At 31 March 2019	**271,811**	**820,168**	**10,803**	**91,809**	**3,699**	**9,101**	**39,264**	**1,246,655**	**14,530**
At 31 March 2018	**299,575**	**668,243**	**13,039**	**88,548**	**4,237**	**6,581**	**43,339**	**1,123,562**	**14,879**

Comparative figures 2017/18

	Council Dwellings	Other Land and Buildings	Vehicles, Plants, Furniture and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant and Equipment	PFI Assets included in property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation									
At 1 April 2017	**294,180**	**639,493**	**62,059**	**174,234**	**14,030**	**2,354**	**20,059**	**1,206,409**	**13,905**
Additions	20,013	14,656	4,175	12,115	29	-	33,002	83,990	135
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(9,218)	50,001	-	-	-	(142)	-	40,641	841
Derecognition–Disposals	(3,446)	(111)	-	-	-	-	-	(3,557)	-
Derecognition–Other	(1,908)	(32,135)	(39,495)	-	(18)	-	(8,090)	(81,646)	-
Reclassification	-	(381)	-	-	(2,165)	4,401	(1,632)	223	
At 31 March 2018	**299,621**	**671,523**	**26,739**	**186,349**	**11,876**	**6,613**	**43,339**	**1,246,060**	**14,881**
Accumulated Depreciation and Impairment									
At 1 April 2017	**5,351**	**5,489**	**48,594**	**89,916**	**7,839**	**36**	**-**	**157,225**	**-**
Adjustment	(75)	-	-	-	-	-	-	(75)	-
Depreciation charge	5,234	14,113	4,060	7,885	578	22	-	31,892	515
Accumulated Write Back on Revaluation	(10,531)	(17,100)	(38,954)	-	-	(26)	-	(66,611)	(513)
Depreciation - Transfers	-	778	-	-	(778)	-	-	-	-
Derecognition–Disposals	67	-	-	-	-	-	-	67	-
At 31 March 2018	**46**	**3,280**	**13,700**	**97,801**	**7,639**	**32**	**-**	**122,498**	**2**
Net Book Value									
At 31 March 2018	**299,575**	**668,243**	**13,039**	**88,548**	**4,237**	**6,581**	**43,339**	**1,123,562**	**14,879**
At 1 April 2017	**288,829**	**634,004**	**13,465**	**84,318**	**6,191**	**2,318**	**20,059**	**1,049,184**	**13,905**

Fair Value Measurement of Surplus Assets
Details of surplus assets and information about the fair value hierarchy as at 31 March 2019, are as follows:

Recurring Fair Value measurement use 31 March 2019	Quoted price for similar assets in active market Level 2 £000
Surplus Buildings	1,654
Surplus Land	7,447
Total	**9,101**

March 2018 - Comparative Figures:

Recurring Fair Value measurement use 31 March 2018	Quoted price for similar assets in active market Level 2 £000
Surplus Buildings	3,787
Surplus Land	2,826
Total	**6,613**

Depreciation

- Buildings (excluding Council dwellings) are depreciated on a straight-line allocation over a maximum period of 60 years.
- For Council dwellings a weighted average life of 45 years is used to determine the depreciation.
- Community assets: straight line basis over a 20-year period;
- Vehicles, plant, furniture and equipment: straight-line basis over a maximum period of 10 years
- Infrastructure assets: straight line basis over a 20-year period.

Capital Commitments
As at 31 March 2019, the Council was committed to a number of capital projects amounting to £43.196m. These schemes are due to be completed in the next three years. The major schemes are shown below:

	2018/19 £000	Year of completion
Education		
Little Heath	1,675	2019/20
Gearies	3,668	2019/20
Mayfield	3,239	2019/20
Housing General Fund		
Temporary Accommodation	2,380	2019/20
Housing HRA		
Affordable Housing	32,234	2021/22
	43,196	

Revaluations
Freehold and Leasehold properties, which comprise the Council's property portfolio, are valued on a five-year rolling basis by its Appointed Contractors, Wilks Head & Eve LLP. Valuations have been undertaken in accordance with the RICS Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors, except those not considered by the valuer to be necessary for the purposes of the valuation. Plant and Machinery that are normally associated with a building, such as lifts, have been reflected in the valuation.

At the year-end a review is undertaken to ensure that property values are materially correct. This resulted in a increase revaluation of £137.6m in net revaluation reserves. These are detailed in Note 13 (movement in PPE) under revaluation gains & losses as at 31 March 2019 and recognised in Surplus/ Deficit on provision of services.

Properties regarded by the Council as operational or pending future operational use are valued on a Fair Value Existing Use Value basis. Where these methods could not be utilised, due to a lack of suitable market evidence or if the property was of a specialised nature, then a Depreciated Replacement Cost basis of valuation was adopted, in accordance with the relevant professional guidance applicable as at the valuation date.

In Accordance with IFRS13 valuation of non-operational (surplus) assets and investment properties were based on Fair value and categorised as either level 1 inputs, level 2 inputs or level 3 inputs.

Properties regarded by the Council as being either Community Assets or Infrastructure Assets have not been valued as part of this Asset Valuation exercise.

The following statement shows the Council's rolling programme for the revaluation of assets. The valuations are carried out by Wilks Head & Eve LLP, Chartered Surveyors and Town Planners. The basis for valuation is set out in the statement of accounting policies.

	Council Dwelling £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Surplus Assets £000	Total £000
Carried at historical cost	-	-	10,803	-	10,803
Valued at fair value as at:					
31 March 2019	**271,811**	**820,168**	**-**	**9,101**	**1,101,080**
31 March 2018	299,575	668,243	-	6,581	974,399
31 March 2017	288,829	634,004	-	2,318	925,151
31 March 2016	252,638	684,484	-	1,918	939,040
31 March 2015	230,822	481,270	-	298	712,390

14. Investment Property

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2017/18 £000	2018/19 £000
Rental income from investment property	2,180	2,754
Direct operating expenses arising from investment property	(299)	(402)
Net gain	**1,881**	**2,352**

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

	2017/18 £000	2018/19 £000
Balance at start of the year	**26,337**	**34,476**
Enhancement	-	292
Additions	7,246	2,649
Net gain from fair value adjustments	1,116	706
Disposals	-	(250)
Other movements:		
Transfer from PPE	(223)	571
Balance at end of the year	**34,476**	**38,444**

Fair Value Measurement of Investment Properties

Details of the investment properties and information on the fair value hierarchy as at 31 March 2019 are as follows:

Fair Value measurement use 31 March 2019	Quoted price for similar assets in active market Level 2 £000
Land & Farms	7,660
Office Units	9,112
Commercial Units	21,672
Total	**38,444**

March 2018 - Comparative Figures:

Fair Value measurement use 31 March 2018	Quoted price for similar assets in active market Level 2 £000
Land & Farms	2,938
Office Units	3,425
Commercial Units	28,113
Total	**34,476**

15. Intangible Assets

The Council accounts for its intangible assets to the extent that they are not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant, and Equipment. The intangible assets are purchased software licences and Cloud Computing services.

All intangible assets are given a finite useful life, based on assessments of the period that the software or Cloud Computing services are expected to be of use to the Council. The useful life assigned to intangible assets used by the Council is between five and ten years.

The carrying amount of intangible assets is amortised on a straight-line basis.

The movement on intangible asset balances during the year is as follows:

	2017/18 £000	2018/19 £000
Balance at start of year:		
Gross cost amounts	2,738	3,477
Accumulated amortisation	(2,062)	(2,235)
Net carrying amount at start of year	**676**	**1,242**
Additions:		
Purchases	739	1,552
Amortisation for the period	(173)	(302)
Net carrying amount at end of year	**1,242**	**2,492**
Comprising:		
Gross cost amounts	3,477	5,029
Accumulated amortisation	(2,235)	(2,537)
Total	**1,242**	**2,492**

16. Impairment Losses

During 2018/19, the Council has recognised a net impairment loss of £37.907m in relation to Council Dwellings.

Housing Revenue Account	
Council Dwellings	£37.907m

17. Private Finance Initiative

Oaks Park High School – Scheme Details

2018/19 was the seventeenth year of a 30-year PFI contract for the construction, maintenance and operation of Oaks Park Secondary School.

On 4 July 2001, the Council contracted with NU Schools for Redbridge Limited to provide a secondary school, Oaks Park High School, under a Private Finance Initiative.

Under the terms of the PFI, the Council has leased a vacant site at Barley Mow to the PFI contractor for the period of the contract – 30 years. The school reverts to the Council at the end of the period.

Under the PFI contract, the Council pays an agreed charge, which has been accounted for as outlined in the Council's Accounting Policies. At the time the contract was signed the total estimated contract payments were £65.9m to the end of the contract in December 2032. Actual payments will depend on the service provided.

The Government provides a grant of approximately £52.028m over the life of the contract. The key financial details of the scheme are detailed below: -

	£000
Total Scheme Capital Expenditure	15,999
Current residual asset value as at 31 March 2019	14,530
Residual asset value as at 31 March 2018	14,879
Estimated asset life	35 years

Property Plant and Equipment

The building used to provide services at the school is recognised on the Council's Balance Sheet. Movements in its value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment in Note 13.

Payments

The Council makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract as at 31 March 2019 (excluding any estimation of inflation and availability / performance deductions) are as follows:

	Services Charges £000	Principal Repayments £000	Interest Payments £000	Total £000
Repayable within 1 year	1,029	531	912	2,472
Repayable in 2 to 5 years	4,117	2,613	3,157	9,887
Repayable in 6 to 10 years	5,147	4,721	2,491	12,359
Repayable in 11 to 15 years	3,088	3,542	424	7,054
Total	**13,381**	**11,407**	**6,984**	**31,772**

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to the contractor for capital expenditure incurred is as follows:

	2017/18 £000	2018/19 £000
Balance outstanding at start of the year	12,347	11,896
Payments during the year	(451)	(489)
Balance outstanding at year-end	**11,896**	**11,407**

18. Assets held for sale

There were no assets held for sale as at 31 March 2019.

	31 March 2018 £000	31 March 2019 £000
Assets newly classified as held for sale:		
Property Plant & Equipment	800	-
Balance at the end of the year	**800**	**-**

19. Debtors

31 March 2018 £000	Long Term	31 March 2019 £000
1,657	Leased Asset – Clements Road Car Park	1,642
86	Mortgages	73
468	Improvement Loans	468
2,211	**Total**	**2,183**

31 March 2018 £000	Other	31 March 2019 £000
2,979	Central Government Bodies	6,718
193	NHS bodies	3,651
1,468	Public corporations and trading funds	2,408
	Other Debtors:	
16,466	Council Tax payers	14,910
2,785	NDR Payers	5,099
5,458	Housing Tenants	6,405
11,224	Housing Benefit Recoveries	10,195
3,692	VAT	3,630
2,983	Payment in Advance	4,574
20,193	Other Entities & Individual	23,720
67,441	**Total Other**	**81,310**
	Less – Impairment allowance for doubtful debts	
(15,073)	Housing including Housing Benefits	(15,116)
(14,291)	Council Tax	(10,859)
(2,324)	NDR	(3,599)
(4,844)	Other	(4,597)
(36,532)	**Total Impairment allowance for doubtful debts**	**(34,171)**
30,909	**Total**	**47,139**

Local Taxation Debtors

The past due but not impaired amount for local taxation (Council Tax and Non-Domestic rates can be analysed by age as follows:

31 March 2018 £000		31 March 2019 £000
1,139	Council Tax - up to 1 year	949
1,036	Council Tax – more than 1 year	3,102
2,175	**Total Council Tax**	**4,051**
335	NDR – up to 1 year	808
126	NDR – more than 1 year	692
461	**Total NDR**	**1,500**

20. Cash and Cash Equivalents

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

31 March 2018 £000		31 March 2019 £000
40,000	Short Term Deposits	21,900
2,235	Bank Balance Surplus	2,896
42,235	**Total Cash and Cash Equivalents**	**24,796**

21. Creditors

31 March 2018 £000		31 March 2019 £000
1,933	Central Government Bodies	-
6,243	Other Local Authorities inc GLA	2,781
551	NHS Bodies	2,568
	Other Creditors:	
5,134	Capital Creditors	4,957
4,373	Trade Creditors	6,657
1,583	Housing Prepayments	1,769
3,666	Income & Receipts Received in Advance	3,735
39,135	Other Entities and Individuals	43,870
62,618	**Total**	**66,337**

22. Provisions

Short-term

	Insurance Provision £000	Redundancy and Early Retirement Provision £000	Total £000
Balance 1 April 2018	**904**	**337**	**1,241**
Increase Provision made in 2018/19	164	1,061	**1,225**
Amounts used in 2018/19	-	(316)	**(316)**
Balance at 31 March 2019	**1,068**	**1,082**	**2,150**

Long-term

	Insurance Provision £000	NDR Appeals Provision £000	Total £000
Balance 1 April 2018	**8,767**	**2,231**	**10,998**
Additional Provision in 2018/19	-	3,112	**3,112**
Unused amounts reversed in 2018/19	(458)	-	**(458)**
Balance at 31 March 2019	**8,309**	**5,343**	**13,652**

Purpose:

Insurance Provision: The Council's insurance programme is designed to protect the interests of Redbridge through a structured Risk Management Framework. The programme consists of elements of retained risk (self-insurance) with the remainder of risks transferred through insurance policies to an insurance provider.

The Council utilises an independent actuary who assesses and advises on the financial impact and potential values of losses to the council. For 2018/19 the total provision has been set at £9.377m.

Redundancy and Early Retirement Provision: This provision has been established to meet agreed commitments relating to employee redundancy and retirements.

Provision for Business Rates Appeals: Due to the localisation of Business Rates, which became effective from 1 April 2013, the Council has set aside a provision for its share of any potential liabilities as a result of Business Rate payers' appeals against rateable valuations. The provision includes an amount for appeals lodged to date but yet to be determined by the Valuation Office Agency (VOA) plus an amount for appeals expected but not yet lodged with the VOA which has been estimated based on experience and analysis of the appeals listing from the VOA. It is expected that the majority of appeals will be settled by the VOA by 2020/21, but the Council cannot be certain as to when the appeals will be resolved because the timing of resettlement depends on the VOA.

23. Financial Instruments

Categories of Financial Instruments
The following categories of financial instrument are carried on the Balance Sheet:

Financial Assets

31 March 2018 Non-Current £000	31 March 2018 Current £000		31 March 2019 Non-Current £000	31 March 2019 Current £000
-	42,235	Cash and Cash Equivalents at amortised costs	-	24,796
-	**42,235**	**Total Cash and Cash Equivalents**	**-**	**24,796**
	40,228	Investments at Amortised Cost	-	82,406
-	-	Fair Value through Profit and Loss	9,628	-
9,481	20,086	Available for sale of financial assets	-	-
9,481	**60,314**	**Total Investments**	**9,628**	**82,406**
2,211	24,391	Debtors – amortised cost	2,183	28,365
2,211	**24,391**	**Total Debtors**	**2,183**	**28,365**
11,692	**126,940**	**Total Financial assets**	**11,811**	**135,567**
-	**6,518**	**Non-Financial assets - Debtors**	**-**	**18,774**
11,692	**133,458**	**Total**	**11,811**	**154,341**

Financial Liabilities

31 March 2018 Non-Current £000	31 March 2018 Current £000		31 March 2019 Non-Current £000	31 March 2019 Current £000
(167,259)	(6,384)	PWLB at amortised cost	(197,746)	(4,916)
(35,240)	(506)	Market Loans (LOBOs) at amortised cost	(30,231)	(471)
-	(12,057)	Temporary Borrowing at amortised cost	-	-
(202,499)	**(18,947)**	**Total Amortised Cost**	**(227,977)**	**(5,387)**
(202,499)	**(18,947)**	**Total Borrowings**	**(227,977)**	**(5,387)**
(11,922)	(52,099)	Creditors and other liabilities at amortised cost	(11,410)	(49,634)
(11,922)	**(52,099)**	**Total Creditors**	**(11,410)**	**(49,634)**
(214,421)	**(71,046)**	**Total Financial Liabilities**	**(239,387)**	**(55,021)**
(421,596)	**(11,760)**	**Non-Financial Liabilities – Creditors and other liabilities**	**(485,510)**	**(18,853)**
(636,017)	**(82,806)**	**Total**	**(724,897)**	**(73,874)**

Reclassification and re-measurement and financial assets at 1 April 2018

This note shows the effect of reclassification of financial assets following the adoption of IFRS 9 Financial Instruments by the Code of Practice on Local Authority Accounting and re-measurements of carrying amounts then required.

	Carrying amount bought forward at 1 April	New classifications at 1 April 2018 Amortised costs	Fair value through profit or loss
	£000s	£000s	£000s
Previous classifications			
Cash and cash equivalent	42,235	42,235	-
Loans and receivables	66,830	86,916	-
Available for sale	29,567	-	-
Fair value through profit and loss	-	-	9,481
Reclassified amounts at 1 April 2018	**138,632**	**129,151**	**9,481**
Re-measurements at 1 April 2018 (impacting on the General Fund and Available for Sale Reserve)		9	-
Remeasured carrying amounts at 1 April 2018		**129,160**	**9,481**

Effect of reclassification and re-measurement on the Balance Sheet

This note shows the new balances at 1 April 2018 for financial assets incorporated into the Balance Sheet.

	Amortised costs	Fair value through profit or loss	Non-Financial instrument balances	Total Balance sheet carrying amount
	£000s	£000s	£000s	£000s
Remeasured carrying amounts at 1 April 2018	**129,160**	**9,481**	**6,518**	**145,159**
Long term investments	-	9,481	-	**9,481**
Long term debtors	2,211	-		**2,211**
Current debtors	24,391	-	6,518	**30,909**
Cash and cash equivalents	42,235	-	-	**42,235**
Short term investments	60,323	-	-	**60,323**

Application of classification requirements at 1 April 2018

The following judgements were made in reclassifying financial instruments at 1 April 2018:

Certificates of Deposit of a carrying value of £20.086m have been reclassified from Available for Sale to Amortised Cost as these are contractual payments and the business model is not to sell these assets before maturity.

The CCLA Property Fund has been reclassified from Available for Sale to Fair Value through Profit and Loss as the business model is to sell the asset at a future date.

