London Borough of Redbridge

Statement of Accounts 2019/20

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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 2019/20 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 305,222 as at 2019 mid-year estimates[1]. This is expected to rise to 330,000 by 2026[2] 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.

[1] ONS Mid-Year Estimates 2019
[2] GLA Population Projections 2016
[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 supports the Strategic Delivery Plan's priority to build a brilliant Council. A senior management restructure was agreed by Council on 19 September 2019, however as the resulting changes were fully implemented as at 1 April 2020, these changes are not reflected in the reporting of the 2019/20 financial year and the Directorate structure for 2019/20 is as follows:

- 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

From 1 April 2020, HR Employee Experience and the residual Community Safety function move into the Strategy Directorate and the Place Directorate has been replaced with two directorates as per the below:

- Communities which includes Housing and Civic Pride. It was also agreed that Customer Service would move into this Directorate at a future date
- Regeneration & Culture which includes Regeneration, Property & Planning and Leisure & Culture Client

Key Successes

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

- Protected weekly bin collections and green garden waste collections at a time when many London boroughs are reducing services in these areas
- Brought Space studio to Redbridge in the first phase of creating our own Cultural Quarter
- Establish free parking in resident permit zones for those with electric cars.
- Achieved OFSTED "outstanding" rating for our Children and Family Services
- Launched the UNICEF Child Friendly Communities programme in Redbridge
- Launched the Box Up Crime initiative
- Started Families Together, a ground-breaking new family therapy service aimed at preventing and reducing youth crime
- Completed Project Malachi, establishing a pop-up hostel for the homeless

[7] The Council's Strategic Delivery Plan is available at: Redbridge Strategic Delivery Plan

Impact of Covid-19

Redbridge council has responded strongly to the Covid-19 pandemic, including the creation of a new wellbeing support service that has delivered more than 500 food parcels and made over 3,000 calls to vulnerable residents. The immediate community response was phenomenal, with RCVS sourcing and placing what would normally be six months' worth of volunteers within a fortnight. Our residents have delivered food parcels, manned phones, conducted surveys and much more besides.

Operationally the pandemic has had a significant impact on the Council, with the majority of staff working from home since March and expected to do so for all of the 2020/21 financial year. Services responded well to react to significant challenges, such as additional demand, changes to needs and necessary changes to working practices. On the frontline, Social Care teams responded to the needs of those most vulnerable to the pandemic. The Housing service provided extra focus on supporting rough sleepers as well as ensuring residents have space to self-isolate where necessary. As a result, the pandemic will create ongoing budget challenges for the council on top of those already experienced since the spring.

The direct financial impact on the Council was minimal in 2019/20, as the lockdown was only enforced from 23 March 2020. Much of the early Council response involved mobilising existing staff and resources to focus on providing key services including the setting up of a Wellbeing Service to support local residents, particularly those identified as vulnerable. Three quarters of the way through the year the forecast gross impact on the Council's budget was £64.609m, made up of £51.993m of additional expenditure and £12.616m of lost income, this is offset by service specific grants, four tranches of non-specific COVID-19 grant funding totalling £21.853m and the Government's Sales, Fees & Charges Income Guarantee from which £5.897m was claimed for the first eight months of the year. These amounts come back to a net £22.304m to be met from the Council's resources. The Council is also acting as a conduit for financial support for local businesses and residents, which is causing a short term positive cashflow position as these funds are received before being paid out. Some regular Council funding has also been accelerated by Government which also increases the cashflow position in the short term.

More information can be found in the latest budget monitoring report (BCR) to Cabinet on the Council website at http://moderngov.redbridge.gov.uk/ieListMeetings.aspx?CId=267&Year=0.

Despite the ongoing national vaccine rollout and anticipated return to relative normality by May/June 2021, there is expected to be a significant longer-term financial impact, including changes to the needs of residents and businesses and the impact of the anticipated recession.

Overview of Performance – Measuring Success

As part of the Council's Strategic Delivery Plan, 'A Great Place to Live' which was published during 2018, Redbridge produced a new performance monitoring framework, the Resident Impact Report. This is published quarterly and focuses on measuring changes that will have a noticeable impact on our residents' daily lives. 2019/20 was the first full year of reporting under this new framework.

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.

Redbridge Council Directorate Annual Performance		Annual Target	March 2020
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%	76%
1.2	Percentage of children looked after with 3+ placements during the year	10%	3.7%
1.3	Percentage of child and family assessments undertaken following a referral to social care completed within 45 days	80%	94.8%
1.4	Increase the percentage of care leavers (former relevant young people aged 19-21) who were in education, employment or training	62%	66.1%
2	**Health and Social Care Service**		
2.1	Percentage of adults using social care currently in community settings	75%	79%
2.2	Percentage of clients using social care who receive direct payments	50%	47%
2.3	Average days delayed of Adult Social Care and Shared Days Delayed Transfers of Care	4.2	4.76 (Dec 2019)
2.4	Permanent Admissions to Care Homes per 100,000 Population	7	2.1
2.5	Social Isolation: percentage of adult social care users who have as much social contact as they would like	55%	53.5 (March 2019)
2.6	Self-reported wellbeing - people with an above average (not low) happiness score	5	7.54 (March 2019
3	**Strategy**		
3.1	Percentage of completed Freedom of Information enquiries within 20 working days	90%	91 %
3.2	Percentage of stage 1 complaints responded to within 10 working days	95%	77%
3.3	Percentage of incoming calls to the contact centre abandoned	10%	25.4%
3.4	Percentage of enquiries resolved at first point of contact in customer services **phone system was replaced, records from prior manual system not kept*	85%	Data not available*
3.5	Number of working days per FTE lost due to sickness absence (excluding school staff)	5	9.2
4	**Resources**		
4.1	Percentage of Council Tax collected in year	95%	97.13%
4.2	Percentage of non-domestic rates collected in year	95%	96.3%
5	**Place**		
5.1	Percentage of household waste sent for recycling	26.70%	26.1%
5.2	Number of households living in temporary accommodation	2300	2,634
5.3	Percentage of planning applications determined within target time	85%	97%
5.4	Percentage of households with children exceeding 6 weeks in B&B	-	24
5.5	Percentage of reported fly tips cleared within target time	90%	99.86%
5.6	Number of missed refuse and recycling collections per 100,000 collections	38	49

Overview of Financial Performance

The sections below introduce some of the key features of the Council's Statement of Accounts and financial performance in 2019/20, 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	94.461	109.246	14.785
Place	23.941	32.770	8.823
Resources	14.495	13.457	(1.039)
Strategy	5.390	6.135	0.745
Directorate Net Budgets	**138.287**	**161.608**	**23.320**
Corporate Items & Contingency	49.707	27.237	(22.469)
Core Funding	(187.994)	(188.845)	(0.851)
General Fund Net Outturn	**-**	**-**	**-**

The outturn position for the year showed an overspend of £23.320m 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 not being achieved in time. In total there were £7.628m of planned savings which were not achieved during the year. These savings plus £0.300m which had been mitigated by one off actions have been rolled forward for delivery during 2020/21. The major areas of overspend were:

- Adult Social Care, including Corporate Director of People and Contracts & Commissioning with a net variance of £11.501m. Within this the most significant service overspends are Older People (£5.484m) and Learning Disabilities placements (£3.833m).

- Housing General Fund with an overspend of £6.668m, mostly due to Temporary Accommodation

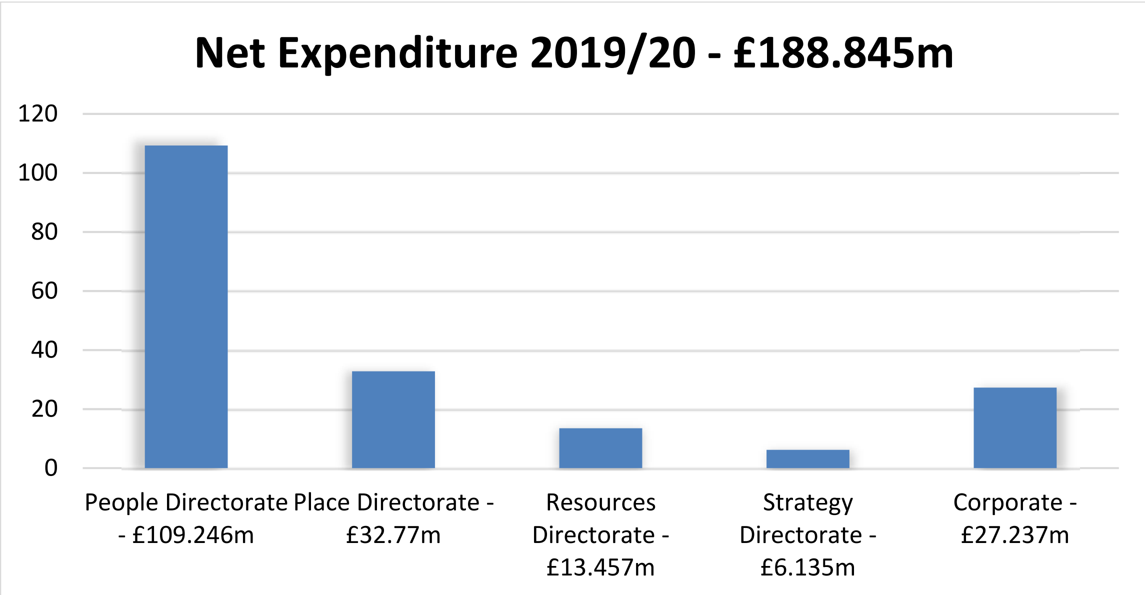
- Civic Pride with an overspend of £3.479m. The largest contributor to this is Parking (£2.095m), along with Waste, Recycling, Fleet and Passenger Transport (£0.656m) and Neighbourhoods (£0.546m)