Statutory Override on Pooled Investments

The Council holds a £10m pooled investment in a property fund. As a result of the change in accounting standards for 2018/19 under IFRS 9, the Ministry for Housing, Communities and Local Government (MHCLG) have agreed a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from April 2018. The Council will use the statutory override to account for any changes in the fair value of its pooled investments.

Income, Expense, Gains and Losses

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

31 March 2018 £000		31 March 2019 £000
8,659	Interest Expenses	9,878
8,659	**Total Expenses in Surplus/Deficit on the Provision of Services**	**9,878**
(1,109)	Interest Income for financial assets measured at amortised cost	(1,375)
(1,109)	**Total Income in Surplus/Deficit on the Provision of Services**	**(1,375)**
562	Gains/Losses on revaluation for financial assets measured at FVPL	(156)
562	**Net gains/losses on financial assets measured at fair value through profit and loss in other Comprehensive Income and Expenditure**	**-**
-	**Net gains/losses on financial assets measured at fair value through profit and loss in Surplus/Deficit on the Provision of Services**	**(156)**
8,112	**Net Gain/(Loss) for the year**	**8,347**

Fair Values of Financial Assets and Financial Liabilities

The fair value of Public Works loan Board (PWLB) loans is calculated using the premature repayment rate published by the PWLB on 31 March 2019. For the non-PWLB loans the fair value is calculated using both the PWLB redemption and the new market loan discount rate. This involves using Level 2 inputs.

- Estimated ranges of premature repayment interest rates at 31 March 2019 of 0.55% to 1.47% for loans were available from the PWLB.
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value.

Long term debtor and creditor balances are carried in the Balance Sheet at amortised cost. Short term debtors and creditors are carried at cost as this is a fair approximation of their value. The valuation of PFI and finance lease liabilities has been based on level 2 inputs using a discounted cashflow analysis, with the most significant input being the discount rate.

The fair value of borrowing 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 premature repayment rate at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2019) arising from prematurely repaying debt.

Restated 31 March 2018 Carrying amount £000	Restated 31 March 2018 Fair Value £000		31 March 2019 Carrying amount £000	31 March 2019 Fair Value £000
(173,643)	(216,772)	Financial Liabilities at amortised cost – PWLB Loan	(202,662)	(257,743)
(47,803)	(62,723)	Financial Liabilities at amortised cost - Market Loans and temporary borrowing	(30,702)	(49,796)
(52,099)	(52,099)	Short Term Creditors	(49,634)	(49,634)
(11,922)	(11,922)	Long Term Creditors	(11,410)	(11,410)
(285,467)	**(343,516)**	**Total Financial Liabilities**	**(294,408)**	**(368,583)**
42,235	42,235	Cash and Cash Equivalents	24,796	24,796
40,228	40,228	Investments held at amortised costs	82,406	82,359
-	-	Fair Value through Profit and Loss	9,628	9,628
29,567	29,567	Available for Sale Financial Assets	-	-
24,391	24,391	Short Term Debtors	28,365	28,365
2,211	2,211	Long Term Debtors	2,183	2,183
138,632	**138,632**	**Total Financial Assets**	**147,378**	**147,331**

Fair Value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	31 March 2018 Fair Value £000	31 March 2019 Fair Value £000
Available for sale:				
Certificate of Deposit	Level 2	Inputs other than quoted prices that are observable for the financial asset	20,086	-
Local Authority Property Fund	Level 2	Inputs other than quoted prices that are observable for the financial asset	9,481	9,628
Total			**29,567**	**9,628**

The Council has an investment of £10.0m within the Local Authorities Property Fund with CCLA. This investment is valued at fair value which is based on the bid price. As at 31 March 2019 the fair value of the Local Authorities Property Fund with CCLA was £9.628m. The difference between the carrying value and the fair value, £0.372m has been posted to the Pooled Investment Revaluation Reserve.

Transfers between Levels of the Fair Value Hierarchy
There have been no transfers between input levels during the year.

Changes in the Valuation Technique
There has been no change in the valuation technique used during the year for the financial instruments other than the changes through IFRS 9 implementation. Certificates of Deposit have previously been measured at fair value. With the implementation of IFRS 9 this asset is now measured at amortised cost.

Fair value hierarchy for financial assets and financial liabilities that are not measured at their fair value

31 March 2018 Other significant observable inputs Level 2 £000		31 March 2019 Other significant observable inputs Level 2 £000
(173,643)	Financial liabilities at amortised cost - PWLB loan	(202,662)
(47,803)	Financial liabilities at amortised cost - Market loans and Temporary Borrowing	(30,702)
(11,922)	PFI and finance Lease	(11,410)
(233,368)	**Total financial liabilities**	**(244,774)**
82,463	Investments, cash and cash equivalents at amortised costs	107,202
2,211	Other financial assets held at amortised cost	2,183
84,674	**Total financial assets**	**109,385**

Soft Loans

The Council has identified the following which may be categorised as soft loans (less than market rates):

31 March 2018 Social Care High Dependency Accommodation Debtors £000	31 March 2018 Car Loans £000		31 March 2019 Social Care High Dependency Accommodation Debtors £000	31 March 2019 Car Loans £000
279	**25**	**Balance carried forward**	**409**	**19**

Due to the low value of soft loans the carrying value of these loans are not measured at fair value. Loans have been considered for impairment losses. The calculated expected credit loss is not material therefore resulting in no change in carry value.

The Council holds collateral in relation to the following loans:

31 March 2018 £000		31 March 2019 £000
86	Mortgages	73
1,227	Social Care – High Dependency Accommodation	1,191
1,313		**1,264**

The Social Care High Dependency Accommodation Debtors relates to the value of outstanding debt secured by charges on the debtor's property. The Council has pledged no collateral in respect of repayment of any loan to another entity.

As at 31 March 2019 the Council had not entered into any material financial guarantees.

24. Nature and Extent of Risks arising from Financial Instruments

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

- Credit risk - the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity Risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall treasury risk management strategy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management, in this context, is carried out by a central treasury team, under policies approved by the Council in the Annual Treasury Management Strategy.

Credit Risk

Credit risk arises from deposits with banks, financial institutions, as well as credit exposure to the Council's other debtors.

Overall Procedures for Managing Risk

The Finance Service implements those policies prescribed in the Strategy. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMP's). The TMP's are a requirement of the Code of Practice and are reviewed periodically.

The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting and following the requirements of the Code of Practice;
- by approving annually in advance Prudential Indicators for the following three years limiting:
  - the Council's overall borrowing;
  - maximum and minimum exposure to fixed and variable interest rates;
  - maximum and minimum debt repayment profile;
  - maximum annual exposure to investments maturing beyond a year.

The Investment Strategy sets out criteria for both investing and selecting investment counterparties in compliance with government guidance. The Strategy's objective is to prioritise the security and liquidity of the Council's investments over the investment yield. Prior to being approved by Full Council, the strategy is scrutinised by the Council's Governance and Assurance Committee. Performance is reported bi-annually to Council. The Annual Investment Strategy for 2018/19 was approved by full Council on 22 February 2018 and is available to view on the Council's website – www.redbridge.gov.uk.

Credit risk arising from deposits with Banks and Financial Institutions

The Annual Investment Strategy (details of which are available on the Council's website) requires the Council to maintain a counterparty list that follows the criteria set out in the Treasury Management Practices. Creditworthiness is assessed by the use of credit ratings provided by Fitch Ratings, Moody's and Standard and Poor's, to assess an institution's long and short-term financial strength along with its individual and support ratings. Other information provided by brokers, advisers and financial and economic reports is also collated and assessed and then used to produce rating parameters to monitor each individual institution against the Council's creditworthiness criteria to impose a maximum sum to be invested with a financial institution located within each category. These include credit watches and outlooks from credit rating agencies, and Credit Default Swap prices to give early warning of likely changes in credit ratings and sovereign ratings.

Any counterparty whose ratings fall to the extent that they no longer meet the credit criteria is immediately removed from the lending list.

Only highly rated counterparties may be included on the lending list:

- Banks and UK Part Nationalised Banks;
- UK Building Societies with assets in excess of £3bn;
- AAA Money Market Funds;
- UK Government (Debt Management Office);
- Enhanced Cash Funds;
- Equity/Bond/Multi Asset Funds;
- Non-UK Government and Supranational Institutions;
- Other Local Authorities, Parish Councils, Community Councils and
- Property Funds.

The Council's maximum exposure to credit risk in relation to its investments in banks, building societies and property Funds of £113.9 million can 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; there was no evidence at 31 March 2019 that this was likely to materialise.

In addition, the diversification of investments also provides additional security. The maximum percentages of the investment portfolio, which may be invested in each class of assets, are detailed:

Asset Class Percentages:

Type of Asset	**% of Total Investment as set by 2018/19 Treasury Management Strategy**	**% of Total Investment as at 31 March 2019**
	%	**%**
UK Government and Local Authorities	100	30
Banks - Specified	100	22
Money Market Funds - Specified	75	19
Enhanced Cash Funds	25	-
Building Societies - Specified	50	-
Total Unspecified Investments	50	-
Overseas Banks - Specified	35	20
Non-UK Government and Supranational Bonds	35	-
Total Group Non-UK Investments	40	-
Corporate Bonds	15	-
Property Funds	25	9

The asset class percentages are well within the limits prescribed in the Council's Treasury Management Strategy for 2018/19.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

Using the expected credit loss model the calculated loss allowance for investments at amortised cost is negligible therefore having no impact on the carrying value of investments.

Credit Risk arising from the Council's exposure to other debtors

Credit risk can arise from the Council's exposure to other debtors; this excludes monies from government and public institutions. Payments for services are either required in advance or due at the time the service is provided.

The balance of the Council's long-term debtors of £2.183m relates mainly to a leased arrangement in respect of Clements Road car park. The lease agreement has been reviewed using a simplified approach for calculating the expected credit loss. Due to the low level of risk the loss allowance has been based on lifetime expected credit loss based on probability of repayment. The calculated loss allowance for lease receivables is negligible therefore having no impact on the carrying value.
Other collateral and soft loans balances have been reviewed for expected credit loss and have been assessed based on the simplified approach looking at probability of default which has resulted in no change in carrying value.

The following debtor balances have been reviewed for loss allowance, providing details of material balances. These debtors have been grouped into Housing, Adult Social Care and Other. For Adult Social Care and other receivable categories of debt there has been an assessment of collectively based on past collection rates therefore using the probably matrix to determine the loss allowance. For the Housing debtor balance there has been an assessment of collectively based on probability of default to determine the loss allowance. Write off of debtors is subject to Council's debt management procedures.

	Lifetime expected credit loss - simplified approach			
	Opening balance as at 1 April 2018 £000	**Movement in assets £000**	**Change in loss allowance £000**	**Closing balance as at 31 March 2019 £000**
Adult Social Care receivables	2,684	782	(509)	2,957
Housing receivables	272	796	(821)	247
Other receivables	4,941	5,304	(441)	9,804

The following analysis summarises the Council's potential maximum exposure to credit risk from its other debtors, based on experience of default and un-collectability over the last five financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2019 £000	**Historical experience of default**	**Historical experience of adjustment for market conditions at 31 March 2019**	**Estimated maximum exposure at 31 March 2019 £000**
Other Debtors	13,678	5%	1%	684

As at 31 March 2019 approximately £13.678 million (£64.9 million as at 31 March 2018, balance is prior to impairment) is due to the council from its other debtors, the total being past its due date but not impaired. The past due but not impaired amount can be analysed by age as follows:

Aged Debtors Analysis	**31 March 2018 £000**	**31 March 2019 £000**
Less than three months	5,195	3,136
Three to six months	719	921
Six months to one year	859	5,006
Over one year	49,352	4,615
Total	**56,125**	**13,678**

Liquidity Risk

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 Code of Practice. This seeks to ensure that cash is available when it is needed.

The Council has ready access to the Public Works Loans Board (PWLB). The PWLB provides access to longer-term funds, therefore there is no significant risk that the Council will be unable to raise finance to meet its commitments. As at 31 March 2019 87% (80% as at 31 March 2018) of the Council's loans outstanding were with the PWLB and 13% provided by the Money Markets.

Through the Local Government Finance Act 1992, the Council is required to set a balanced budget, which ensures sufficient monies are raised to cover annual expenditure. The Council has set a prudent three-year budget and sought to set an affordable Council Tax for its residents. Therefore, there is no significant risk that the Council will be unable to raise finance to meet its commitments.

The Council manages its day-to-day liquidity position though the monitoring of Prudential Indicators, associated strategies and practices and cash flow management procedures.

The Council's approved Treasury and Investment strategies are set to avoid the risk of refinancing on unfavourable terms. The central treasury team address the operational risks within approved parameters. These include:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or rescheduling existing debt;

- Monitoring the maturity of investments to ensure that there is sufficient liquidity available for the Council's day-to-day cash flow needs (this is set at £25m in the Treasury Management Strategy), and the spread of long term investments provides stability of maturities and returns in relation to long term cash flow needs; and

- On a short-term basis internal balances are available to be used for finance should market interest rates be unfavourable at the time of refinancing.

The maturity analysis for borrowing is as follows:

Renewal Period	**Loans Outstanding as at 31 March 2019 £000**	**Limit of projected Fixed Rate Borrowing %**	**% of Total Borrowing 31 March 2019 %**	**% of Total Borrowing 31 March 2018 %**
Less than one year	23,500	30	10	15
Between one and two years	4,000	45	2	2
Between two and five years	9,000	60	4	6
Between five and ten years	26,188	80	11	7
More than 10 years	169,571	100	73	70
Total	**232,259**		**100**	**100**

Market loans, where applicable, are included in the above table based on the callable date.

All trade and other payables are due to be paid in less than one year.

Market Risk

Interest Rate Risk

The Council is exposed to risk in terms of its interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- Borrowing at variable rates – the interest expense charged to the Surplus / Deficit on the provision of services will rise.

- Borrowings at fixed rates – the fair value of the liabilities will fall.
- Investments at variable rates – the interest income credited to the Surplus / Deficit on the Provision of Services will rise.
- Investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus and 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 quoted market prices will be reflected in Other Comprehensive Income and Expenditure.

The Council has a number of strategies for managing interest rate risk. Its policy allows for a maximum of 50% of its borrowings to be held if appropriate in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans may be repaid early to limit exposure to losses.

The Finance Service has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this assessment strategy, at 31 March 2019, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

Impact of 1% increase in interest rates

	£000
Increase in interest payable on variable rate borrowings	-
Increase in Interest receivable on variable rate investments	-
Increase in government grant receivables for financing costs	-
Impact on Surplus or Deficit on the Provision of Services	-
Share of overall impact debited to the HRA	-
Decrease in fair value of fixed rate investment assets	-
Impact on Other Comprehensive Income and Expenditure	-
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	40,384

The fair value is greater than the carrying amount because the Council's portfolio 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.

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

Price Risk

The Council, excluding its Pension Fund, does not invest in equity shares and therefore is not exposed to losses arising from movement in the price of shares.

Foreign Exchange Risk

The Council, excluding its Pension Fund, has no financial assets or liabilities denominated in foreign currencies, therefore has no exposure to loss arising from movements in exchange rates.

25. Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2018/19:

	2017/18 £000	2018/19 £000
Credited to Taxation and Non-Specific Grant Income		
Recognised Capital Grants and contributions	41,623	37,062
Council Tax Income	106,769	114,726
NDR	14,888	64,830
RSG	55,309	-
NDR S.31 Compensation Grant	2,129	5,130
Better Care Fund	4,882	7,065
New Homes Bonus Grant	2,708	1,162
Transitional relief 2017/18 (education)	1,248	-
Other Revenue Grants	1,239	2,059
Total	**230,795**	**232,034**
Credited to Services		
Department of Work & Pensions	146,108	143,720
Department of Health Social Care & CCG	21,781	24,775
Department for Education	258,384	268,309
Other Miscellaneous Grants	8,557	14,212
Total	**434,830**	**451,016**

Revenue Support Grant (RSG) – The Council joined the London Business Rates Pool in 2018/19 whereby the Council retained a greater share of business rates in exchange for RSG.

The Council has received a number of grants and contributions 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:

	2017/18 £000	2018/19 £000
Capital Grants - Receipts in Advance		
Devolved Formula Capital Grant	103	-
Total	**103**	**-**

Where a grant has yet to be used to finance Revenue or Capital Expenditure, it is either posted to the Revenue or Capital Unapplied Reserve.

	2017/18 £000	2018/19 £000
Revenue Grants and Contributions Unapplied		
Housing Grant	736	80
Children's Services Grant	1,989	841
Planning Delivery Grant	25	1
Highways Grant	507	508
Safer Communities Grant	901	1,046
Ministry of Housing, Communities and Local Government (MHCLG) (Prior year DCLG)	3,743	4,757
DWP	-	676
Total	**7,901**	**7,909**
Section 106	777	836
Total	**8,678**	**8,745**

	2017/18 £000	2018/19 £000
Capital Grants and Contributions Unapplied		
Housing Grant	759	965
Education Funding Agency	20,785	35,492
GLA Grants	325	325
Ministry of Housing, Communities and Local Government (MHCLG) (Prior year DCLG)	14,045	7,500
Transport	-	102
Regeneration	-	405
Total	**35,914**	**44,789**
Section 106	8,093	9,062
Community Infrastructure Levy	3,733	5,437
Other Capital Contributions	136	213
Total	**47,876**	**59,501**

26. Disclosure of Deployment of Dedicated Schools Grant in 2018/19

The Dedicated Schools Grant (DGS) Grant has been deployed in accordance with regulations made under Sections 45A, 45AA, 47, 47ZA, 47A, 48, 49 and 138(7) of, and paragraph 2B of Schedule 14 to, the School Standards and Framework Act 1998, and Section 24(3) of the Education Act 2002. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2018. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2018/19 are as follows:

	Central Expenditure £000	Individual Schools Budget (ISB) £000	Total £000
Final DSG for 2018/19 before Academy recoupment			295,376
Academy figure recouped for 2018/19			(60,346)
Total DSG after Academy recoupment for 2018/19			**235,030**
Plus: Brought forward from 2017/18			945
Total DSG including Brought Forward			**235,975**
Agreed initial budgeted distribution in 2018/19	33,967	202,008	235,975
In year adjustments	-	414	414
Final budget distribution for 2018/19	**33,967**	**202,422**	**236,389**
Less: Actual central expenditure	(33,190)	-	(33,190)
Less: Actual ISB deployed to schools	-	(202,422)	(202,422)
Carry forward to 2019/20	**777**	**-**	**777**

27. Leases

The Council as Lessee

Operating Leases

The Council has one lease agreement for Vehicles for 10 years starting March 2012.