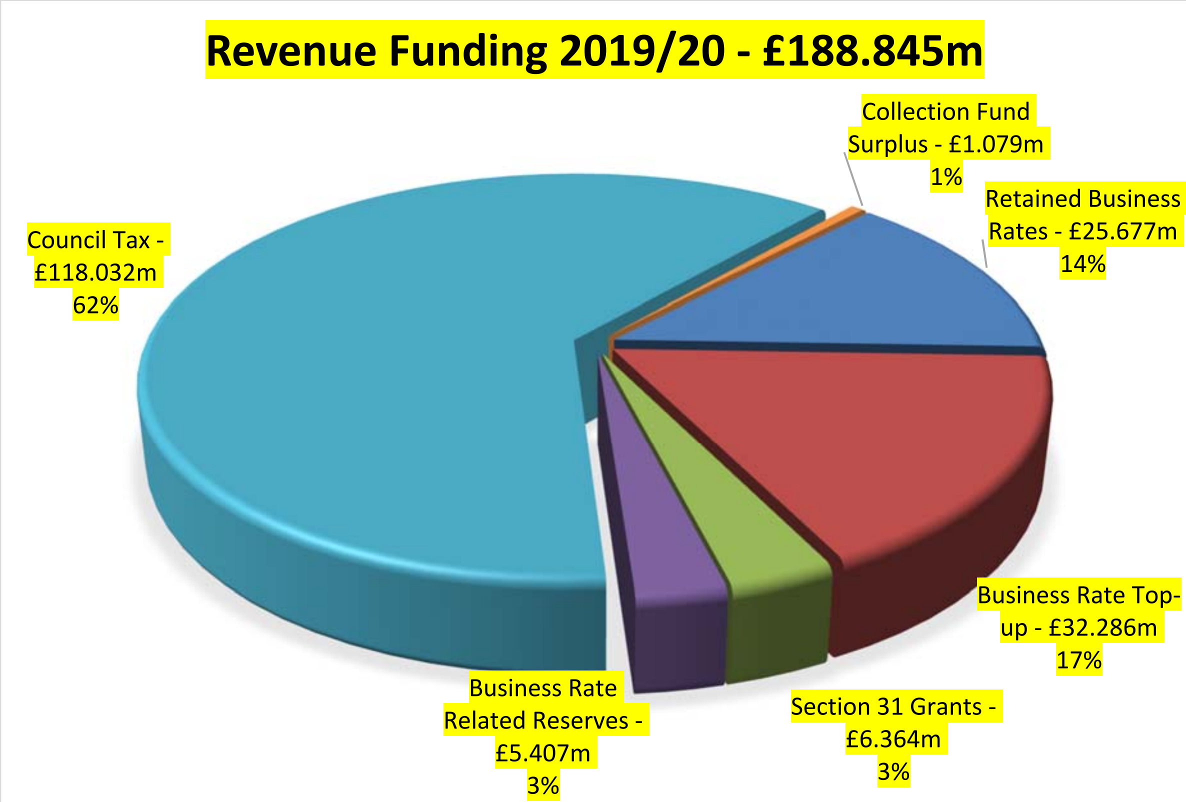
- Children & Families with a overspend of £2.345m, including an overspend on Children with Disabilities (£1.188m) and savings undelivered relating to demand management on placement budgets (£0.918m)

It was necessary to take substantial action during 2019/20 as part of the budget monitoring and management to mitigate the 2019/20 Service Directorate overspend as far as possible, including putting in place a moratorium on unnecessary spend including additional review of any requests for recruitment. Services are expected to stay within their Service Directorate budgets but despite significant work to mitigate pressures this was not achieved in 2019/20. Corporate budgets (including 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 £1.730m relating to a previous change in accounting treatment, most of which was used last year. In this way it was possible to fully mitigate the Service Directorate overspend, however much of the resource used to do this is not available as an ongoing mitigation. This is detailed more in the Forward Plan section of the narrative.

	£m
Service Directorate Overspend	23.320
Corporate Contingency Budget allocation to meet overspend	(3.000)
Budget Overspend	**20.320**
Levies & Joint Arrangements	(0.418)
Savings on interest and borrowing repayment	(8.646)
Other items	(10.879)
Contribution from Earmarked Reserves	**(0.377)**

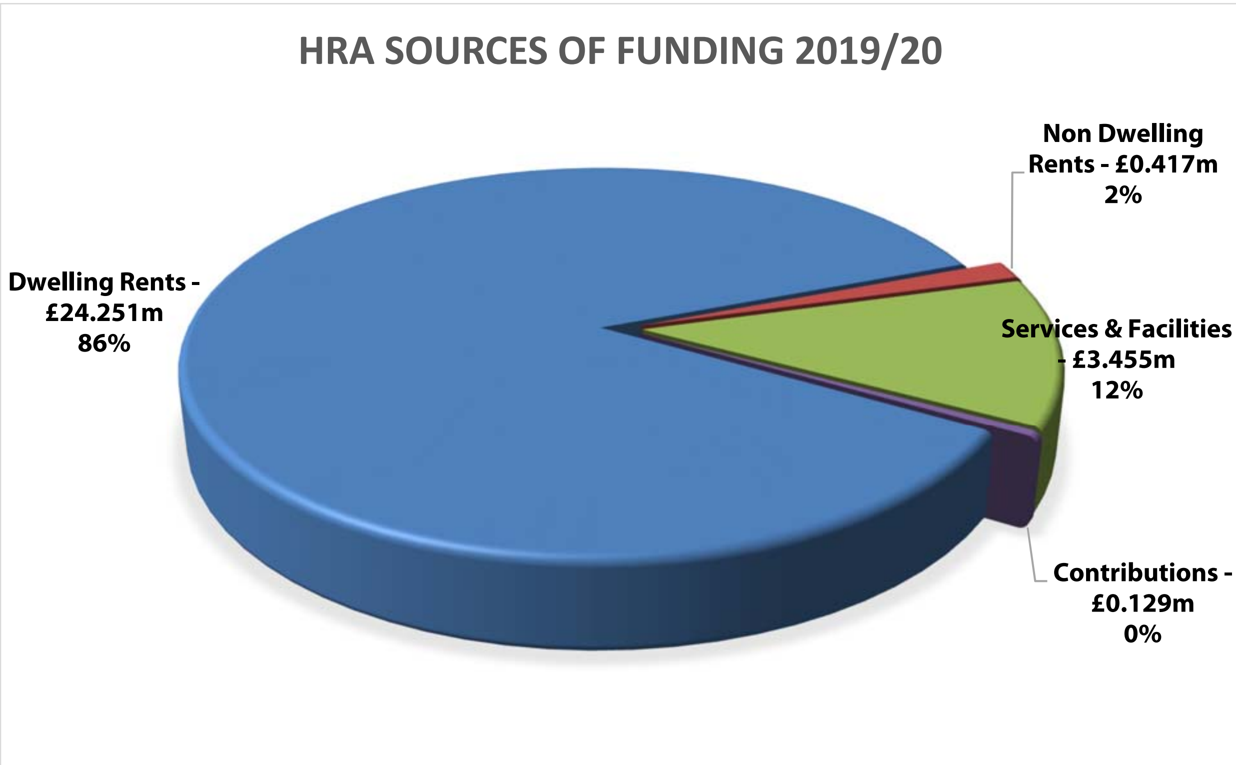
The Council received income from a wide variety of sources, including Council Tax, Business Rates, Government grants, grants from other entities, fees, charges and rental Income. In most cases where this funding is specific to a service, the biggest of which is Dedicated Schools Grant (DSG) of £239.398m, it is accounted for within that service; this give a net controllable service cost which for 2019/20 was £161.608m as well as £27.237m of corporate items to give a £188.845m 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