In June 2016 the Council entered in a 30-year lease agreement for an estate of houses in Canterbury for use as temporary accommodation for homeless households or to prevent homelessness. The lease contains a break clause which can be exercised after the first year by the Council and after 15 years by the Lessor. The Council, in October 2017, entered into another similar lease covering an estate of houses in Uxbridge. These lease agreements have been treated as operating leases.

The future minimum lease payments due under non-cancellable leases in future years are as follows:

	31 March 2018 £000	31 March 2019 £000
Not later than one year	2,118	2,118
Later than one year and not later than five years	8,200	8,078
Later than five years	17,220	15,223
Total	**27,538**	**25,419**

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

	31 March 2018 £000	31 March 2019 £000
Minimum lease payments	1,556	2,118
Total	**1,556**	**2,118**

None of the assets acquired under operating leases are sub-let. In addition, there were no contingent rents attached to the contracts.

The Council as Lessor

Finance Leases

The Council entered into a contract with Britannia Parking Limited for the lease of a multi storey car park at Clements Road, Ilford for a period of 125 years, from April 2002. The car park will be both managed and operated by Britannia Parking Limited. The rent is increased annually by applying a formula based upon the annual RPI index.

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

	31 March 2018 £000	31 March 2019 £000
Finance lease debtor (net present value of minimum lease payments):		
Current	97	97
Non- current	10,497	10,400
Unearned finance income	(8,937)	(8,855)
Unguaranteed residual value of property	198	210
Gross investment in the lease	**1,855**	**1,852**

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

	Minimum Lease Payments		Finance Lease Payments	
	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000
Not later than one year	15	15	15	15
Later than one year and not later than five years	61	61	61	61
Later than five years	1,581	1,566	1,779	1,776
Total	**1,657**	**1,642**	**1,855**	**1,852**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as future price indices. In 2018/19, contingent rents of £62,777 were receivable by the Council (£53,384 in 2017/18).

28. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), 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 Requirements (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.

	2017/18 £000	2018/19 £000
Capital Investment		
Property, Plant and Equipment	83,990	46,063
Investment Property	7,246	2,941
Intangible Assets	739	1,552
Revenue Expenditure Funded from Capital under Statute	2,511	5,343
Total	**94,486**	**55,899**
Sources of Finance		
Capital Receipts	(6,223)	(4,774)
Government grants and other contributions	(26,443)	(25,437)
Capital expenditure charged against the General Fund and HRA reserves and balances	(9,614)	(7,879)
Contributions from MRR	(8,585)	(5,018)
	(50,865)	**(43,108)**
Increase in underlying need to borrow unsupported by government financial assistance	(43,621)	(12,791)
Total	**(94,486)**	**(55,899)**

	2017/18 £000	2018/19 £000
Capital Financing Requirement		
Total Assets	1,159,834	1,288,132
Less Revaluation Reserve	(444,443)	(575,255)
Less Capital Adjustment Account	(390,555)	(374,961)
Closing Capital Financing Requirement	**324,836**	**337,916**

29. Usable Reserves

Movements in the Council's usable reserves are detailed in the movement in Reserves Statement and Note 9.

30. Unusable Reserves

31 March 2018 £000		31 March 2019 £000
444,443	Revaluation Reserve	575,255
390,555	Capital Adjustment Account	374,961
(410,598)	Pensions Reserve	(471,858)
(4,856)	Accumulated Absences Account	(5,795)
1,578	Collection Fund Adjustment Account	2,556
(234)	Financial Instruments Adjustment Account	(1,493)
(528)	Financial Instruments Available for Sale Reserve	-
78	Deferred Capital Receipts	64
-	Pooled Investment Revaluation Reserve	(372)
420,438	**Total Unusable Reserves**	**473,318**

30 (a) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment (and intangible assets). 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.

2017/18 £000		2018/19 £000
383,662	**Balance at 1 April**	**444,443**
98,432	Upwards revaluation of assets	240,489
(13,584)	Downward revaluation of assets and impairment losses not charged to Surplus/Deficit on the Provision of Services	(102,798)
84,848	**Surplus on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services**	**137,691**
(5,456)	Difference between fair value depreciation and historical cost depreciation	(4,065)
(18,611)	Adjusting amounts written out to the Capital Adjustment Account	(2,814)
444,443	**Balance at 31 March**	**575,255**

30 (b) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing difference arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisitions, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement 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 enhancement. The Account contains accumulated gains and losses on Investment Properties.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2017/18 £000			2018/19 £000
410,614	**Balance at 1 April**		**390,555**
	Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(26,575)	Charges for depreciation and impairment of non-current assets	(21,963)	
(24,459)	Revaluation losses on Property, Plant and Equipment	(20,827)	
(173)	Amortisation of intangible assets	(303)	
(2,511)	Revenue expenditure funded from capital under statute	(5,343)	
(5,319)	Reversal of Major Repairs Allowance	(5,108)	
(37,320)	Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	(13,257)	
(96,357)			**(66,801)**
24,065	Adjusting amounts written out of the Revaluation Reserve		6,879
(72,292)	**Written out of the cost of non-current assets consumed in the year**		**(59,922)**
	Capital financing applied in the year:		
6,223	Use of the Capital Receipts Reserve to finance new capital expenditure	4,774	
8,585	Use of the Major Repairs Reserve to finance new capital expenditure	5,018	
26,443	Application of grants to capital financing from the Capital Grants and Contributions Unapplied Account	25,437	
475	Statutory provisions for the financing of capital investment charged against the General Fund	514	
9,614	Capital expenditure charged against the General Fund and HRA balances	7,879	
51,340			**43,622**
893	Movements in the market value of Investment properties debited or credited to the Comprehensive Income and Expenditure Statement		706
390,555	**Balance at 31 March**		**374,961**

30 (c) Pension Reserve

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 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 debit 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 ensue that funding will have been set aside by the time the benefits come to be paid.

2017/18 £000		2018/19 £000
(408,715)	**Balance at 1 April**	**(410,598)**
20,766	Actuarial (losses)/gains on pensions assets and liabilities	(37,660)
(48,857)	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	(49,142)
26,208	Employer's pensions contributions and direct payments to pensioners payable in the year	25,542
(410,598)	**Balance at 31 March**	**(471,858)**

30 (d) Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise in the General Fund Balance from accruing for compensated absence earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March 2019. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2017/18 £000			2018/19 £000
(5,596)	**Balance at 1 April**		**(4,856)**
5,596	Settlement or cancellation of accrual made at the end of the preceding year	4,856	
(4,856)	Amounts accrued at the end of the current year	(5,795)	
740	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements		(939)
(4,856)	**Balance at 31 March**		**(5,795)**

30 (e) Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council tax and non-domestic rate income in the Comprehensive Income and Expenditure Statement as it falls due from Council tax and rate payers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2017/18 £000		2018/19 £000
4,442	**Balance at 1 April**	**1,578**
(2,864)	Amount by which Council Tax and non-domestic rate income credited to the Comprehensive and Expenditure Statement is different from Council Tax and non-domestic rate income calculated for the year in accordance with statutory requirements	978
1,578	**Balance at 31 March**	**2,556**

30 (f) Financial Instruments available for Sale Reserve

The Financial Instruments Available for Sale Reserve contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Disposed of and the gains are realised

2017/18 £000		2018/19 £000
34	**Balance at 1 April**	**(528)**
(528)	Downward revaluation of investments not charged to the Surplus / Deficit on the Provision of Services	-
(34)	Accumulated gains on maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income	-
-	Balance transferred to the Pooled Investment Revaluation Reserve	528
(528)	**Balance at 31 March**	**-**

The 2018/19 Code of Practice on Local Authority Accounting has adopted IFRS9 Financial Instruments. As a result of the implementation of IFRS9, the Available for Sale Reserve has been decommissioned as at 1 April 2018. The council has transferred the balance to the Pooled Investment Revaluation Reserve.

30 (g) Pooled Investment Revaluation Reserve

The Pooled Investment Revaluation Reserve contains the gains and losses arising from the change in value of the council's investments that are measured at fair value through profit and loss.

2017/18 £000		2018/19 £000
-	**Balance at 1 April**	**528**
-	Revaluation of transferred investments charged to the Surplus/Deficit on the Provision of Services	(9)
-	Revaluation of transferred Financial Instruments held under Fair Value through Profit and Loss subject to MHCLG Statutory Over-Ride*	(147)
-	**Balance at 31 March**	**372**

* The Ministry for Housing, Communities and Local Government (MHCLG) introduced a statutory over-ride to protect the General Fund Balance from any fluctuations in fair value movements in pooled investment funds. In the Council's case this relates to its investment in the Charities, Churches and Local Authorities (CCLA) Property Fund. This over-ride is due to come to an end on 31 March 2023 and unless extended, all fair value movements will then impact on the General Fund Balance.

30 (h) Financial Instrument Adjustment Account

The Financial Instrument Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenditure relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The council uses the account to manage premiums paid and discounts received on the early redemption of loans. Premiums are debited and discounts are credited to the Comprehensive Income and Expenditure Statement when they are incurred but reserved out of the General Fund Balance to the account in the Movement in Reserves Statement. Over time, the net expense is posted back to the General Fund balance in accordance with statutory arrangements for spreading the burden on Council Tax payers.

2017/18 £000			2018/19 £000
(235)	**Balance at 1 April**		**(234)**
-	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	(1,262)	
(8)	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(6)	
9	Interest adjustment on staggered rate loans incurred in the year and charged to the Comprehensive Income and Expenditure Statement	9	
1	**Amount by which finance costs charged to the comprehensive income and expenditure statement is different from finance costs chargeable in the year in accordance with statutory requirements**		**(1,259)**
(234)	**Balance at 31 March**		**(1,493)**

30 (i) Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets 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 settlements eventually take place, amounts are transferred to the Capital Receipts Reserve.

31. Termination Benefits

The Council agreed to terminate the contracts of a number of employees in 2018/19, incurring liabilities of £1.921m (£2.412m in 2017/18). There was a total of 89 redundancies in 2018/19 (191 in 2017/18).

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies is set out in the table below. Of these redundancies 77 related to officers and 12 related to school staff (148 officers and 43 schools in 2017/18).

Exit Package cost band (including special payments)	Number of compulsory redundancies 2017/18	2018/19	Number of other departures agreed 2017/18	2018/19	Total number of exit packages by cost band 2017/18	2018/19	Total cost of exit packages in each band 2017/18 £000	2018/19 £000
£0 - £20,000	79	22	90	37	169	59	1,613	580
£20,001 - £40,000	10	5	8	15	18	20	479	527
£40,001 - £60,000	1	-	-	4	1	4	40	200
£60,001 - £80,000	-	-	-	2	-	2	-	147
£80,001 - £100,000	2	-	-	1	2	1	164	99
£100,001 - £150,000	1	-	-	3	1	3	116	368
Total	**93**	**27**	**98**	**62**	**191**	**89**	**2,412**	**1,921**

32. Officers' Remuneration

The following table sets out the remuneration paid to the Council's senior employees:

		Note	Salary inc honorarium £	Expenses Allowances £	Compensation for loss of office £	Pension Contribution £	Total £
Andrew Donald	2018/19		175,248	-	-	43,987	219,235
Chief Executive	2017/18		171,813	-	-	43,125	214,938
Corporate Director	2018/19	*1*	137,351	-	-	33,995	171,346
of Resources	2017/18		132,710	-	-	33,310	166,020
Corporate Director	2018/19		130,263	-	-	32,217	162,480
of Strategy	2017/18		125,656	-	-	31,540	157,196
Corporate Director	2018/19	*2*	95,180	-	42,900	23,890	161,970
of Place	2017/18		139,971	-	-	35,133	175,104
Corporate Director	2018/19		142,770	-	-	35,835	178,605
of People	2017/18		139,971	343	-	35,133	175,447
Operational Director	2018/19		100,236	-	-	25,159	125,395
of Assurance	2017/18		96,171	-	-	24,139	120,310
Director of	2018/19		112,705	-	-	15,624	128,329
Public Health	2017/18		96,295	-	-	24,170	120,465

1. *The Corporate Director of Resources receives an honorarium payment of £5,000 with regards to the work undertaken on behalf of East London Waste Authority which is included within the salary.*

2. *The Corporate Director of Place left in November 2018.*

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 was:

2017/18 Officers	2017/18 Teachers	2017/18 VA Schools	2017/18 Total	Earning Band	2018/19 Officers	2018/19 Teachers	2018/19 VA Schools	2018/19 Total
57	130	38	**225**	**£50,000 - £54,999**	62	104	30	**196**
35	66	12	**113**	**£55,000 - £59,999**	40	58	15	**113**
21	38	5	**64**	**£60,000 - £64,999**	14	48	7	**69**
6	21	2	**29**	**£65,000 - £69,999**	10	27	1	**38**
11	18	3	**32**	**£70,000 - £74,999**	7	16	2	**25**
8	17	-	**25**	**£75,000 - £79,999**	7	13	1	**21**
-	10	1	**11**	**£80,000 - £84,999**	2	8	2	**12**
1	4	2	**7**	**£85,000 - £89,999**	1	8	-	**9**
2	5	4	**11**	**£90,000 - £94,999**	1	6	5	**12**
1	4	1	**6**	**£95,000 - £99,999**	-	6	1	**7**
2	9	-	**11**	**£100,000 - £104,999**	5	6	-	**11**
2	-	-	**2**	**£105,000 - £109,999**	1	5	-	**6**
1	-	-	**1**	**£110,000 - £114,999**	-	1	-	**1**
-	3	-	**3**	**£115,000 - £119,999**	-	-	-	**-**
--	1	-	**1**	**£120,000 - £124,999**	-	1	-	**1**
-	-	1	**1**	**£165,000 - £169,999**	-	-	1	**1**
147	**326**	**69**	**542**	**Total**	**150**	**307**	**65**	**522**

Remuneration includes gross salary, bonuses, expense allowances, compensation for loss of employment, and any other emoluments. This table excludes those officers listed in the previous table.

33. Members' Allowances

The Council paid the following amounts to Members of the Council during the year.

	2017/18 £000	2018/19 £000
Allowances	918	922
Total	**918**	**922**

34. Related Parties

This disclosure note has been prepared using the Council's Register of Members' Declarations of Interest in addition to a specific declaration obtained in respect of related party transactions from Members and Chief Officers. The Council is required to disclose material transactions with related parties – bodies and individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of those transactions allows readers to assess the extent to which the Council may 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. In this context, related parties include:

- Central Government
- Elected Members of the Council
- Directors and Chief Officers of the Council
- Other Public Bodies
- Entities controlled or significantly influenced by the Council

- **Central Government**

Central 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 the majority 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 receipts outstanding at 31 March 2019 are shown in Note 25.

- **Elected Members of the Council**

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2018/19 is shown in Note 33.

During 2018/19 works and services to the value of £0.078m were commissioned from a company in which one Member had an interest. Also, services to the value of £1.639m were commissioned from another company of which one Member is a director. The contracts were entered into in full compliance with the Council's standing orders.

The Members' Register of Interests is available on the Council's web site (www.redbridge.gov.uk).

- **Directors and Chief Officers of the Council**

Senior Officers have not disclosed any material transactions with related parties.

- **Other Public Bodies**

East London Waste Authority

Nature of Business and Relationship with the Council

The East London Waste Authority (ELWA) is a statutory body responsible for the disposal of waste in the London Boroughs of Barking and Dagenham, Havering, Newham and Redbridge.

Financial Performance

The levy payments paid by the Council to ELWA amounted to £17.741m (£16.917m in 2017/18).

Related Party Officers/Members

Two members of the Council are Board Members of ELWA: Councillor S. Bain and Councillor J. Howard.

- **Entities Controlled or Significantly Influenced by the Council**

The Council has the following interest in organisations listed below:

Vision Redbridge Culture and Leisure

Nature of Business and Relationship with the Council

Vision Redbridge Culture & Leisure (VRCL) is a Leisure Trust which was incorporated as a company limited by guarantee under the Companies Act on 19 December 2007, and registered as a charity on 11 February 2008. Originally set up to manage the Council's leisure centres, in 2011/12 VRCL's remit was widened to incorporate responsibility for the management of the services previously managed in-house by the Culture, Sport & Community Leisure service area. Under both IFRS and the CIPFA Code of Practice on Local Authority accounting in the United Kingdom, VRCL is deemed to be a subsidiary of the London Borough of Redbridge as the Council has the power to govern VRCL's financial and operating policies.

Financial Performance

The Council made payments of £9.770m in 2018/19 (£9.864m in 2017/18) to VRCL for the management of these services.

Related Party Officers/Members

Three members of the Council are Board Members at VRCL: Councillor S. Sanger, Councillor D. Sharma and Councillor R. Turbefield.

Redbridge Living

In October 2018, the Council set up a wholly owned company called 'Redbridge Living'. During 2018/19 there were no material transactions by this company so there are no related party declarations to be reported.

Other

During the financial year, the Council charged the Pension Fund £0.415m for expenses incurred administering the Pension Fund (£0.415m in 2017/18) and £0.120M for expenses incurred for investment services (£0.120m in 2017/18).

35. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts:

	2017/18 £000	2018/19 £000
Fees payable with regards to external audit services carried out by the appointed auditor for the year	139	107
Total	**139**	**107**

The Council's appointed auditors are Ernst & Young LLP (EY).

36. Internal Trading Operations

With the abolition of Compulsory Competitive Tendering from January 2000, a number of former Direct Service Organisations have continued to operate internal trading accounts. Any surpluses or deficits arising from trading account activities are transferred to the General Fund. Civic catering ceased to be operational during 2018/19 so the figures are for operations until the end of August 2018.

		2017/18 £000	2017/18 £000	2018/19 £000	2018/19 £000
Civic Catering	Turnover	184		56	
	Expenditure	(398)		(103)	
	Deficit		(214)		(47)
Transport	Turnover	12,320		10,458	
	Expenditure	(11,626)		(9,329)	
	Surplus		694		1,129
Total			**480**		**1,082**

37. Pooled Budgets

The Council is involved with two pooled arrangements as set our below:

Better Care Fund
The Better Care Fund (BCF) commenced on 01 April 2015 with the purpose of supporting integrated health and social care and promoting joint planning of care provision in the local health area.