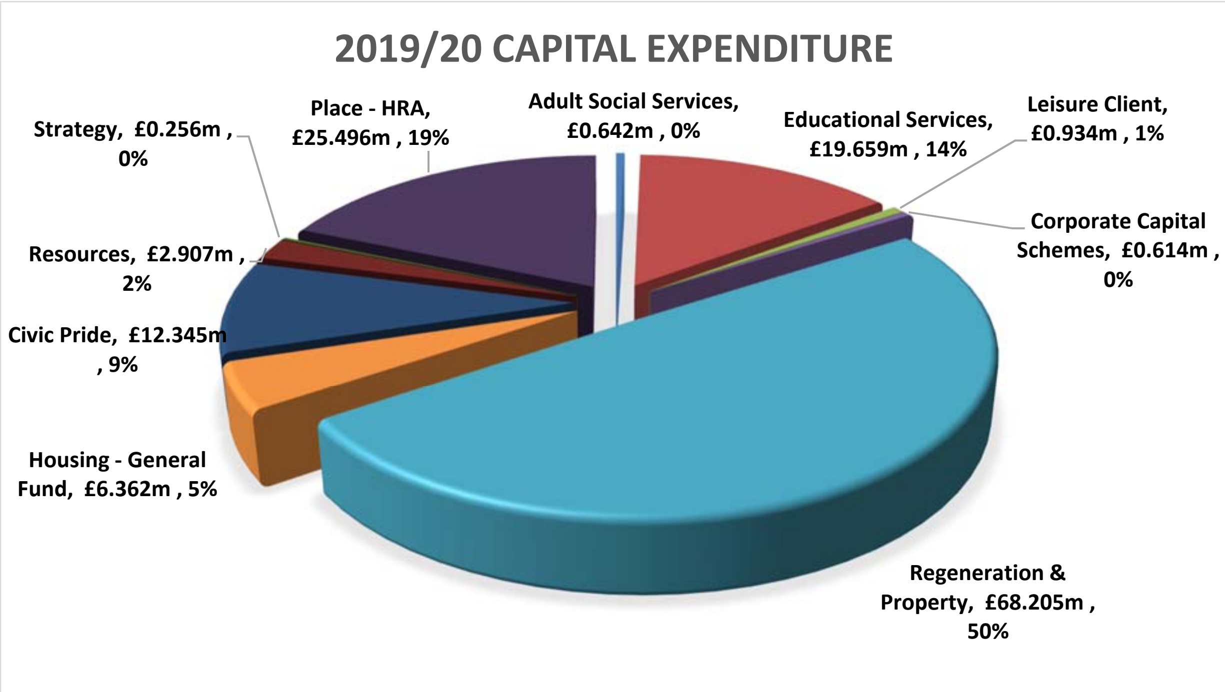
The Housing Revenue Account (HRA) is a ring-fenced Income and Expenditure account within the Statement of Accounts, showing the provision for Council housing. The HRA had a deficit of £0.095m in 2019/20 which was taken to the capital reserve. This is a net position resulting from additional spend on repairs and maintenance offset by a lower than budgeted contribution to the provision for expected credit losses and interest payable. 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 2019/20 approved in February 2019 was £202.883m. During the year the revised budget of £174.703m was approved by Council in February 2020 to take into account slippage. The outturn for the year is £136.475m, including capital expenditure within Schools and is summarised in the chart below.

Significant areas of expenditure in 2019/20 were Regeneration & Property (£68.205m which is 51% of the capital programme) of which a large proportion of this expenditure relates to acquisition of investment assets that will provide future economic benefits for the Council, Children's Services expenditure (£15.714m which is 12% 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, and Civic Pride (£11.731 which is 9% of the capital programme) which was a continued investment into the Council's roads and tackling the climate change emergency. Housing (HRA) capital expenditure of £25.496m (19% of the total capital programme) has been used mainly to increase and improve the Council's housing stock.



Pension Liabilities

The Council has a pension deficit of £383m as at 31 March 2020 calculated in accordance with accounting requirements, based on the results of the 2019 triennial valuation. 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 time of triennial valuation was 84%. The council's employer's contribution rate payable in 2019/20 was 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 Triennial Valuation.