There is a national requirement to operate a pooled budget. Resources previously given to local authorities via the S256 arrangement or direct to the Clinical Commissioning Group (CCG) are now transferred from NHS England to the local CCG and then to the pooled fund.

The London Borough of Redbridge is the host partner for the Better Care Fund pooled fund under a section 75 agreement with the CCG.

2017/18 Pooled Budget £000		2018/19 Pooled Budget £000
5,296	London Borough of Redbridge	5,397
1,822	Disabled Facilities	1,984
9,815	Redbridge CCG	10,001
16,933		**17,382**

Equipment Pooled Fund
The Council entered into a pooled budget arrangement with various local authority and NHS partners in 2018/19. The primary purpose of this arrangement is to manage and control the sourcing, delivery, fitting, return and refurbishment of community equipment, adaptations and aids to daily living in service users' homes as part of an integrated community equipment service.

The agreement in place stipulates that partners will contribute to the 'pool' on the basis of their assumed activity levels. Where a partner has paid more into the pool than has been spent, the partner can either choose to carry their 'surplus' forward for use in the next financial year, or to have their 'surplus' repaid. Where there is a shortfall in the contributions made by a partner, they are required to redress this position.

The contributions and expenses of the Pool for 2018/19 were as follows:

	Contributions £000	Expenditure £000	Net (Surplus)/Deficit £000
Local Authorities			
London Borough of Redbridge	(662)	662	-
London Borough of Havering	(677)	677	-
Clinical Commissioning Groups			
Redbridge	(935)	935	-
Havering	(241)	241	-
Barking and Dagenham	(64)	64	-
NHS Trusts			
North East London NHS Foundation Trust	(683)	683	-
Barking, Havering and Redbridge University Hospital NHS Trust	(8)	8	-
Total	**(3,270)**	**3,270**	**-**

38. Other Funds

The Council administers the affairs of some elderly residents and children in care, sometimes by named officers, and holds various deposits. The total value of these funds as at 31 March 2019 was £1.355m (£1.186m as at 31 March 2018).

39. Pension Scheme Accounted for as a Defined Contribution Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is a multi-employer defined benefit scheme. However, the scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by Local Authorities. Valuations of the notional fund are undertaken every four years.

The scheme has in excess of 3,700 participating employers and consequently the Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for as a defined contribution scheme.

In 2018/19, contributions amounting to £14.170m were paid by the Council to the Teachers' Pension Scheme in respect of teachers' retirement benefits, representing 16.48% of pensionable pay. This sum includes the contributions for March 2019 which were paid in April. The figures for 2017/18 were £13.7m and 16.48%.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 40.

The Council is not liable to the scheme for any other entities' obligations under the plan.

NHS Staff Pension Scheme
In 2013/14, former NHS employees transferred to the Council. These employees have maintained their membership in the NHS Pension Scheme. The Scheme provides these staff with specified benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is an unfunded defined benefit scheme. As with the Teacher's Pension Scheme, the Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purpose of this Statement of Accounts, it is therefore accounted for as a defined contribution scheme.

In 2018/19, the Council paid £0.073m to the NHS Pension Scheme in respect of former NHS staff retirement benefits, representing 14.3% of pensionable pay. The figures for 2017/18 were £0.06m and 14.4%. There were no contributions remaining payable at the year end.

40. Defined Benefit Pension Scheme

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

The Council participates in two post-employment arrangements:

- The Local Government Pension Scheme, administered locally by the London Borough of Redbridge – this is a funded defined benefit salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated by the Council to meet actual pension payments as they eventually fall due.

The London Borough of Redbridge Pension Scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pension Fund Committee of the London Borough of Redbridge. Policy is determined in accordance with the Pension Fund Regulations. The investment managers of the fund are appointed by the Committee which consists of five Members.

The principal risks to the Council 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, bond yields and the performance of the investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.
Discretionary Post-Retirement Benefits
Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which

liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

Transaction Relating to Post-Employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services 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 actuarial cost of post- employment/retirement benefit is reversed out of the General Fund 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:

	Local Government Pension Scheme	
	2017/18 £000	**2018/19 £000**
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current Service Cost	37,256	37,816
Past Service Costs	1,236	492
Financial and Investment Income and Expenditure		
Net interest expense	10,365	10,834
Total Post-Employment Benefits charged to the Deficit on the provision of Services	**48,857**	**49,142**
Other Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement		
Re-measurement of the net defined benefit liability		
Return on assets excluding amounts included in net interest expense	(1,127)	(27,129)
Actuarial (losses)/gains arising from changes in financial assumptions	(19,371)	63,249
Other experience and actuarial adjustments	(268)	1,540
Total Post Employment Benefit charged to Other Comprehensive Income and Expenditure Statement	**(20,766)**	**37,660**
Movement in Reserve Statement:		
Reversal of net charges made to the Surplus on the provision of Services for post-employment benefits in accordance with the code	(22,649)	(23,600)
Actual amount charged against the General Fund Balance for pensions in the year:		
Employer's contributions payable to scheme	24,233	23,496
Employer's discretionary contributions payable	1,975	2,046
Retirement benefits payable to pensioners	(29,412)	(30,619)
Discretionary benefits payable to pensioners	(1,975)	(2,046)

Pensions Assets and Liabilities recognised in the Balance Sheet

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

	2017/18 £000	**2018/19 £000**
Present value of the defined benefit obligation	(1,092,863)	(1,197,783)
Fair value of assets in the Local Government Pension Scheme	682,265	725,925
Net liability arising from defined benefit obligation	**(410,598)**	**(471,858)**

Reconciliation of the movements in the fair value of the scheme

	2017/18 £000	2018/19 £000
Opening Balance at 1 April	**664,046**	**682,265**
Interest Income	16,596	17,711
Re-measurement gain/(loss)	1,059	27,087
Contributions by Employer	24,233	23,496
Contributions by scheme participants	5,743	5,985
Benefits paid	(29,412)	(30,619)
Closing Fair Value of scheme assets	**682,265**	**725,925**

Reconciliation of present value of the scheme liabilities (defined benefit obligation)

	Local Government Pension Scheme	
	2017/18 £000	2018/19 £000
Opening Balance at 1 April	**1,072,761**	**1,092,863**
Current Service Cost	37,256	37,816
Interest Cost	26,961	28,545
Contributions by scheme participants	5,743	5,985
Re-measurement (gains)/losses		
- change in financial assumptions	(19,371)	63,249
- change in other assumptions	(336)	1,498
Past Services Cost	1,236	492
Benefits paid	(29,412)	(30,619)
Discretionary Benefits	(1,975)	(2,046)
Closing Balance at 31 March	**1,092,863**	**1,197,783**

The Local Government Pension Scheme's Asset Comprised

	2017/18 £000	2018/19 £000
Property		
UK Property Unit Trusts	58,313	64,445
Investment Funds and Unit Trusts		
Equities	487,028	514,616
Bonds	135,361	146,424
Sub-total	**622,389**	**661,040**
Cash and Cash Equivalents		
Cash	1,563	440
Total Assets	**682,265**	**725,925**

Basis for Estimating Assets and Liabilities

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. Both the Local Government Pension Scheme and Discretionary Benefits Liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries. Estimates for the London Borough of Redbridge Pension Fund are based on the latest full valuation of the scheme as at 1 April 2016.

The significant assumptions used by the actuary have been as follows:

	Local Government Pension Scheme	
	2017/18	**2018/19**
Mortality assumptions		
Longevity at 65 for current pensioners:		
Men	22.1 years	22.1 years
Women	24.3 years	24.3 years
Longevity at 65 for future pensioners:		
Men	23.9 years	23.9 years
Women	26.3 years	26.3 years
Rate of increase in salaries	2.4%	2.5%
Rate of increase in pensions	2.4%	2.5%
Rate for discounting scheme liabilities	2.6%	2.4%

The estimation of the defined benefit obligations 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 approach taken in preparing the sensitivity analysis is consistent with that adopted in the previous period.

	Impact on the Defined Benefit Obligation in the Scheme	
	Increase in Assumption £000	**Decrease in Assumption £000**
Longevity (increase or decrease by 1 year)	47,911	(47,911)
Rate of increase in salaries (increase or decrease by 0.5%)	11,526	(11,526)
Rate of increase in pension (increase or decrease by 0.5%)	101,584	(101,584)
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	(114,601)	114,601

Impact on the Council's Cashflows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. At the last valuation the Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 17 years. The next triennial valuation is due to be completed as at 31 March 2019.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Service Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public services scheme may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). 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 total amount of contributions estimated to be paid to the LGPS by the Council in the year to 31 March 2020 is £22.708 million.

41. Notes to the Cashflow Statement

(a) Cash Flow Statement – Operating Activities

The deficit on the provision of services has been adjusted for the following non-cash movements.

2017/18 £000		2018/19 £000
	The cash flows for operating activities include the following items	
(68,693)	Net Deficit on the provision of services	**(31,184)**
	Adjust net deficit on the provision of services for non-cash movements	
26,575	Depreciation	21,963
24,459	Impairment and downward valuations	20,827
173	Amortisation	303
5,151	Increase/(decrease) in creditors	7,282
(5,212)	(Increase)/decrease in debtors	(16,201)
(14)	Decrease in inventories	(178)
22,649	Movement in pension liability	23,600
37,320	Carrying amount of non-current assets sold or derecognised	13,257
5,479	Other non-cash items	3,948
116,580		**74,801**
	Adjust for items included in net deficit on the provision of services that are investing or financing activities	
(41,623)	Capital Grants	(37,062)
(8,242)	Proceeds from the sale of property, plant and equipment	(6,347)
(49,865)		**(43,409)**
(1,978)	**Net cash flows generated from operating activities**	**208**

The cash flows for operating activities include the following items:

2017/18 £000		2018/19 £000
1,062	Interest Received	1,416
(7,759)	Interest Paid	(7,728)

(b) Cash Flow Statement – Investing Activities

2017/18 £000		2018/19 £000
(91,975)	Purchase of property, plant and equipment, investment property and intangible assets	(50,557)
8,242	Proceeds from the sale of property, plant, equipment, investment property and intangible assets	6,347
65,034	Proceeds / (Purchases) from short term and long-term investments	(22,009)
41,623	Capital Grants	37,062
22,924	**Net cash flows from investing activities**	**(29,157)**

(c) Cash Flow Statement – Financing Activities

2017/18 £000		2018/19 £000
13,500	Cash receipts from short term and long-term borrowing	35,000
581	Other receipts from financing activities	-
(475)	Cash payments for the reduction of outstanding liabilities relating to finance leases on balance sheet PFI contracts	(514)
(6,013)	Repayments of short term and long-term borrowing	(22,976)
7,593	**Net cash flows from financing activities**	**11,510**

(d) Reconciliation of Liabilities arising from Financing Activities

	2018/19 1 April £000	Financing Cashflows £000	Reclassification/ Movements £000	2018/19 31 March £000
Long Term borrowings	202,499	35,000	(9,522)	**227,977**
Short Term borrowings	18,947	(22,976)	9,416	**5,387**
Lease Liabilities	26	(25)	2	**3**
On Balance Sheet PFI	11,896	(489)	-	**11,407**
Total Liabilities from financing activities	**233,368**	**11,510**	**(104)**	**244,774**

Supplementary Statements

Housing Revenue Account Income and Expenditure Statement

The Housing Revenue Account (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 regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement in the HRA Statement.

2017/18 £000		Notes	2018/19 £000
	Expenditure		
5,243	Repairs and Maintenance		5,265
8,328	Supervision and Management		8,211
934	Rents, Rates, Taxes and Other Charges		360
242	Movement in the allowance for bad debts		-
13,735	Depreciation and impairment of fixed assets	5	15,980
28,482	**Total Expenditure**		**29,816**
	Income		
(24,203)	Dwelling Rents		(24,259)
(378)	Non-Dwelling Rents		(396)
(3,366)	Charges for Services and Facilities		(3,567)
(79)	Contributions towards expenditure		(121)
(139)	Repayment of capital grants/advances		(276)
(28,165)	**Total Income**		**(28,619)**
317	**Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement**		**1,197**
317	**Net Expenditure on HRA Services**		**1,197**
	HRA Share of the Operating Income and Expenditure included in the Comprehensive Income and Expenditure Statement:		
(1,301)	Gain on sale of HRA non-current assets		(1,650)
2,377	Interest payable and similar charges		2,595
(217)	Interest and investment income		(296)
-	Transfer of Capital Receipts		1,532
-	Impairment Allowance		153
287	Pensions interest cost and expected return on pension assets		296
(465)	Capital grants and contributions receivable		(435)
998	**Deficit for the year on HRA services**		**3,392**

Movement on the Housing Revenue Account Statement

2017/18 £000			2017/18 £000
(7,333)	**Balance on the HRA at the end of the previous year**		**(13,443)**
998	Deficit or (Surplus) for the year on the HRA Income and Expenditure Statement	3,392	
2,034	Adjustment between accounting basis and funding basis under statute	(4,315)	
3,032	**Net decrease before transfers to or from reserves**	**(923)**	
(9,142)	Transfers to reserves	65	
(6,110)	Increase in year on the HRA		(858)
(13,443)	**Balance on the HRA at the end of the current year**		**(14,301)**

Note to the Movement on the HRA Statement

2017/18 £000		*Notes*	2018/19 £000
	Adjustments between accounting basis and funding basis under regulations		
1,301	Gain on sale of HRA non-current assets		1,650
139	Repayment of capital/advances		276
(652)	HRA share of contributions to or from the Pension Reserve		(660)
(8,416)	Impairment of Fixed Assets	*5*	(10,872)
(151)	Capital Receipts cost of sales		(60)
9,359	Capital expenditure funded by the HRA		6,468
465	Capital Grants and contributions receivable		435
(11)	Revenue Expenditure funded from capital under statute		-
-	Accumulated absences accrual		(20)
-	Transfer of Capital Receipts		(1,532)
2,034			**(4 ,315)**
	Transfers (from) / to reserves		
(9,142)	Transfer (from)/to earmarked reserves	*7*	65
(9,142)			**65**

Notes to the Housing Revenue Account

1. Rent Income

Gross rent income is the total rent income due after allowance is made for void properties. During the year an average of 0.83% of rent was lost because of properties that were vacant (0.65% in 2017/18). The average rent for all stock was £105.05 per week in 2018/19 and £104.52 per week in 2017/18. The average rent for social housing stock was £102.48 per week in 2018/19 and £103.52 per week in 2017/18. The 2018/19 average rent equates to a 1% reduction for social rent tenant.

2. Housing Stock

The Council is responsible for managing a Housing Revenue Account stock of 4,457 properties at 31 March 2019 (4,445 at 31 March 2018). An analysis is shown below. The Council is also a freeholder of 2,485 leased properties.

31 March 2018 Number		31 March 2019 Number
	General Needs	
1,674	- One or fewer Bedrooms	1,666
1,330	- Two Bedrooms	1,333
1,316	- Three or more Bedrooms	1,332
125	Sheltered Housing Units	126
4,445	**Total**	**4,457**

3. Rent Arrears

31 March 2018 £000		31 March 2019 £000
	Arrears due from	
521	- Current tenants	544
348	- Former tenants	381
869	**Total**	**925**
3.57%	Total as a % of gross debt	3.32%

4. Balance Sheet Value of HRA Assets

31 March 2018 £000		31 March 2019 £000
299,575	Dwellings	271,811
13,985	Other Land and Buildings	16,260
313,560	**Total**	**288,071**

The vacant possession value of dwellings within the HRA as at 1 April 2018 was £1,133m (£1,182m as at 1 April 2017). The difference of £850m between the vacant possession value and the Balance Sheet value of dwellings (£299m) within the HRA represents the economic cost of providing Council housing at less than open market value.

5. Depreciation and Impairment charges

Depreciation charges shown below reflect the economic consumption of HRA assets in 2018/19.

2017/18 £000		2018/19 £000
5,234	Depreciation Operational Assets - dwellings	5,020
85	Depreciation Operational Assets – other land and buildings	88
8,416	Impairment of fixed assets – dwellings and other land and buildings	10,872
13,735	**Total**	**15,980**

The charge for impairment in 2018/19 reflected the decrease in market value of HRA dwellings.

6. Major Repairs Reserve

MRA funds held in the Major Repairs Reserve can be used for capital expenditure or repayment of debt on HRA assets only.

2017/18 £000		2018/19 £000
(3,509)	Balance Brought Forward	(243)
(5,234)	Major Repairs Allowance (MRA)	(5,020)
(85)	Non-dwellings depreciation	(88)
8,585	Capital Expenditure funded from the MRR	5,018
(243)	**Balance on the Major Repairs Reserves as at 31 March**	**(333)**

7. Movement in Earmarked Reserves

The following movements in earmarked reserves occurred in 2018/19:

2017/18 £000		2018/19 £000
4,856	HRA – Voluntary Set Aside	-
2,015	HRA – Leaseholders (Non RTB)	-
881	HRA – Minor works	-
1,429	HRA – Capital Reserve	(15)
(148)	HRA – New Provision Receipts (admin RTB)	-
109	HRA – IT Reserve	-
-	HRA – Orchard Building Works	(50)
9,142	**Total**	**(65)**

8. HRA Capital Financing

2017/18 £000		2018/19 £000
24,103	**HRA Capital Expenditure - Dwellings**	**13,585**
	Financed by:	
180	Government Grants	435
-	Contribution from Revenue	6,380
8,585	Major Repairs Reserve	5,018
9,359	Contribution from Other Reserves	87
5,979	Capital Receipts - RTB	1,665
24,103	**Total Funding**	**13,585**

9. Capital Receipts

2017/18 £000		2018/19 £000
	HRA Capital Receipts	
8,232	Properties	2,919
8,232		**2,919**

10. HRA share of Contribution to or from the Pension Reserve

Under IAS 19 the cost of retirement benefits is recognised in the net cost of services when employees earn them rather than when the benefits are eventually paid. This principle is applied to the HRA. The HRA has been charged with its share of the pension interest cost and return on pension assets, and these together with the charge in service costs have been matched by a transfer to the Pension Reserve so that the net outturn on the HRA is not altered by these IAS 19 adjustments.

Collection Fund

This statement 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 Fund from taxpayers and distributions to local authorities and the Government of Council Tax, non-domestic rates (NDR) and the business rate supplement (BRS). The element of the Collection Fund that relates to the Council has been consolidated with the Council's main accounts. The accounts have been prepared on an accruals basis.

Income and Expenditure Account

2017/18 Total £000		2018/19 Council Tax £000	2018/19 NDR £000	2018/19 BRS £000	2018/19 Total £000
	Income				
131,564	Council Tax Payers	140,628	-	-	140,628
54,474	Income from Business Ratepayers	-	55,285	1,123	56,408
3,805	Transitional Protection–Central Government	-	2,573	-	2,573
189,843	**Total Income**	**140,628**	**57,858**	**1,123**	**199,609**
	Expenditure				
	Precepts:				
102,416	London Borough of Redbridge	109,858	-	-	109,858
24,977	Greater London Authority	25,740	-	-	25,740
	Business Rates:				
17,667	London Borough of Redbridge	-	38,175	-	38,175
22,968	Greater London Authority	-	21,473	1,117	22,590
19,433	Central Government	-	-	-	-
288	Costs of Collection	-	281	6	287
	Apportionment of previous years estimated collection fund surplus:				
4,063	London Borough of Redbridge	2,500	(355)	-	2,145
958	Greater London Authority	625	(433)	-	192
(103)	Central Government	-	(395)	-	(395)
	Bad and Doubtful Debts				
(2,694)	Impairment Allowance	(4,115)	(1,879)	-	(5,994)
2,223	Write-offs	3,084	1,678	-	4,762
6,886	Provisions for appeals	-	912	-	912
199,082	**Total Expenditure**	**137,692**	**59,457**	**1,123**	**198,272**
(9,239)	**(Deficit)/Surplus for the year**	**2,936**	**(1,599)**	**-**	**1,337**
5,334	(Deficit)/Surplus bought forward at 1 April	5,389	(9,294)	-	(3,905)
(3,905)	**(Deficit)/Surplus carried forward at 31 March**	**8,325**	**(10,893)**	**-**	**(2,568)**
	Allocated to:				
1,578	London Borough of Redbridge	6,734	(4,178)	-	2,556
(2,411)	Greater London Authority	1,591	(3,986)	-	(2,395)
(3,072)	Central Government	-	(2,729)	-	(2,729)
(3,905)	**Total**	**8,325**	**(10,893)**	**-**	**(2,568)**

Notes to the Collection Fund

1. Council Tax

Council Tax is based partly on the valuation of domestic properties and is partly a Personal Tax with discounts for single occupiers. The Council set the level of Council Tax for 2018/19 at £1,549.98 for band D properties (this includes £294.23 on behalf of the Greater London Authority). The number of band D equivalent properties in each band making up the Council Tax base was as follows:

Band	2017/18 Number of Properties	2018/19 Number of Properties
A	1,285	1,346
B	9,029	9,087
C	21,500	22,035
D	30,162	30,316
E	22,436	22,521
F	10,246	10,270
G	5,062	5,079
H	339	333
Council Tax base collection allowance adjustment	(1,119)	(1,527)
Allowance for estimated full value of exemptions (inc disabled)	(1,583)	(872)
Local Authority Tax Support Scheme	(11,730)	(11,104)
Total	**85,627**	**87,484**

2. Council Tax Reduction Scheme

Council Tax Benefit ceased from 1 April 2013, replaced by the Council Tax Reduction Scheme.

3. Income from Business Rates

The Council collects business rates for its area based on rateable values (as determined by the Valuation Office Agency) and multipliers set by Central Government. The multipliers for 2018/19 were 48.0p for qualifying Small Businesses, with the standard multiplier being 49.3p for all other businesses (46.6p and 47.9p respectively in 2017/18).

The total rateable value for business premises as at the end of March 2019 was £154,225,270.

Under these arrangements the amounts included in these Accounts are analysed as follows:

Restated 2017/18 £000		2018/19 £000
68,307	Gross NDR due in the year	72,298
(15,019)	Less: Allowances and other adjustments	(17,013)
53,288		**55,285**

Under the Business Rate Retention Scheme, the total rates collected is shared between Redbridge, the GLA and Central Government based on statutory allocations. The shares between 2017/18 and 2018/19 varied because of the implementation of the London Business Rate Pool Pilot Scheme (see note 7 below).

Share	Redbridge	GLA	Government	Total
2017/18	30%	37%	33%	100%
2018/19	64%	36%	-	100%

In addition to NDR collected on behalf of the Government, the Council has collected the sum of £1.117m on behalf of the Greater London Authority in respect of a Business Rate Supplement.

4. Business Rate Supplement (BRS)

Under the arrangements for the BRS, the Council collects a supplement for its area based on a charge set by the GLA. The total amount, less certain deductions, is paid to the GLA on whose behalf it is collected. As at 31 March 2019 the balance repayable by the GLA is £0.350m (£0.137m in 2017/18).

5. Transitional Protection Payments (TPP)

The Council receives TPP from Central Government to meet the cost of transitional arrangements for businesses which were put in place following the 2017 Business Rate Revaluation that created large increase in business rates for some tax payers.

6. Provision for Appeals

The Fund has a provision for appeals made to the Valuation Office against rating valuations but not settled as at 31 March 2019. As at 31 March 2019 a provision of £8.348m (£7.436m in 2017/18) was charged to the Collection Fund. The provision for appeals is provided for in proportion to the precepting shares. The Council's proportionate share of this provision is £5.343m.

7. London Business Rates Pool Pilot Scheme 2018/19

For 2018/19 the Secretary of State for Ministry for Housing Communities and Local Government designated the London Boroughs and GLA as member authorities of a London wide statutory business rates pool pilot for one year only. The pool is part of the Government’s programme to ultimately introduce 100% local business rates retention across England. The pilot pool allowed 100% of business rates and gains to be retained by London authorities. The gain from the 2018/19 pool was shared between the boroughs and the GLA and accounted for in the General Fund, not the Collection Fund.

Group Accounts

Basis of Consolidation

Vision Redbridge Culture and Leisure

The Council has an interest in Vision Redbridge Culture and Leisure (VRCL) a Leisure Trust which was incorporated as a company limited by guarantee under the Companies Act on 19 December 2006. It was registered as a charity on 11 February 2008. VRCL was originally set up to manage the Council's leisure centres, however during 2011 its remit was widened and it is now responsible for the management of the services previously managed in-house by the Culture, Sport and Community Leisure service area.

Under both IFRS and the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom VRCL is deemed to be a subsidiary of the London Borough of Redbridge as the Council has the power to govern VRCL's financial and operating policies.

VRCL had been consolidated from the 2011/12 financial year and is consolidated line by line into the Group Accounts as a subsidiary. Group Accounts have been prepared on the basis of full consolidation of the financial transactions and balances of the London Borough of Redbridge and VRCL, netting out any inter-party transactions. The Group Accounts was prepared using uniform policies for like transactions and the financial statements of VRCL were prepared as at the same reporting date as London Borough of Redbridge.

Neither the Council nor VRCL has any minority interest or contractual arrangement with respect to providing financial support to other entities that would require reporting.

In October 2018, the Council set up a wholly owned company, Redbridge Living. The aim of this company is to deliver a range of affordable, private rented and for sale housing on council owned land. During 2018/19 there were no material transactions by this company, therefore Redbridge Living has not been consolidated within the Council's Group accounts. Redbridge Living's first reporting year-end is 31 March 2020.

Group Comprehensive Income and Expenditure Statement

The Group Comprehensive Income and Expenditure Statement summaries the resources that have been generated and consumed in providing services and managing the Group during the year.

2017/18 Gross Expenditure £000	2017/18 Gross Income £000	2017/18 Net Expenditure £000		2018/19 Gross Expenditure £000	2018/19 Gross Income £000	2018/19 Net Expenditure £000
466,686	(329,387)	137,299	People	468,616	(337,539)	131,077
148,472	(84,299)	64,173	Place	139,188	(83,708)	55,480
173,042	(158,926)	14,116	Resources	172,629	(154,931)	17,698
12,125	(2,058)	10,067	Strategy	11,497	(4,555)	6,942
13,322	(1,047)	12,275	Corporate	8,359	(829)	7,530
28,482	(28,165)	317	Local Authority Housing (HRA)	29,816	(28,619)	1,197
842,129	**(603,882)**	**238,247**	**Cost of Services**	**830,105**	**(610,181)**	**219,924**
		47,247	Other Operating Expenditure (note 2)			27,592
		15,141	Financing and Investment Income and Expenditure (note 3)			17,231
		(230,795)	Taxation and Non-Specific Grant Income (note 4)			(232,034)
		69,840	**Group Deficit on Provision of Services**			**32,713**
		(84,848)	Surplus on revaluation of non-current assets			(137,691)
		562	Deficit on revaluation of available for sale financial assets			-
		(21,450)	Actuarial (gains)/losses on Pension Fund Assets and Liabilities			39,670
		(105,736)	**Other Comprehensive Income and Expenditure**			**(98,021)**
		(35,896)	**Total Comprehensive Income and Expenditure**			**(65,308)**

Group Movement in Reserves Statement

The Group Movement in Reserves Statement shows the movement in the year on the Council's single entity useable and unusable reserves together with the Council's share of the Group's reserves.

2017/18 - Comparative Figures	**General Fund**	**Housing Revenue Account**	**Capital Receipts Reserve**	**Major Repairs Reserve**	**Capital Grants Contributions Unapplied**	**Group's share of Reserves of Subsidiaries, Associates and Joint Ventures**	**Total Group Usable Reserves**	**Unusable Reserves**	**Total Group Reserves**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 31 March 17 brought forward	**(95,591)**	**(18,793)**	**(15,149)**	**(3,509)**	**(32,696)**	**3,664**	**(162,074)**	**(384,302)**	**(546,376)**
Movement in Reserves during 2017/18									
Total Comprehensive Income and Expenditure	**67,695**	**998**	**-**	**-**	**-**	**463**	**69,156**	**(105,052)**	**(35,896)**
Adjustment between accounting basis and funding basis under regulations	(57,537)	2,034	(1,499)	3,266	(15,180)	-	**(68,916)**	**68,916**	-
Net (Increase) / Decrease	**10,158**	**3,032**	**(1,499)**	**3,266**	**(15,180)**	**463**	**240**	**(36,136)**	**(35,896)**
Balance at 31 March 18 carried forward	**(85,433)**	**(15,761)**	**(16,648)**	**(243)**	**(47,876)**	**4,127**	**(161,834)**	**(420,438)**	**(582,272)**
2018/19									
Movement in Reserves during 2018/19									
Total Comprehensive Income and Expenditure	**27,792**	**3,392**	**-**	**-**	**-**	**3,539**	**34,723**	**(100,031)**	**(65,308)**
Adjustment between accounting basis and funding basis under regulations	(31,542)	(4,315)	421	(90)	(11,625)	-	**(47,151)**	**47,151**	-
Net (Increase) / Decrease	**(3,750)**	**(923)**	**421**	**(90)**	**(11,625)**	**3,539**	**(12,428)**	**(52,880)**	**(65,308)**
Balance at 31 March 19 carried forward	**(89,183)**	**(16,684)**	**(16,227)**	**(333)**	**(59,501)**	**7,666**	**(174,262)**	**(473,318)**	**(647,580)**

Group Balance Sheet as at 31 March 2019

The Group Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council and its subsidiary. The net assets of the Council and its subsidiary (assets less liabilities) are matched by the reserves held by the Council and its subsidiary. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council and its subsidiary are not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2018 £000		31 March 2019 £000
1,124,052	Property, Plant and Equipment	1,247,361
34,476	Investment Property	38,444
1,242	Intangible Assets	2,492
9,481	Long-term Investments	9,628
2,211	Long-term Debtors	2,183
1,171,462	**Long-term Assets**	**1,300,108**
800	Assets Held for Sale	-
60,314	Short-term Investments	82,406
125	Inventories	296
30,540	Short-term Debtors	43,729
45,915	Cash and Cash Equivalents	30,424
137,694	**Current Assets**	**156,855**
(18,947)	Short-term Borrowing	(5,387)
(64,193)	Short-term Creditors	(67,845)
(1,241)	Provisions	(2,150)
(103)	Capital Grants - Receipts in Advance	-
(84,484)	**Current Liabilities**	**(75,382)**
(10,998)	Provisions	(13,652)
(202,499)	Long-term Borrowing	(227,977)
(428,903)	Other Long-term Liabilities	(492,372)
(642,400)	**Long-term Liabilities**	**(734,001)**
582,272	**Net Assets**	**647,580**
161,834	**Usable Reserves**	**174,262**
420,438	**Unusable Reserves**	**473,318**
582,272	**Total Reserves**	**647,580**

Maria G. Christofi, BA (Hons), FCCA, CPFA
Corporate Director of Resources
31 July 2019

Group Cash Flow Statement

The Group Cash Flow Statement shows the changes in cash and cash equivalents of the Council and its subsidiary during the reporting year. The statement shows how the Council and its subsidiary generate and use cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council and its subsidiaries. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's and its subsidiary's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council and its subsidiary.

2017/18 £000		Note	2018/19 £000
(69,840)	Net deficit on the provision of services	*8(a)*	(32,713)
118,507	Adjustments to net deficit on the provision of services for non-cash movements	*8(a)*	78,666
(49,865)	Adjustments for items included in the net deficit on the provision of services that are investing and financing activities	*8(a)*	(43,409)
(1,198)	**Net cash flows from operating activities**	*8(a)*	**2,544**
22,442	Investing activities	*8(b)*	(29,545)
7,593	Financing activities	*8(c)*	11,510
28,837	**Net increase/(decrease) in cash and cash equivalents**		**(15,491)**
17,078	Cash and cash equivalents at the beginning of the reporting year		45,915
45,915	**Cash and cash equivalents at the end of the reporting year**		**30,424**

Notes to the Group Financial Statements

1. Accounting Policies

Vision Redbridge Culture and Leisure is a private company limited by guarantee under the Companies Act; as such they have no share capital. The Council is required to prepare Group Accounts where it has interests in subsidiaries, associates and joint ventures. It has determined that the interest held in Vision Redbridge Culture and Leisure is such that it requires Group Accounts to be prepared. The Financial Statements in the Group Accounts are prepared in accordance with the policies set out in the statement of accounting policies.

2. Other Operating Expenditure

2017/18 £000		2018/19 £000
17,643	Levies	18,458
581	Payments to the Government Housing Capital Receipts Pool	692
29,023	Losses on the disposal of non-current assets	6,910
-	Transfer of capital receipts to GLA	1,532
47,247	**Total**	**27,592**

3. Financing and Investment Income and Expenditure

2017/18 £000		2018/19 £000
8,659	Interest payable and similar charges	9,878
10,365	Net interest on the net defined benefit liability	10,834
(1,109)	Interest receivable and similar charges	(1,375)
(2,774)	income in relation to investment properties and changes in their fair value	(2,106)
15,141	**Total**	**17,231**

4. Taxation and Non-Specific Grant Income

2017/18 £000		2018/19 £000
(102,269)	Council Tax	(112,226)
(4,500)	Collection Fund income	(2,500)
(14,888)	Non-domestic rates income	(64,830)
(67,515)	Non-ring-fenced government grants	(15,416)
(41,623)	Capital grants and contributions	(37,062)
(230,795)	**Total**	**(232,034)**

5. Results of Vision Redbridge Culture and Leisure Operations

The net liabilities of the company for the year ended 31 March 2019 totalled £7.666m (£4.127m for year ended 31 March 2018). The company made a net loss in 2018/19 of £3.539m (a loss of £0.463m for the year ended 31 March 2018).

6. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are investments that having originally been invested for no longer than three months are repayable on demand or readily convertible to known amounts of cash with insignificant risk of change in value. Fixed term deposits, excluding overnight deposits, are not considered to be readily convertible since they only become repayable at the point of maturity and cannot be traded or redeemed without penalty. 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.

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

31 March 2018 £000		31 March 2019 £000
40,000	Short Term Deposits	21,900
5,915	Bank Balance surplus	8,524
45,915	**Total Cash and Cash Equivalents**	**30,424**

7. Expenditure and Income Analysed by Category

2017/18 Total £000	Expenditure/Income	2018/19 Total £000
	Expenditure	
309,881	Employee Benefits Expenses	314,561
474,343	Other Services Expenses	465,994
1,372	Support Services recharges	1,346
56,527	Depreciation, Amortisation, Impairment	48,201
20,645	Interest and Financing Payments	22,223
17,643	Precept and Levies	18,458
581	Payments to Housing Capital Receipts Pool	692
-	Transfer of Capital Receipts Pool	1,532
29,023	Gain on the disposal of assets	6,910
910,015	**Total Expenditure**	**879,917**
	Income	
(168,122)	Fees, Charges and Other Service Income	(158,494)
(5,504)	Interest and Investment Income	(4,991)
(121,657)	Income from Council Tax and Non-Domestic Rates	(179,556)
(544,892)	Government Grants and Contribution	(504,163)
(840,175)	**Total Income**	**(847,204)**
69,840	**Deficit on the Provision of Services**	**32,713**

8. (a) Cash Flow Statement – Operating Activities

The surplus or deficit on the provision of services has been adjusted for the following non- cash movements.