Net Assets

The Council maintains a strong balance sheet despite the financial challenges. Redbridge's Net Worth at 31 March 2020 is £801m compared to £655m 31 March 2019. This increase is mainly due to valuation increases on non-current assets.

Net Assets at 31 March 2020:

Non-Current Assets (property and long-term investments and debtors) **£1,449m**	Net Current assets (debtors, inventory and cash less creditors and current liabilities) **£88m**	Long term liabilities and provisions **(£736m)**
Funded by:		
Usable Reserves **£172m**	Unusable Reserves **£629m**	

Net Assets at 31 March 2019:

Non-Current Assets (property and long-term debtors) **£1,299m**	Net Current assets (debtors, inventory and cash less creditors and current liabilities) **£81m**	Long term liabilities and provisions **(£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, the 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.

As at 31 March 2020, the Council had a long-term borrowing portfolio of £331m (£228m as at 31 March 2019). Whilst currently the Public Works Loans Board remains the Council's principal provider of finance, in November 2019 the Council raised £75m through the issue of the first local authority deferred RPI-linked bond. The bond proceeds will be received over 24 months in line with the Council's funding needs and therefore reduce the cost of carry. The bond was issued at a premium over its £63.9m value at an effective interest rate is 1.88% based on RPI estimates at the time of borrowing.

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 2018/19 the Council has reduced its MRP for the year 2019/20 from £7.789m to £6.059m, to utilise the remaining benefit of the change in policy and 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'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. The Investment portfolio at 31 March 20 was £144.7m, (£113.9m as at 31 March 2019) comprised of long term investment of £18.2m, and short-term investments of £126.5m.

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 2020, which is 8.7% of the 2020/21 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 2020 as well as a Commercial Income Smoothing Reserve of £1.1m which allows for fluctuations in investment return between years and a Business Rate Smoothing Reserve of £2.5m as well as a Pension Reserve of £6.0m to manage the potential impact of future actuarial reviews.

Statement of Accounts Key Financial Statements

The Statement of Accounts for 2019/20 sets out the Council's income and expenditure for the financial year ending 31 March 2020 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 2019/20 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) note: The Expenditure and Funding Analysis note 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 2020/21 - 2024/25

Redbridge's net revenue budget for 2020/21 was approved on 27 February 2020 and is £196.566m. 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.

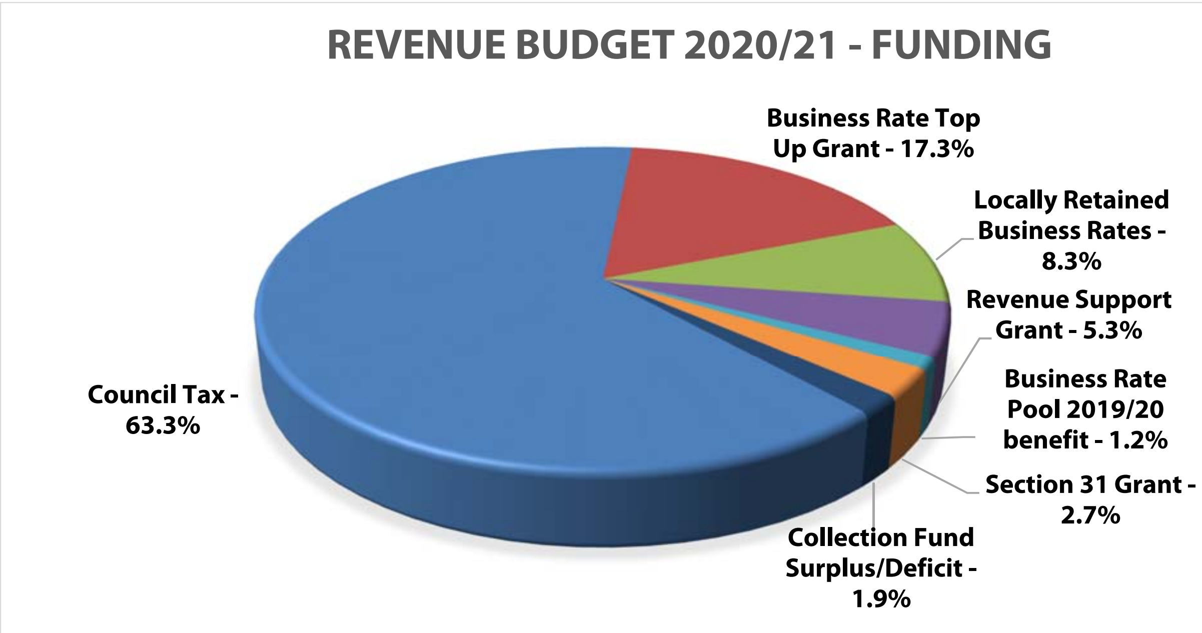
It should be noted that the budget was set prior to Covid-19 being seen as a significant risk and as such it is anticipated there will be a significant variation from this budget during 2020/21. This section of the narrative statement primarily addresses the budget as set in February, the impact of Covid-19 is addressed in more detail below in the section on Risks and Controls.

Setting the budget

In 2020/21, the Council increased Council Tax to fund the delivery of essential services for the residents of the borough. Redbridge increased the Council Tax by 1.99% together with a 2% 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 2020/21 at Band D increased by £63.67 which equates to an increase of 3.9% or approximately £1.22 per week.

Revenue Budget Funding 2020/21

The main source of funding for the 2020/21 financial year is Council Tax which makes up 63.3% of core funding, followed by Business Rates at 25.6%. The benefits of being part of the London Business Rate Pool in 2019/20 have been carried forward in reserves, to be used to fund as planned in 2020/21.