2017/18 £000		2018/19 £000
	The cash flows for operating activities include the following items:	
(69,840)	**Net deficit on the provision of services**	**(32,713)**
	Adjust net deficit on the provision of services for non-cash movements	
26,819	Depreciation	22,139
24,459	Impairment and downward valuations	20,827
173	Amortisation	303
6,457	Increase in creditors	10,014
(5,612)	Increase in debtors	(15,958)
(10)	Decrease in inventories	(170)
23,424	Movement in pension liability	24,311
37,320	Carrying amount of non-current assets sold or derecognised	13,257
5,477	Other non-cash items	3,943
118,507		**78,666**
	Adjust for items included in net deficit on the provision of services that are investing or financing activities	
(41,623)	Capital grants	(37,062)
(8,242)	Proceeds from the sale of property, plant and equipment	(6,347)
(49,865)		**(43,409)**
(1,198)	**Net cash flows from operating activities**	**2,544**

The cash flows for operating activities include the following items:

2017/18 £000		2018/19 £000
1,064	Interest Received	1,421
(7,759)	Interest Paid	(7,728)

(b) Cash Flow Statement – Investing Activities

2017/18 £000		2018/19 £000
(92,459)	Purchase of property, plant and equipment, investment property and intangible assets	(50,950)
8,242	Proceeds from the sale of property, plant, equipment, investment property and intangible assets	6,347
65,034	Proceeds / (Purchases) from short term and long-term investments	(22,009)
41,625	Other receipts from investing activities	37,067
22,442	**Net cash flows from investing activities**	**(29,545)**

(c) Cash Flow Statement – Financing Activities

2017/18 £000		2018/19 £000
13,500	Cash receipts of short term and long-term borrowing	35,000
581	Other receipts from financing activities	-
(475)	Cash payments for the reduction of the outstanding liabilities relating to the finance leases on balance sheet PFI contracts	(514)
(6,013)	Repayments of short term and long-term borrowing	(22,976)
7,593	**Net cash flows from financing activities**	**11,510**

(d) Reconciliation of Liabilities arising from Financing Activities

	1 April 2018 £000	Financing Cashflows £000	Reclassification/ Movements £000	31 March 2019 £000
Long Term borrowings	202,499	35,000	(9,522)	**227,977**
Short Term borrowings	18,947	(22,976)	9,416	**5,387**
Lease Liabilities	26	(25)	2	**3**
On Balance Sheet PFI	11,896	(489)	-	**11,407**
Total Liabilities from financing activities	**233,368**	**11,510**	**(104)**	**244,774**

9. Other Information

Vision Redbridge Culture and Leisure

These group accounts have been prepared from the 2018/19 draft unaudited accounts of Vision Redbridge Culture & Leisure.

Vision Redbridge Culture and Leisure, Auditors – Kingston Smith LLP, Devonshire House, 60 Goswell Road, London, EC1M 7AD.

A copy of the Vision Redbridge Culture and Leisure accounts can be obtained from the Company Secretary, Vision Redbridge Culture and Leisure, Central Library, Clements Road, Ilford, IG1 1EA.

Pension Fund Independent Auditor's Report to the Members of the London Borough of Redbridge

Opinion

We have audited the pension fund financial statements for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2019 and the amount and disposition of the fund's assets and liabilities as at 31 March 2019; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the pension fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where: -

- the Corporate Director of Resources' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Corporate Director of Resources has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the pension fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Redbridge Council Accounts, other than the financial statements and our auditor's report thereon. The Corporate Director of Resources is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Responsibility of the Corporate Director of Resources

As explained more fully in the Statement of the Corporate Director of Resources' Responsibilities set out on page 15, the Corporate Director of Resources is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Corporate Director of Resources is responsible for assessing the Pension Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Pension Fund either intends to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the members of London Borough of Redbridge, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than London Borough of Redbridge and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Debbie Hanson
Ernst + Young LLP

Debbie Hanson (Key Audit Associate Partner)
Ernst & Young LLP (Local Auditor)
Luton
31 July 2019

The maintenance and integrity of the London Borough of Redbridge web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Pension Fund Account for the Year Ended 31 March 2019

2017/18 £000		Notes	2018/19 £000
	Dealings with members, employers and other directly involved in the Fund.		
35,312	Contributions receivable	7	34,813
2,958	Transfers in	8	2,300
38,270			**37,113**
	Less:		
(33,851)	Benefits payable	9	(31,289)
(1,850)	Leavers	10	(18,057)
(35,701)			**(49,346)**
2,569	**Net additions/(withdrawals) from dealings with members**		**(12,233)**
(3,203)	**Management Expenses**	11	**(3,032)**
	Returns on Investments		
7,540	Investment income	12	7,202
21,795	Change in market value of investments	13(b)	39,407
29,335	**Net returns on Investments**		**46,609**
28,701	**Net increase in the Fund during the year**		**31,344**
743,423	**Net Assets of the scheme at 1 April 2018**		**772,124**
772,124	**Net Assets of the scheme at 31 March 2019**		**803,468**

Net Assets Statement as at 31 March 2019

2017/18 £000		Notes	2018/19 £000
772,014	Investment Assets	13	801,608
772,014			**801,608**
501	Current Assets	17	2,356
(391)	Current Liabilities	17	(496)
772,124	**Net Assets of the Scheme at 31 March 2019**		**803,468**

The accounts summarise the transactions and net assets of the Pension Fund. They do not take account of liabilities to pay pensions and other benefits in the future. The actuarial present value of promised retirement benefits is disclosed at Note 21.

I certify that the Pension Fund Account and Net Assets Statement present a true and fair view of the income and expenditure in 2018/19 and the Pension Fund's financial position as at 31 March 2019.

Maria G Christofi, BA (Hons), FCCA, CPFA
Corporate Director of Resources
31 July 2019

Notes to the Pension Fund Account

1. Introduction

The Pension Fund is a funded, defined benefit occupational pension scheme set up under the Superannuation Act 1972 and is administered in accordance with the Local Government Pension Scheme (LGPS) Regulations by the London Borough of Redbridge. The scheme is a contributory defined benefit pension scheme that provides pensions and other benefits to former Council employees (except teachers, who have a separate scheme) and to various scheduled and admitted bodies.

The scheduled bodies in the scheme as at 31 March 2019 were: Chadwell Heath Academy, Mayfield School, Ilford Ursuline Academy, Little Heath School, Palmer Academy, Isaac Newton Academy, Aldborough Free School, Loxford Academy, St Aidan's Academy, Beacon Multi Academy (formerly Beal Multi Academy), Atam Academy, Winston Way Academy, Avanti Court School, Astrum Academy, Strive4 Academy and Al-Noor Academy.

The admitted bodies in the scheme as at 31 March 2019 were: Morrison Facility Management Limited, Vision-Redbridge Culture & Leisure, Imagine Independence Ltd, Dizzy Ducks Nursery and Lewis & Graves.

As at 31 March 2019 the membership of the scheme was as follows:

Active Members	**As at 31 March 2018**	**As at 31 March 2019**
Redbridge Council	4,477	4,632
Scheduled Bodies	719	921
Admitted Bodies	207	196
TOTAL	**5,403**	**5,749**

Pensioners	**As at 31 March 2018**	**As at 31 March 2019**
Redbridge Council	4,858	4,346
Scheduled Bodies	145	97
Admitted Bodies	103	110
TOTAL	**5,106**	**4,553**

Deferred Members	**As at 31 March 2018**	**As at 31 March 2019**
Redbridge Council	6,579	7,125
Scheduled Bodies	576	527
Admitted Bodies	110	114
TOTAL	**7,265**	**7,766**

The Fund is financed by contributions as well as interest, dividends and profits from realised investments. The contributions are made by active members of the Fund in accordance with the LGPS (Benefits, Membership and Contributions) Regulations 2013 and range from 5.5% to 12.5% of pensionable pay. Employee contributions are matched by employers' contributions which are set on triennial actuarial funding valuations. The funding policy is to ensure that over time the assets held by the Fund are adequate to meet future pension scheme liabilities.

Five Councillors are appointed annually by the Council to the Pension Fund Committee, which has the role of dealing with the management of the Pension Fund's investments in accordance with regulations laid down in statute and the Fund's Investment Strategy Statement.

In line with the provisions of the Public Service Pension Act 2013 the Council has set up a Local Pension Board to oversee the governance arrangements of the Pension Fund. The Board meets quarterly and has its own Terms of Reference. The Board Members are independent of the Pension Fund Committee.

The administration of the scheme is managed in-house by the London Borough of Redbridge.

The Pension Fund's financial statements provide a stewardship report on the Fund, together with a statement of the assets position at the financial year-end.

2. Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2018/19 financial year and its position as at 31 March 2019. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The accounting requirement under International Accounting Standard (IAS) 26 is disclosed at Note 21.

3. Summary of Significant Accounting Policies

Fund account – revenue recognition

A) **Contribution Income –** Normal contributions, both from members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the Fund actuary in the payroll period to which they relate.

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

B) **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 Local Government Pension Scheme Regulations. Individual transfers in/out are accounted for when received/paid. Bulk transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

C) **Investment Income** –

(i) Interest Income – Interest income is recognised in the Fund account as it accrues.

(ii) Dividend Income - Dividends have been accounted for on an accruals basis. Investment income on overseas investments have been converted into sterling at the rate of exchange on settlement date. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current asset.

(iii) Distributions from pooled equity funds – Pooled investment vehicles are accumulation funds and as such the change in market value includes income, net of withholding tax which is re-invested in the Fund.

(iv) Distributions from pooled property funds – Income distributions from the pooled property fund investments have been accounted for on an accruals basis.

(v) Movement in the net market value of investments – Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund account – expense items

D) **Benefits Payable** – pensions and lump sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

E) **Taxation** – the Fund is a registered public service scheme 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. Income from overseas investments incurs withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

F) **VAT** – As the Council is the administering authority for the Fund, VAT input tax is recoverable on all Fund activities including expenditure on investment expenses. VAT receivable is excluded from income.

G) **Voluntary Scheme Pay (VSP), Mandatory Scheme Pay (MSP) and Lifetime Allowances -** Members are entitled to request the Pension Fund to pay their tax liabilities due in respect of annual allowance and life time allowance in exchange for a reduction in pension. Where the Fund pays member tax liabilities direct to HMRC it is treated as an expense in the year in which the payment occurs.

H) **Management Expenses** – Pension Fund management expenses are accounted for in accordance with the CIPFA guidance: Accounting for Local Government Pension Scheme Management Costs. All administrative expenses are accounted for on an accruals basis. All staff costs of the pensions administration team are charged direct to the Fund. Management, accommodation and other overheads are apportioned to the Fund in accordance with the Council's policy.

I) **Investment Management Expenses** - All investment management expenses are accounted for on an accruals basis. Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointment. Broadly, these are based on the market value of the investments under their management and therefore increase or decrease as the value of these investments change.

J) **Oversight and Governance Costs** - The cost of obtaining investment advice from external consultants is included in oversight and governance charges.

A proportion of the Council's costs for management time spent by officers on investment management is charged to the Fund and is included within oversight and governance costs.

Net assets statement

K) **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 assets statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the assets are recognised by the Fund.

The values of investments as shown in the net assets statement have been determined as follows:

i) Market quoted investments – the value of an investment for which there is a readily available market price is determined by the bid market price ruling on the final day of the accounting period.

ii) Fixed interest securities – are recorded at net market value based on their bid price.

iii) Pooled investment vehicles – these are valued at either the closing bid price where a bid price exists or on the single unit price provided by the investment managers.

iv) Cash – the cash held in the Pension Fund current account is invested by the Council in accordance with its Treasury Management Policy.

L) **Foreign Currency Transactions** – dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchanges rates are used to value any 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.

M) **Derivatives** – the pooled units in which the Fund invests uses derivative financial instruments to manage its exposure to specific risk arising from its investment activities.

N) **Cash and cash equivalents** – cash comprises of cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value. Cash that is invested for longer than an overnight deposit is recognised as an investment asset.

O) **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.

P) **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 IAS 19 and relevant actuarial standards.

As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (Note 21).

Q) **Additional Voluntary Contributions** – AVCs are not included in the accounts which is in accordance with section 4(2) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, but are disclosed as a note only (Note 22).

4. Critical Judgements in Applying Accounting Policies

The Pension Fund liability is calculated triennial by the appointed actuary with annual updates in the intervening years. The methodology used in the intervening years follows generally agreed guidelines and is in accordance with IAS19. These assumptions are summarised in Note 21. The estimates are sensitive to changes in the underlying assumptions underpinning the valuations.

5. 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.

Pension Fund Liability – The Pension Fund liability is calculated every three years by the appointed actuary, with updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the Actuary and are summarised in Note 20. This estimate is subject to significant variances based on changes to the underlying assumptions.

6. Events after the Year End Date

There have been no events since 31 March 2019 and up to the date when these accounts were authorised that require any adjustment to these accounts.

7. Contributions Receivable

Contributions represent those amounts receivable from the various employing bodies in respect of their own contributions and those of their contributing employees. Under the provisions of the scheme, employees' rates are based on pay bandings and range from 5.5% to 12.5% of pensionable pay. The Fund's Actuary determines employer contribution rates (as a percentage of pensionable pay) which currently range from 12.5% to 30.5% plus any additional lump sum contributions required in respect of funding shortfalls at the time of the triennial actuarial valuation.

Early retirement - All capital costs, such as employee and employer contributions foregone, and the cost of making pension payments early in respect of non-ill-health early retirements, are met by the employer that approved the early retirement.

		2017/18 £000	2018/19 £000
Employers			
	London Borough of Redbridge	24,233	23,496
	Scheduled Bodies	2,928	2,972
	Admitted Bodies	1,163	1,226
		28,324	**27,694**
Members			
	London Borough of Redbridge	5,819	5,985
	Scheduled Bodies	856	836
	Admitted Bodies	313	298
		6,988	**7,119**
		35,312	**34,813**

Contributions split between normal, deficit funding and augmentation are outlined below:

	2017/18 £000	2018/19 £000
Normal Employer Contributions	20,085	20,729
Deficit Payments *	6,246	6,485
Augmentation (Early Retirements)	1,993	480
	28,324	**27,694**

* The deficit recovery policy is set out in the Scheme's Funding Strategy Statement

8. Transfers In

Sums received for scheme members from other pension schemes that relate to periods of previous pensionable employment.

	2017/18 £000	2018/19 £000
Individual Transfers from other schemes – London Borough of Redbridge	2,958	2,300
	2,958	**2,300**

9. Benefits Payable

Benefits are provided in accordance with the provisions of the Local Government Pension Scheme regulations.

		2017/18 £000	2018/19 £000
Pensions	- London Borough of Redbridge	24,557	25,390
	- Scheduled Bodies	485	504
	- Admitted Bodies	672	1,068
Commutation of Pensions and Lump Sum Retirement Benefits		7,030	3,874
Lump Sum Death Benefit		1,085	433
Interest		22	20
		33,851	**31,289**

10. Payments to and on Account of Leavers

Regulations permit a refund of employee contributions to be made to new members with less than two years initial scheme membership. Individual transfers are payments of accrued pension benefits in respect of scheme members who have left the scheme and joined a pension scheme elsewhere. The bulk transfer is in respect of the transfer of Redbridge College to another fund.

	2017/18 £000	2018/19 £000
Refunds to members	65	55
Bulk Transfers to another Scheme	-	14,696
Individual Transfers to other Schemes	1,785	3,306
	1,850	**18,057**

11. Management Expenses

The table below shows a breakdown of the management expenses incurred during the year. The London Borough of Redbridge carries out the administrative function in-house.

	2017/18 £000	2018/19 £000
Administrative Costs	692	715
Investment Management Expenses	2,329	2,104
Oversight and Governance	161	197
Audit Fees	21	16
	3,203	**3,032**

11(a). Investment Management Expenses

	2017/18 £000	2018/19 £000
Management Fees	2,295	2,074
Performance Management Fees	19	22
Custody Fees	15	8
	2,329	**2,104**

12. Investment Income

Interest, dividends and other income shown in the Fund Account have been broken down as follows:

	2017/18 £000	2018/19 £000
Pooled Investments Vehicles	5,306	5,030
Property Unit Trusts	2,177	2,134
Cash Deposits	20	24
Other Investment Income	37	14
	7,540	**7,202**

13. Investments

The table below shows the Fund's investments by asset class:

	2017/18 £000	2018/19 £000
Investment Assets		
Pooled Investments	703,916	731,814
Pooled Property Investments	65,635	69,336
Cash Deposits	2,463	458
Total Investment Assets	**772,014**	**801,608**

There are no Investment Liabilities.

The table below shows a detailed analysis of the investments held by the Fund as at 31 March 2019 with a comparison table showing detailed analysis of the investments held by the Fund as at 31 March 2018.

2018/19	**Value at 31/03/18 £000**	**Purchases at cost £000**	**Sales proceeds £000**	**Change in fair value £000**	**Cash movement £000**	**Value at 31/03/19 £000**
Pooled Equity Unit Trusts	703,766	134,146	(143,990)	37,742	-	731,664
London CIV	150	-	-	-	-	150
Property Unit Trusts	65,635	2,036	-	1,665	-	69,336
	769,551	**136,182**	**(143,990)**	**39,407**	**-**	**801,150**
Other Balances						
Cash Deposits	2,463	-	-	-	(2,005)	458
	772,014	**136,182**	**(143,990)**	**39,407**	**(2,005)**	**801,608**

2017/18	**Value at 31/03/17 £000**	**Purchases at cost £000**	**Sales proceeds £000**	**Change in fair value £000**	**Cash movement £000**	**Value at 31/03/18 £000**
Pooled Equity Unit Trusts	682,215	266,254	(262,171)	17,468	-	703,766
London CIV	150	-	-	-	-	150
Property Unit Trusts	59,151	2,157	-	4,327	-	65,635
	741,516	**268,411**	**(262,171)**	**21,795**	**-**	**769,551**
Other Balances						
Cash Deposits	1,741	-	-	-	722	2,463
	743,257	**268,411**	**(262,171)**	**21,795**	**722**	**772,014**

The change in fair value of investments during the year comprises all increases and decreases in the value of investments held at any time during the year, including profits and losses realised on sales of investments and changes in the sterling value of assets caused by changes in exchange rates. In the case of the pooled investment vehicles changes in market value also includes income, net of withholding tax, which is reinvested in the Fund.

As a result of the Fund's investments in pooled investment vehicles the Fund did not incur any direct transaction costs, such as broker fees and taxes. Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the Fund.

As shareholders of the London LGPS CIV Ltd (the organisation set up to run pooled LGPS investments in London), the Fund has purchased £0.150m of regulatory capital. During 2018/19 the investment portfolio with Newton Investment Management was transferred to Baillie Gifford both of which are managed by the London Collective Investment Vehicle (LCIV).

	2017/18 £000	2018/19 £000
Pooled Investment Vehicles		
UK Equities	146,221	155,077
Overseas Equities	133,662	142,918
Global Equities	127,202	138,345
Global Fixed Income (Absolute Return Fund)	64,027	65,057
Global Index Linked	92,673	99,297
Global Diversified Growth Fund (DGF)	139,981	130,970
	703,766	**731,664**
Property Unit Trusts		
UK	65,635	69,336
	65,635	**69,336**
Other		
London CIV	150	150
	150	**150**
Cash		
Sterling Deposits	2,463	458
	2,463	**458**

A summary of individual investments exceeding 5% of the Fund's total net assets is set out below:

Investment	**31 March 2018**	**% of net assets**
UK Equity Index Unit Trust	155,077	19.4%
North America Equity Index Unit Trust	49,357	6.2%
Europe ex UK Equity Index Unit Trust	42,665	5.3%
Global Equity Fund	138,345	17.3%
Absolute Return Fund	65,057	8.1%
Index Linked Bond Fund	99,297	12.4%
Diversified Growth Fund (DGF)	130,970	16.3%
Schroder Property Fund	69,336	8.6%

13(a) Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the fair value amounts of financial assets and liabilities by category and net asset statement heading. No financial assets were reclassified during the accounting period.

2017/18				2018/19		
Designated as fair value through profit & loss £000	**Loans and Receivables £000**	**Financial Liabilities at amortised cost £000**		**Designated as fair value through profit & loss £000**	**Loans and Receivables £000**	**Financial Liabilities at amortised cost £000**
			Financial Assets			
703,916	-	-	Pooled Investment	731,814	-	-
65,635	-	-	Pooled Property - Investment	69,336	-	-
-	2,463	-	Cash	-	1,791	-
-	501	-	Debtor	-	1,023	-
769,551	**2,964**	**-**	**Total**	**801,150**	**2,814**	**-**
			Financial Liabilities			
-	-	(391)	Creditors	-	-	(496)
-	**-**	**(391)**	**Total**	**-**	**-**	**(496)**
769,551	**2,964**	**(391)**		**801,150**	**2,814**	**(496)**
	772,124		**Grand Total**		**803,468**	

13 (b) Net Gains and Losses on Financial Instruments

2017/18 £000	Financial Assets	2018/19 £000
21,795	Fair value through profit & loss	39,407
21,795	**TOTAL**	**39,407**

13 (c) Fair Values of Financial Instruments and Liabilities

The following table summarises the fair values of the financial assets and financial liabilities by class of instrument.

31 March 2018 Fair Value £000		31 March 2019 Fair Value £000
	Financial Assets	
769,551	Fair value through profit & loss	801,150
2,573	Loans and Receivables	2,318
772,124	**Total Financial Assets**	**803,468**
-	**Total Financial Liabilities**	-
772,124		**803,468**

13 (d) Valuation of Financial Instruments carried at Fair Value

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

Level 1

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index-linked securities and unit trusts.

Level 2

Financial instruments at Level 2 are those where quoted 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 the fair value and where these techniques use inputs that are based significantly on observable market data.

Values as at 31 March 2019	Level 1 £000	Level 2 £000	Total £000
Financial Assets			
Financial assets at fair value through profit & loss	436,340	364,810	801,150
Loans and receivables	2,318	-	2,318
Total Financial Assets	**438,658**	**364,810**	**803,468**
Financial Liabilities			
Financial liabilities at fair value through profit & loss	-	-	-
Financial liabilities at amortised cost	-	-	-
Total Financial Liabilities	-	-	-
Net Financial Assets	**438,658**	**364,810**	**803,468**

Values as at 31 March 2018	Level 1 £000	Level 2 £000	Total £000
Financial Assets			
Financial Assets at fair value through profit & loss	407,085	362,466	769,551
Loans and receivables	2,573	-	2,573
Total Financial Assets	**409,658**	**362,466**	**772,124**
Financial Liabilities			
Financial liabilities at fair value through profit & loss	-	-	-
Financial liabilities at amortised cost	-	-	-
Total Financial Liabilities	**-**	**-**	**-**
Net Financial Assets	**409,658**	**362,466**	**772,124**

13(e) Nature and Extent of Risks arising from Financial Instruments

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure that there is sufficient liquidity to meet the Fund's forecast cash-flows. The Council manages these investment risks as part of its overall Pension Fund risk management programme.

Market Risks

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sector and individual securities. To mitigate market risk, the Council and the Fund's investment advisers undertake appropriate monitoring of market conditions and benchmark analysis.

Other Price Risk

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

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments and other financial instruments is monitored by the Council to ensure it is within limits specified in the Fund's investment strategy.

Other Price Risk – Sensitivity Analysis
The following table demonstrates the change in the net assets available to pay benefits if the market price were to increase or decrease by 10%.

Price Risk:

Asset Type	Value £000	Value on Increase £000	Value on Decrease £000
UK Equities	155,077	170,585	139,569
Overseas Equities	412,233	453,456	371,009
Fixed Income	164,354	180,790	147,919
Property	69,336	76,270	62,403

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 the base currency of the fund, i.e. pounds sterling.

The following table shows the change in value of these assets had there been a 10% strengthening/weakening of the pound against the various currencies:

Currency Risk (by asset class):

Asset Type	Value £000	Value on Increase £000	Value on Decrease £000
Overseas Equities	412,233	453,456	371,009

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.

In essence the Fund's entire investment portfolio is exposed to some form of credit risk. The selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Interest Rate Risk
The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity Risk
Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Council therefore takes steps to ensure that the Pension Fund has adequate cash resources to meet its commitments.

The Pension Fund has immediate access to its cash holdings that are invested by the Council. The levels of cash held are reviewed by the Council as part of the periodic cashflow forecasting and form part of the Fund's investment strategy. The Fund's investment strategy ensures that the majority of the Fund is invested in assets that can be sold at short notice to avoid any liquidity risk.

14. Fund Management

As at 31 March 2019, the fair value of assets under management was £803.468m. The Fund has undertaken work in conjunction with the Fund's external adviser to implement a long-term strategy to match the objective of being fully funded in the longer term. The structure of the Fund resulted in a strategic benchmark of 80% equities (including property and cash) and 20% bonds. As set out in the Pension Fund's Investment Strategy Statement, the asset allocation may be varied and rebalancing may be suspended at the discretion of the Pension Fund Committee. As at 31 March 2019, the Fund was allocated as shown in the table below:

Market Value 31 March 2018				Market Value 31 March 2019	
Value of Portfolio	**% of the Fund**	**Manager**	**Mandate**	**Value of Portfolio**	**% of the Fund**
£000	**%**			**£000**	**%**
156,700	20.3	Aberdeen Standard	Fixed Income Mandate	164,354	20.5
127,202	16.5	Baillie Gifford(CIV)	Global Equity Mandate	138,345	17.2
-	-	Baillie Gifford (CIV)	Diversified Growth Fund	130,970	16.3
139,982	18.1	Newton (CIV)	Real Return Fund	-	-
242,563	31.4	LGIM	Global Equity Index Tracking Mandate	259,822	32.3
37,319	4.8	Schroders	Emerging Markets Equity Mandate	38,173	4.8
65,995	8.6	Schroders	Property	69,795	8.7
2,253	0.3	LBR	Cash & LCIV	2,009	0.2
772,014	**100**			**803,468**	**100**

15. Investments as at 31 March 2019

Investments: the Fund's asset mix was as follows:

	2017/18	2018/19
	%	%
Equities	70	70
Bonds	20	21
Property	9	9
Cash and other investments	1	-
Total	**100**	**100**

16. Investment Strategy Statement

The Council is required by Regulation to prepare and publish an Investment Strategy Statement (ISS). This Statement sets out the Fund's policy on a range of matters relating to the investments and management of the Pension Fund and is regularly reviewed and updated. A copy of the ISS can be found on the Council's website www.redbridge.gov.uk.

17. Current Assets and Liabilities

	2017/18 £000	2018/19 £000
Cash at Bank	-	1,333
Contributions due	477	435
Sundry debtors	8	588
Prepaid expenses	16	-
Total of Current Assets	**501**	**2,356**
Accrued benefits	(129)	(114)
Accrued expenses	(255)	(382)
Sundry creditors	(7)	-
Total of Current Liabilities	**(391)**	**(496)**

18. Stock Lending

The Fund does not participate in stock lending arrangements.

19. Related Party Transactions

The London Borough of Redbridge is the single largest employer of members in the Pension Fund and contributed £23.496m to the Fund in 2018/19 (£24.233m in 2017/18).

During the year no Councillors or Chief Officers with direct responsibility for Pension Fund issues have undertaken any declarable transactions with the Pension Fund, other than the following.

- Administrative services undertaken by the Council to the Pension Fund were £0.415m (£0.415m in 2017/18).
- Investment services undertaken by the Council to the Pension Fund were £0.120m (£0.120m in 2017/18).

Each member of the Pension Fund Committee is required to disclose their interest at each meeting.

The key management personnel of the Pension Fund are the members of the Pension Fund Committee and the Corporate Director of Resources.

20. Actuarial Valuation

In 2018/19, the contribution rate paid by the Council as an employer was determined following an actuarial valuation of the Fund as at 31 March 2016. The valuation as at 31 March 2016 set the employer's contribution rates for the years 2017/18, 2018/19 and 2019/20. The actuarial method used by the Actuary is known as the "projected unit method". The key feature of this method is that in assessing the future service cost, the Actuary calculates the contribution rate, which meets the cost of benefits accruing in the year after the valuation date. This is the same method adopted at the previous valuation and is an appropriate method for a fund which is open to new members.

For this valuation the Actuary adopted a market value approach whereby assets were valued initially on a market value basis and liability assumptions were derived from gilt yields. Those assumptions which have the most significant effect on the results of the valuation are:

Assumption	Rate
The rate of increase in pensionable earnings	2.1%
"Gilt-based" discount rate	4.2%
The level of increase in earnings growth	2.1%

The result of the 2016 valuation was that the value of the Fund's assets was actuarially assessed as £634m, which was sufficient to meet 80% of its accrued liabilities. The employer's contribution rate required as a result of the valuation incorporates a phased increase in the balance of the Fund to meet 100% of future benefit liabilities, as required by Pension Fund regulations. As a result of the 2016 valuation, those employers within the Fund that have funding shortfalls are required to make repayments over an agreed period in accordance with the policies set out in the Pension Fund's Funding Strategy Statement (available on the Council's website www.redbridge.gov.uk), and certified by the Actuary in the Actuarial Valuation Report. The new employer contribution rates and shortfall payments commenced from 1 April 2017. The next valuation is due as at 31 March 2019.

21. Actuarial Present Value of Promised Retirement Benefits

The Fund's Actuary prepares reports for the purposes of IAS19 for the Council and other employers participating in the Pension Fund upon request. Further information pertaining to the Council is included at note 40 of the Notes to the Core Financial Statements.

The Actuary has calculated that the liabilities at 31 March 2019 for the entire Fund comprises of:

Type of Member	**31 March 2018 Liability £m**	**31 March 2019 Liability £m**
Employees	495	590
Deferred Members	259	279
Pensioners	399	393
Total	**1,153**	**1,262**

The net liability of the Fund in relation to the actuarial present value of promised retirement benefits and the net assets available to fund these benefits is as follows (based upon IAS26 information).

	31 March 2018 £m	**31 March 2019 £m**
Present value of funded obligations	(1,153)	(1,262)
Fair value of Fund Assets (BID Value)	772	803
Net Liability for the whole Fund	**(381)**	**(459)**

These calculations have been determined using the following financial assumptions:

Year Ended	**31 March 2018 % p.a.**	**31 March 2019 % p.a.**
Inflation / Pension Increase Rate	2.4	2.5
Salary Increase Rate	2.4	2.5
Discount Rate	2.7	2.4

22. Additional Voluntary Contributions (AVC's)

The Council has a statutory obligation to provide an additional voluntary contribution (AVC) facility. This facility provides the means for members of the Pension Fund to pay contributions into a policy, which will be used to buy additional pension benefits when the member retires. A total of ten members of the Pension Fund contribute to the AVC schemes. In 2018/19 £38,526 of contributions were made to the AVC Scheme (£39,428 in 2017/18).

Market Value 31 March 2018 £000	**AVC Provider**	**Market Value 31 March 2019 £000**
178	Equitable Life	174
171	Clerical Medical	170
268	Standard Life	275
617	**TOTAL**	**619**

The Council, as employer, does not make any contribution to the AVC scheme and these funds do not form part of the Council's Pension Fund accounts.

23. Contingent Liabilities

There were no material contingent liabilities or contractual commitments at the year-end (31 March 2018 - Nil).

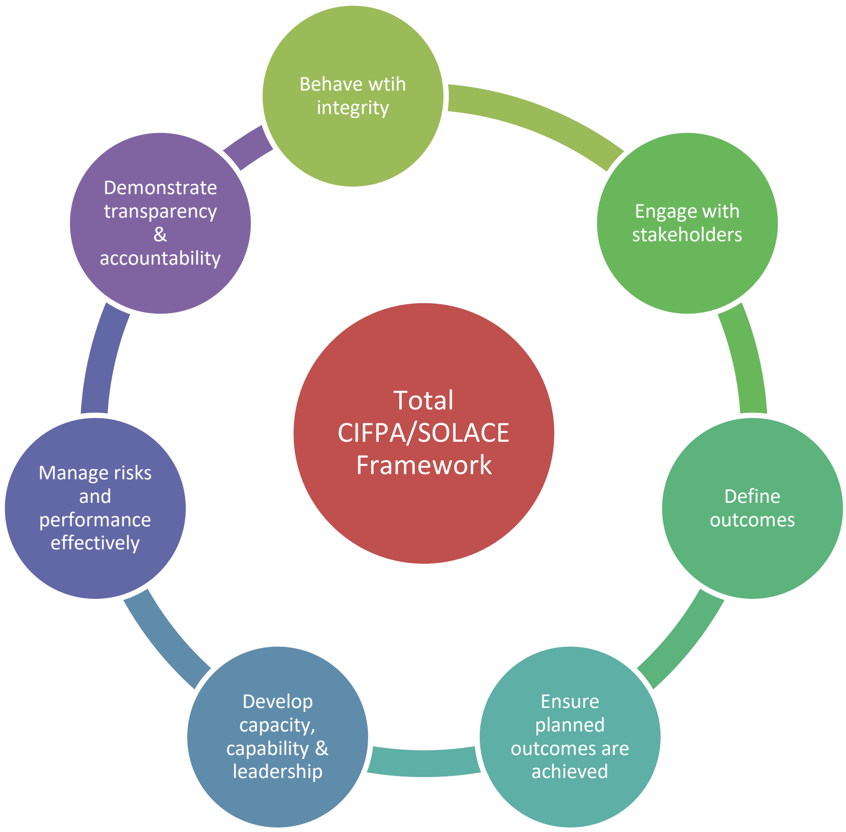
Annual Governance Statement 2018/19

INTRODUCTION
The CIPFA/SoLACE Delivering Good Governance in Local Government Framework (2016) (the Framework) requires local authorities to publish an Annual Governance Statement, and to be responsible for ensuring that:

- their business is conducted in accordance with all relevant laws and regulations;
- public money is safeguarded and properly accounted for; and
- resources are used economically, efficiently and effectively
  to achieve agreed priorities which benefit local people.

"Core principles" underpinning the CIPFA/SoLACE Framework are set out below together with an overview of the Council's own governance arrangements.

CIPFA/SoLACE framework



Council Framework

Scrutiny & Review

Scrutiny committees develop and review Council policies and call in decisions for scrutiny

Governance and Assurance reviews the operation of the internal control framework for the Council

Corporate Management Team

Head of the Paid Service is the Chief Executive and is responsible for all Council staff and leading an effective corporate management team

The Corporate Director of Resources is the Council's Chief Finance Officer s151 Officer and is responsible for safeguarding the Council's financial position and ensuring value for money. The Council's Monitoring Officer is the Operational Director Assurance and is responsible for ensuring legality and promoting high standards of public conduct.

Risk Management

Risk registers identify bother operational and strategic risks

key risks are considered by CMT and Governance and Assurance Committee every quarter. Monitoring established of Council committees and key partnerships

Decision Making

all meetings are held in public

decisions are recorded on the Council website

The Council has adopted a Code of Corporate Governance in accordance with the Cipfa and SOLACE guidance. This document is published as part of the Constitution.

Audit and Assurance

External and Internal Audit

Counter Fraud and Corruption

Key Elements of the Council's Governance Framework: A summary of the key components to the Council's governance framework are below:

Principle 1 - Behaving with integrity, with commitment to ethical values, and respect for the rule of law
At Redbridge, Codes of Conduct for members and officers re-enforce a public service ethos and high standards of behaviour. These are supported by more detailed guidance such as an Anti-Fraud and Corruption Policy, Whistleblowing Procedures and a Procurement Code. The Monitoring Officer delivers training to Members on the standards regime. Employees are made aware of the officer code of conduct through the induction process. The Monitoring Officer and Corporate Director for Resources both have specific responsibilities to ensure that Council decisions meet legal requirements. The Council has a statutory Director of Children's Services and a statutory Director of Adults Services.

Principle 2 - Ensuring openness and comprehensive stakeholder engagement
The Council engages with stakeholders and partners through joint working arrangements, partnership boards and representation on external bodies' governing boards. The Story of Redbridge informs community engagement strategies as well as service and budget priorities. The Council publishes Redbridge Life and utilises online communication channels such as e-bulletins, Twitter, Facebook, and YouTube. Redbridge also holds local forums to promote resident engagement. Standing Orders allow for public participation at all Council committee and Cabinet meetings.

Principle 3 - Defining outcomes in terms of sustainable economic, social, and environmental benefits
The strategic vision for Redbridge is set out in the Borough Plan and Corporate Strategy. To deliver this vision, the Council defines specific outcomes and performance indicators for each service area. More specific strategies focus on sustainability and the environment and Air Quality Strategy, and the Council carries out environmental impact assessments before undertaking major works.

Principle 4 - Determining the intervention necessary to achieve intended outcomes
A Quarterly Performance report tracks the performance of all Council activities in terms of key performance indicators and delivery of the Corporate Strategy. The report also highlights remedial actions being taken where slippage does occur. Senior Management and Members (via Scrutiny committees), ensure the Council remains focussed on achieving its agreed objectives and priorities.

Principle 5 - Developing capacity, including the capability of leadership and individuals within the Council
Investment in training, including the leadership and development scheme, apprenticeship schemes and Learning Pool, is used to develop staff at all levels. The Council also works across a broad set of partnerships and collaborative arrangements, and uses external consultants, commissioning and procurement processes to maximise capacity by delivering services in the most effective and efficient way.

Principle 6 - Managing risks and performance through strong internal control and financial management
Corporate risk registers are updated quarterly, with significant risks brought to the attention of senior management and members. Internal Audit assess the overall quality of internal control and make recommendations for improvement as necessary.