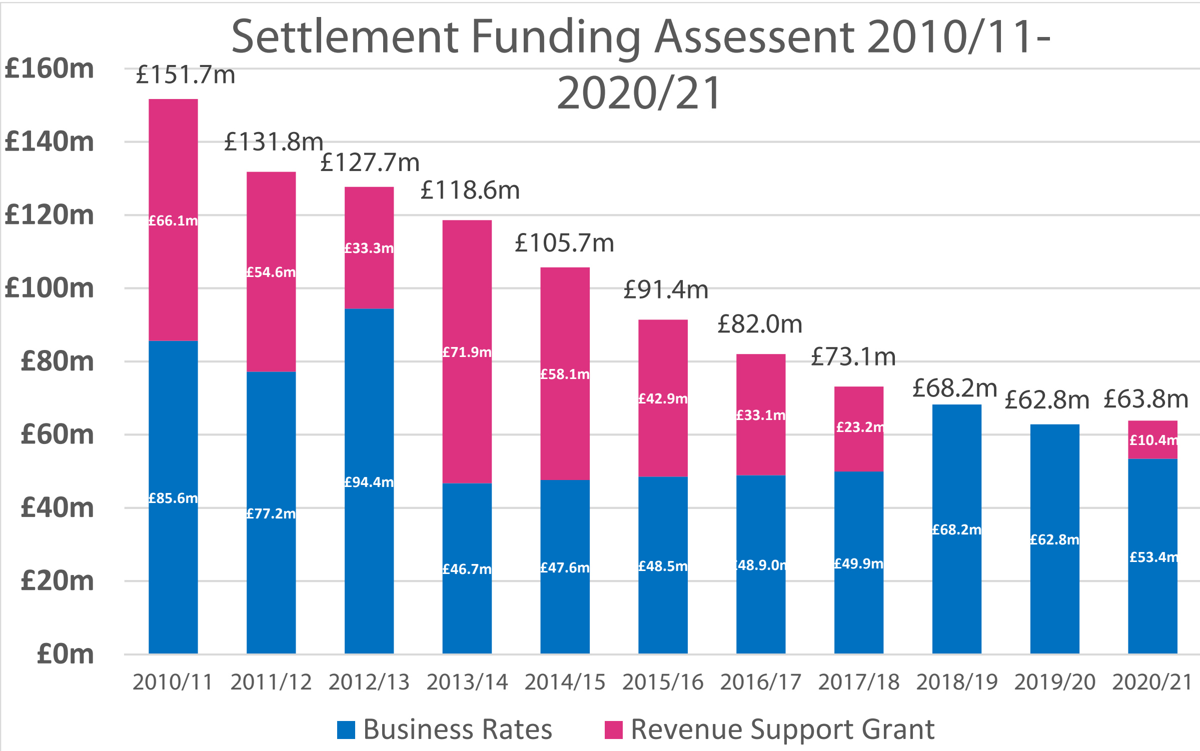
How we spend our budget

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

Without the impact of Covid-19, Redbridge was already facing a challenging and uncertain financial environment, the main drivers of which are the anticipated reforms and reviews impacting upon local government finance and the potential impact of the end of the Brexit transition period alongside continuing increases in demand for social care and housing services. The table below sets out the reduction in the Council's government Settlement Funding Assessment between 2010/11 and 2020/21, with Revenue Support Grant disappearing in 2019/20 in exchange for increased Business Rate Retention. While there was a small increase of £1m for 2020/21 there is a total net cash reduction of £87.9m. This has necessitated increases in Council Tax alongside saving on and changes to service delivery to meet the growing cost of the demand on key services.



The London Business Rates Pool continues in 2020/21, however as London is no longer benefiting from the Pilot of increased business rate retention the benefit is anticipated to be lower at £0.453m compared to the £2.300m from 2019/20. As per last year these amounts are held in a reserve and used to support the budget in the year after they are generated. At time of writing, there is no indication as to whether this arrangement will continue or how it may be impacted by other anticipated changes.

Redbridge is estimated to have a population of 305,222[8]. This is forecast to increase to over 330,000 by 2026[9]. 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. Government have signalled an intention to address some of these, in particular the funding of social care, however at this time there is no indication as to what the result of this will be or when it will be implemented.

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[8] ONS 2019 Mid-Year Population Estimates
[9] GLA Population Projections 2016

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 2020/21 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 Housing and 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 over £50m in the MTFS. The key pressures included are summarised below the table.

MTFS 2020/21-2024/25[10]

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2020/25 £m
Net Budget Requirement	**188.0**	**196.6**	**191.7**	**192.9**	**194.7**	**188.0**
<u>Movement in Service Budgets:</u>						
Pressures, Risks & Growth	24.8	21.2	14.2	11.7	10.0	81.9
Savings & Increased Income	(17.4)	(12.7)	(2.0)	-	-	(32.2)
Change in Reserve contribution	1.2	2.0	2.0	2.0	2.0	9.2
Net Budget Requirement	**196.6**	**207.1**	**205.9**	**206.6**	**206.7**	**246.9**
Funding						
Business Rates (incl Top up and S31)	(68.0)	(62.9)	(63.6)	(64.3)	(65.0)	(65.0)
Business Rate Pool Benefit Reserve	(2.3)	(0.5)	-	-	-	-
Council Tax	(126.3)	(128.3)	(129.4)	(130.4)	(131.4)	(131.4)
In Year Budget Gap	**-**	**15.4**	**12.9**	**12.0**	**10.3**	**50.5**

- Inflation was expected to return to around 2%, having reduced during 2020, there is now greater uncertainty around this due to the impact of Covid-19[11].
- There are three reviews with an impact on local government funding which at the time the budget was set were anticipated to be completed by central government during 2020/21 to impact upon 2021/22 budget setting, due to Covid-19 these have either been delayed or anticipated to be:
    - A Multi-year Government Spending Review – this would set budgets for Government departments, including the amount available to distribute to Local Government
    - Fair Funding Review – This is a review of the formula for distributing the available funding between Local Authorities
    - Business Rate Retention Reform – Alongside changes to administration this would address risk and reward for growth including the amount of business rates retained locally and the future of pooling arrangements
- No pay settlement has been agreed as yet for 2020/21 and negotiations are ongoing at a national level regarding this.
- The Council is committed to the London Living Wage (LLW), with directly employed staff already receiving this and it is being introduced in the supply chain as contracts are renegotiated with suppliers.
- Provision is included for an increase in levy from East London Waste Authority because of increasing tonnage and landfill tax.
- 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

[10] Reported to Council February 2020
[11] Bank of England May 2020 Inflation Report

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, £467m 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

As part of setting the 2020/21 budget, £17.942m of growth was allocated to address the service pressures evident in the 2019/20 outturn position as well as those expected to emerge during 2020/21. Alongside this £8.038m was added to the capital financing budget, reflecting both Redbridge's ambitious capital programme and the potential need to reduce internal borrowing (where capital expenditure funded from borrowing 'borrows' internal funds which would have been invested rather than taking out additional external borrowing) and other changes such as additional social care grant funding. To balance the budget for 2020/21 savings totalling £17.435m were to be delivered, alongside £9.646m undelivered in 2019/20 which roll forward. These savings have been identified through efficiencies, income generation, service reduction, transformation and demand management. The organisational commitment to absorb inflation continues, however a small provision of £0.600m has been included to support services exceptionally impacted by any agreed pay award.

Some of the planned savings and improvements are to be delivered through the Council taking a more commercial approach. The Council now has four companies, Redbridge Living Limited which is to deliver housing development projects, Six Five Education which is to provide education support services, Roding Homes which will provide affordable housing via leased properties purchased by the Council and Redbridge Civic Services Ltd which delivers the waste collection service. Only Redbridge Civic Services Ltd is currently operational.

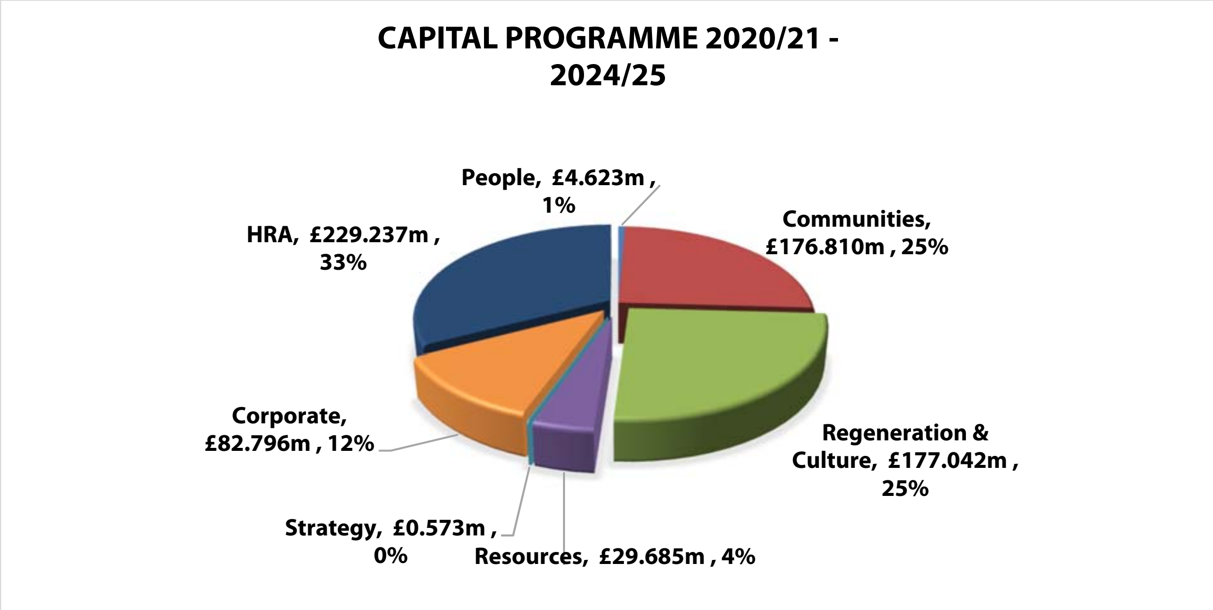
In addition to the £17.435m of savings in 2020/21 there are £14.732m of agreed savings proposals in later years of the MTFS, giving a total agreed for deliver for the period 2020/21-2024/25 of £32.167m. These savings include improving the way the Council works by adopting smarter and lean working initiatives, 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 £50.567m over the remaining four years. While there was significant focus late in 2019/20 on planning and reviewing savings so that they would deliver as planned in 2020/21, implementation of many of them has been delayed as a result of Covid-19.