Principle 7 - Implementing good practices in transparency, reporting and audit to deliver effective accountability
Minutes of meetings, key decisions, registers of interests, gifts and hospitality and all items of expenditure and contracts awarded over £500 are published on the Council's website.

REVIEW OF EFFECTIVENESS
The Council uses a number of ways to review the effectiveness of governance arrangements. One of the key assurance statements, in reviewing effectiveness, is the Internal Audit Annual Report, which includes the Internal Audit Annual Opinion for the year in question. During 2018/19, the Senior Internal Audit Manager reported on 72 areas of which 32 (44%) were deemed to obtain substantial or reasonable assurance.

Of the remaining 40 areas reviewed, 13 (18%) were attributed limited assurance and 1 (1%) was attributed nil assurance. The remaining 26 reviews were in draft (7) or rated as advisory (19). The following areas below were identified as high risk. The internal audit opinion for 2018/19 was that, based upon the areas audited, the Council's internal control environment and systems of internal control were operating effectively. This conclusion was reached on the basis that:

- Weaknesses have been identified in individual assignments that are not significant in aggregate to the system of internal control; and/or
- High risk rated weaknesses have been identified in individual assignments that are isolated to specific systems or process; and
- No individual assignment reports have an overall report classification of no assurance.

However, the following high-risk areas for improvement were identified:

High risk area for improvement identified in 2018/19	Action to be taken in 2019/20
Compliance with Health & Safety legislation and/or regulation Identification of issues that place emphasis on the requirement to obtain and retain appropriate documentation on property files to demonstrate compliance with applicable licence conditions, including health and safety legislation and regulation, specifically in relation to the Council's use of temporary and private properties to house local residents. This expanded to appropriate follow-up inspections and available information to hold landlords accountable and maintain their right to provide properties under relevant schemes.	• Specific recommendations have been raised with implementation dates within 12 months to obtain missing information and follow-up specific cases. At the time of writing this report, this aspect has been completed. • Furthermore, enhancements to the monitoring systems and processes to ensure periodic reminders are generated to maintain compliance with property licence requirements, housing standards which includes the provision of updated health and safety certification. • Enforce a programme of property inspections to highlight issues and inform the implementation of improvements, with an appropriate audit trail to support actions.
Contract procurement, management and monitoring Specific examples have been identified throughout the year whereby, there is a need to increase the awareness and subsequent compliance with Council Contract	• Alongside the improvements in the contract management and monitoring protocols informed by the roll out of contract management guidance by PS Procure, further support and clarity is being issued

Standing Orders (CCSO) when procuring contractors to perform capital works and/or on-going services. This will ensure contracts are subject to an appropriate tendering exercise, where applicable, and lower value work and services require the use of approved providers.	across the Council, including Schools, on the procurement process and CCSOs.
Social care payments There is a need to complete proactive, up-to-date reconciliations for social care payments, including Direct Payment arrangements for Adults and Home Care providers. This is to ensure that the adequacy of care remains appropriate and to reduce the likelihood of overpayments occurring and the need to recover debts owed to the Council. This includes the management of referrals to the Social Worker Team to ensure that timely action is taken to reassess cases.	• Specific action plans and recommendations have been agreed as part of the review. Furthermore, a follow-up audit in relation to Direct Payments for Adults is scheduled in 2019/20. • Additional resource has been commissioned at the end of 2018/19 to aid with the reconciliation process. This includes specific focus on care packages that have not been reconciled recently to inform any overpayments and subsequent recovery.

Management Assurance statements signed by senior officers confirm that the Code of Conduct, Financial Regulations, and other corporate governance processes have been operating as intended throughout the year. Other governance outcomes are shown below:

Formal reports by Chief Finance Officer s151 Officer or Monitoring Officer – None issued.

Outcomes from Governance and Assurance Committee on standards issues – No significant breaches of the Member Code of Conduct have occurred.

Proven frauds carried out by councillors or members of staff – no prosecutions resulted but the total number of investigations are included in a separate report to the Governance and Assurance Committee.

Objections received from local electors – none in 2018/19 at the time of writing.

Local Government Ombudsman referrals – two cases where there was a finding of maladministration and injustice, Seven upheld where there was maladministration and no injustice.

RISK
The Council's Risk Management Strategy has been approved by the Council's Governance and Assurance Committee and can be found here http://lbrcwsqlmgv01/mgChooseDocPack.aspx?ID=7591

FUTURE ISSUES
The Council is developing the ways in which it delivers its services through partnerships and the setting up of Council companies. The governance arrangements for the different methods will need to be kept under review to ensure that they are robust and there are clear roles and responsibilities defined.

The Council has integrated services with the North-East London Foundation Trust (NELFT), and is setting up Council companies. The Local London Partnership was established in February 2016 as the successor to the North-East London Strategic Alliance (NELSA). Membership is currently made up of eight London Boroughs; Barking & Dagenham, Bexley, Enfield, Greenwich, Havering, Newham, Redbridge and Waltham Forest. Members of Local London work in partnership with the aim of delivering growth and to identify opportunities for devolution to the sub London region.

Local London Partnership Members work with the Greater London Council and National Government to seek devolution deals which will result in benefits for both local economies and residents. The Local London Partnership will deliver on appropriate responsibilities transferred to them and any specified devolved matters given to its members.

2017/18 AGS Action Plan
Last year's Annual Governance Statement highlighted four areas for improvement, namely Contract Management, Health and Safety, Business Continuity and the impact of the delivery of savings.

The areas identified for improvement identified in the 2017/18 AGS were monitored during the year and appropriate actions taken to address concerns. Internal Audit reflected these areas within their audit coverage for 2017/18 and management action has been taken in key areas. There has been significant improvement in most of the areas including regular tracking, reporting and monitoring of savings delivery, updated contract standing orders and manager training, and refresh of business continuity plans.

Annual Governance Statement 2018/19 Action Plan

Number	Area to develop	Actions	Timescales	Lead Officer
1	Continue to improve systems and processes across the Council around ensuring compliance with good practice relating to health and safety.	• Compliance with recommendations of review of Health and Safety service.	March 2020	Operational Director Civic Pride
2	Ensure that there is close monitoring of the impact of spending reductions that the Council has and will be required over the next few years.	• Change Board supporting and monitoring savings delivery. Further checks and balances introduced. • Improved Demand Growth modelling. • Savings delivery tracked on a monthly basis and reported to Corporate Management Team, Overview and Scrutiny and Cabinet.	March 2020	Operational Director of Finance (Deputy S151 Officer)

Agreed by: -

Councillor Jas Athwal Leader of the Council	Signed: -	Date: -
Andy Donald Chief Executive	Signed: -	Date: -

Glossary

Accruals Basis
The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

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.

Actuarial Valuation
The Actuary reviews the assets and liabilities of the Pension Fund and reports to the Council on the fund's financial position and recommended employers' contribution rates.

Actuary
An independent **consult**ant who advises the Council on the financial impact and uncertainty of the Pension Fund.

Amortisation
The writing off of a charge or loan balance over a period of time. A measure of the costs of economic benefits derived from intangible assets that are consumed during the period.

Annual Governance Statement
The annual governance statement is a statutory document that explains the processes and procedures in place to enable the council to carry out its functions effectively.

Asset
Items of worth that are measurable in terms of value. Currents assets may change daily, but the Council is expected to yield the benefit within the one financial year (e.g. short-term debtors). Non-current assets yield benefit to the Council for a period of more than one year (e.g. land).

Balance Sheet
A statement of all the assets, liabilities and other balances of the Council at the end of an accounting period.

Business Improvement District
A defined area within which businesses pay additional business rates in order to fund improvements within the districts boundary.

Budget
A forecast of future expenditure plans for the Council. Detailed revenue budgets are prepared each year and it is on the basis of these figures that the Council Tax is set. Budgets are revised towards the year-end to take account of inflation, changes in patterns of services, and other factors.

Capital Expenditure
Expenditure on the acquisition of non-current or intangible assets, or expenditure that adds to the value of an existing asset.

Capital Adjustment Account
Represents amounts set aside from revenue resources or capital receipts to finance expenditure on assets or for the repayment of external loans and certain other capital financing transactions.

Capital Receipt
Income received from the sale of a capital asset such as land or buildings.

Carrying Value (Book Value)
For Financial Instruments, this value is the amount to be recognised on the Balance Sheet. Financial Assets and Liabilities need to be recognised in the Balance Sheet at fair value or at amortised cost.

Cash
Comprises cash in hand and available-on-demand deposits.

Cash equivalents
Are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash flow
A statement that shows the changes in cash and cash equivalents during the financial year.

Collateral
Assets pledged by a borrower to secure a loan.

Collection Fund
The Council as a billing authority has a statutory obligation to maintain a separate Collection Fund. This shows the transactions of the Council in relation to the collection from taxpayers of Council Tax and Business Rates and its distribution to Local Government bodies and the Government.

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.

Community Infrastructure Levy
A levy that Council can charge on new developments in their area. The money can be used to support development by funding infrastructure that the Council, local community and neighbourhoods want.

Comprehensive Income and Expenditure Statement
A Statement showing the net cost of the Council's services during the year. It demonstrates how costs have been financed from general Government Grants and Income from Local Taxpayers.

Contingent Liability
A possible obligation arising from a past event whose existence will be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Council, or a present obligation arising from past events where it is not probable that there will be an associated cost or the amount of the obligation cannot be accurately measured.

Credit Ratings for Investments
A scoring system used by credit rating agencies such as Fitch, Moodys and Standard and Poors to indicate the credit-worthiness and other factors of Governments, Banks, Building Societies, and other financial Institutions.

Creditors
Amount of money owed by the Council for goods and services received but not paid for as at 31 March.

Current Service Cost
Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

Curtailment
For a defined benefit pension scheme, an event that reduces the expected years of future service of employees or for a number of employees, the accrual of defined benefit for some or all of their entitlement. Examples include: -

- Termination of employees' services earlier than expected (for example as a result of discontinued operations); and
- Termination of, or amendments, to the terms of a defined benefit scheme, so that some or all future services by current employees no longer qualify for benefits or will qualify for reduced benefits.

Debtors
Amount of money owed to the Council by individuals and organisations for goods and services provided but where income was not received as at 31 March.

Deferred Capital Receipts
The balance of outstanding monies owed (e.g. mortgages) by purchasers of Council property.

Deferred Liabilities
These are creditor balances repayable after one year.

Defined Benefit Scheme
A pension scheme where the benefits payable on retirement are determined by predetermined formula and not dependent on market returns.

Depreciation
A measure of the cost of the economic benefits of the tangible fixed asset consumed during the year which is charged to the revenue account.

Depreciation Replacement Cost (DRC)
The current cost of replacing or recreating an asset with its modern equivalent asset less deduction for all physical deterioration and all relevant obsolesce and optimisation.

Derecognition
Financial assets and liabilities will need to be removed from the Balance Sheet once performance under the contract is complete or the contract is terminated.

Earmarked Reserves
Amounts set aside for a specific purpose to meet future commitments or potential liabilities, for which it is not appropriate to establish provisions.

Expected Return on Assets
For a defined benefit scheme, this is a measure of the return on the investment assets held by the plan for the year. It is not intended to reflect the actual realised return by the plan, but a longer-term measure based on the value of assets at the start of the year taking into account movements in assets during the year and an expected return factor.

Fair Value
The amount that an asset can be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction.

Finance Lease
A finance lease is where a finance company owns an asset and leases it to the Lessor in exchange for rentals. The Lessor will remain a large part, or all of the cost of the assets in rentals. At the end of the lease, the Lessee has the option to acquire ownership of the asset by paying, the last rental, or a final purchase price. This is a lease that substantially transfers the risks and rewards of a fixed asset to the lessee. With a Finance Lease, the present value of the lease payments would equate to the fair value of the leased asset.

Financial Instruments Adjustment Account (FIAA)
Provides a balancing mechanism between the different rates at which gains and losses are recognised under the Code and are required by Statute to be met from the General Fund.

Financing activities
Are activities that result in changes in the size and composition of the principal, received from or repaid to external providers of finance.

General Fund (GF)
Redbridge's main Revenue Account from which is met the cost of providing most of the Council's services, paid from Council Tax and government grants (excluding HRA).

General Fund Balance
Revenue Funds that are uncommitted and available to support general funding pressures not otherwise specifically covered by planned budget or earmarked reserves.

Historic Cost
The actual cost of an asset in terms of past consideration as opposed to its current value.

Housing Revenue Account (HRA)
A Statutory Account maintained separately from the General Fund for the recording of income and expenditure relating to the provision of Council Housing.

IAS 19
A complex accounting standard based on the principle that an organisation should account for retirement benefits when it is committed to do so even though the benefits will not be paid for years in the future.

Impairment
A reduction in the valuation of an asset caused by consumption of economic benefits or by a general fall in prices.

Infrastructure Assets
Assets that have an indeterminate life and, although valuable, do not have a readily realisable value e.g. roads.

Intangible Assets

Non-financial assets that do not have physical substance but are identifiable and controlled by the Council, for example purchased software licences.

Interest Cost
For defined benefit pension schemes the interest cost is the present value of the liabilities during the year as a result of moving one year closer to being paid.

Inventories
Amounts of unused or unconsumed stocks held in expectation of future use. Inventories are comprised of the following categories:

- Goods or other assets purchased for resale
- Consumable stores
- Raw materials and components
- Products and services in intermediate stages of completion
- Finished goods

International Financial Reporting Standards
International Financial Reporting Standards (IFRS) are a set of accounting standards developed by an independent, not-for-profit organisation called the International Accounting Standards Board (IASB).

Materiality
Information is material if omitting it or misstating it could influence the decisions that users make on the basis of financial information about a specific reporting authority.

Medium Term Financial Strategy (MTFS)
This is a financial planning document that sets out the future year's financial forecasts for the Council. It considers local and national policy influences and projects their impact on the general fund revenue budget, capital programme and HRA. In Oldham it usually covers a four or five-year timeframe.

Minimum Revenue Provision (MRP)
The amount that has to be charged to revenue to provide for the redemption of debt.

Non-Domestic Rates
Rates payable by businesses based on local rateable values determined by the Valuations Office Agency. These are shared on a proportional basis with Central Government and the Greater London Authority.

Net Book Value
The amount at which assets are included in the Balance Sheet after depreciation has been provided for.

Net Realisable Value
The open market value of the asset less the expenses to be incurred in realising the asset.

Non-Current Assets
Assets that yield benefits to the Council and the services it provides for a period of more than one year.

Operating Lease

This is a lease other than a finance lease. An operating lease contract allows the use of an asset, but does not convey rights similar to ownership of the asset. The lessee pays rentals to the lease company and, the asset is returned at the end of the lease period.

Operational Assets
Assets held, occupied, used or consumed by the Council in the direct delivery of its service.

Outturn
The actual level of expenditure and income for the year.

Past Service Cost
A cost arising from decisions taken in the current year but whose financial effect is derived from years of service earned in earlier years.

Post Balance Sheet Events
Those events that relate to the accounting year, both favourable and unfavourable, which occur between the Balance Sheet date and the date on which the Statement of Accounts is signed by the Chief Financial Services Officer.

Precept
The charge made upon the collection fund by one Authority (e.g. Greater London Authority) on another Council (e.g. Redbridge) to finance its net expenditure.

Private Finance Initiative
A Central Government initiative whereby contracts are let to private sector suppliers for both services and capital investment in return for a unitary payment, which may be reduced if performance targets are not met.

Projected Unit Method
Actuarial valuation method whose key feature is to assess future service cost; the Actuary calculates the employer's contribution rate, which will meet the cost of benefits accruing in the year after the valuation date. This method is considered appropriate for a Pension Fund open to new members.

Provisions
Amounts set aside for liabilities and losses, which are certain or very likely to occur but where the exact amount or timing of the payment are uncertain.

Public Works Loans Board (PWLB)
Central Government Agency, which funds much of Local Government borrowing.

Related Parties
Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, and all senior officers from Director. For individuals identified as related parties, the following are also presumed to be related parties:

- members of the close family, or the same household; and
- partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

Re-measurement of the Net Defined Benefit Liability
Re-measurement of the Net Defined Benefit Liability (asset) comprises:
- actuarial gains and losses
- the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and
- any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Reserves
Amounts set aside that do not fall within the definition of a provision, to fund items of anticipated expenditure. These include general reserves or balances, which every Council must maintain as a matter of prudence.

Revaluation Reserve
Represents the increased value of the Council's land and building assets from 1 April 2007.

Revenue Expenditure
The day-to-day expenditure of the Council, e.g. pay, goods and services and capital financing charges.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)
Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of a non-current asset that has been charged as expenditure to the CIES.

Revenue Support Grant
Grant paid by the Central Government to Local Authorities. This grant is not attributable to specific services.

Soft Loan
Loans given at less than market/commercial rates.

Surplus or Deficit on the Provision of Services
Is the total of income less expense, excluding the components of Other Comprehensive Income and Expenditure.

Support Services
Activities of a professional, technical and administrative nature which support main front-line services.

Abbreviations used in Accounts

AGS	Annual Governance Statement
AVC	Additional Voluntary Contributions
BID	Business Improvement District
BN	Billion
CFR	Capital Financing Requirement
C I ES	Comprehensive Income and Expenditure Statement
CIPFA	Chartered Institute of Public Finance and Accountancy
DFE	Department for Education
DSG	Dedicated Schools Grant
DWP	Department for Work and Pensions
EFA	Expenditure Funding Analysis
ELWA	East London Waste Authority
FIAA	Financial Instruments Adjustments Account
FRS	Financial Reporting Standard
GLA	Greater London Authority
HRA	Housing Revenue Account
IAS	International Accounting Standard
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standard
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
LBR	London Borough of Redbridge
LCIV	London Collective Investment Vehicle
LGPS	Local Government Pension Scheme
LPFA	London Pensions Fund Authority
M	Million
MHCLG	Ministry of Housing, Communities and Local Government
MRA	Major Repairs Allowance
MRP	Minimum Revenue Provision
NDR	Non-Domestic Rates
PFI	Private Finance Initiative
PWLB	Public Works Loans Board
RICS	Royal Institute of Chartered Surveyors
RSG	Revenue Support Grant
SeRCOP	Service Reporting Code of Practice
SORP	Statement of Recommended Practice
UCRR	Usable Capital Receipts Reserve