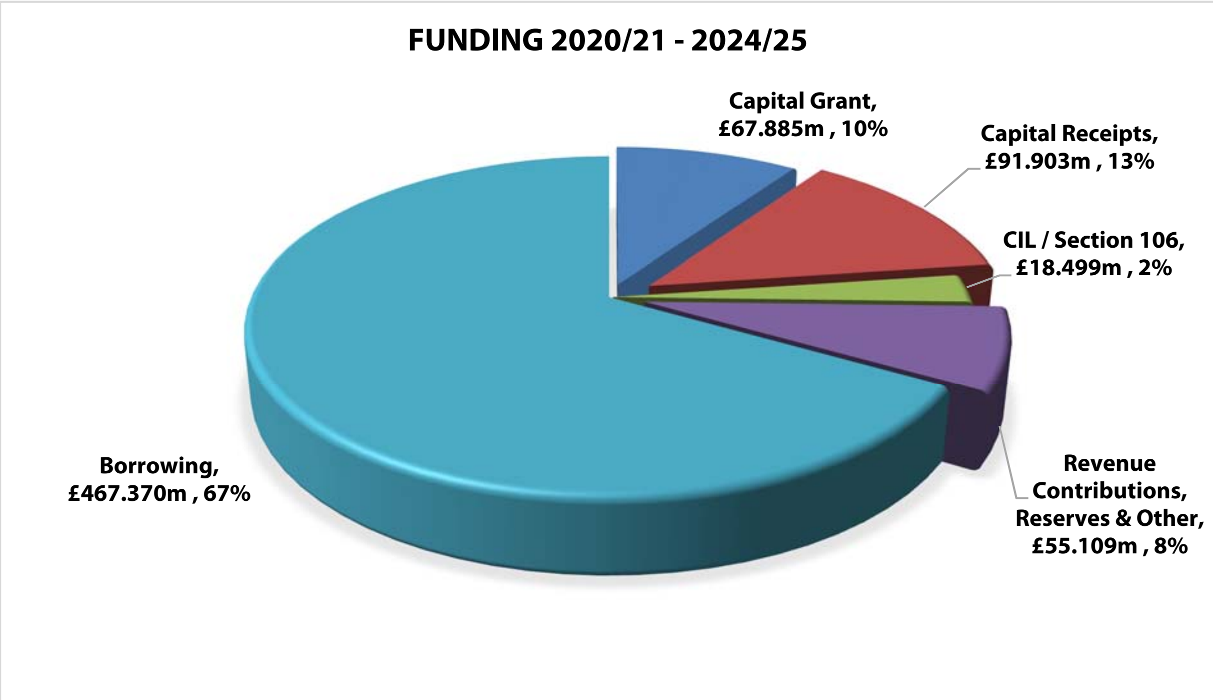
Without a significant increase in the funding allocated by the Government to local government and changes in the way it is distributed to recognise the increasing demands and pressures, Redbridge faces an increasingly difficult challenge to continue delivering all its services in accordance with its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

The MTFS includes assumptions that are based on the factors noted above, and in particular the risks of future funding reviews and end of the Brexit transition period. It also considers the risk that there will be reduced resources set against increasing demand across services whilst the need to continue to deliver good-quality frontline services that meet residents' needs and continue to care for the Borough's most vulnerable residents remains. 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.

Capital Programme 2020/21 to 2024/25

The Council's capital programme and financing for the next five years is summarised below, this totalling £700.766m, which has been approved by Council in February 2020.





Key Priorities

Regenerate the borough to benefit our residents and integrate new communities

There are significant projects at various stages of delivery or planning to deliver significant regeneration, including over £8m of regeneration capital budgets in 2020/21 focused on improving our town centre spaces and facilities available to support residents. Space Studio was launched in Redbridge in November 2019 in the first phase of creating a Cultural Quarter and the Kenneth Moore Theatre was saved from bankruptcy.

We have kickstarted the largest programme of regeneration and housebuilding the borough has ever seen, including setting out a pipeline for 1,000 affordable homes. As part of this £70m has been allocated for Redbridge Living to provide new high-quality residential developments alongside Community Hub facilities. A new £2.5m capital scheme was approved in the budget for 2020//21 to deliver Business & Enterprise Hubs to support employment within the borough.

Keep the borough clean and safe

As part of the 2020/21 budget over £1m has been added to the revenue budget to support town centres including street cleansing, enforcement and CCTV. In addition to this, £6m of capital funding was added to existing budgets to deliver road resurfacing projects during 2020/21.

A new subsidiary of the council, Redbridge Civic Services Ltd, was created during 2019/20 and provides waste collection services for the Council, continuing to provide weekly waste collections for residents.

Be a great place to live as a family

During 2019/20 the Council launched a partnership with UNICEF as part of their UK Child Friendly Cities & Communities Programme, demonstrating a commitment to deliver the best possible universal opportunities for our children. This builds on an OFSTED 'outstanding' rating for our Children and Families Services.

Tackle the root causes of social challenges

Redbridge is working with its partners and the local NHS to address the root cause of societal challenges through a variety of initiatives. One example being the new Families Together Hub, which helps address many of these root causes while also improving the offer within the borough for families.

Housing is another major focus. The new council company Roding Homes will aim to acquire 300 homes to be offered for affordable to rent to residents who would otherwise be in temporary accommodation. This is in addition to existing plans to deliver more council homes through the HRA (Housing Revenue Account) and projects to deliver additional Temporary Accommodation capacity.

Build a brilliant Council

The Council continues to look at how it can improve, both in terms of efficiency and in how it can improve experiences for residents. As part of the 2020/21 budget capital funding was added to enable the council to enhance its IT systems and applications to enable both internal efficiency but also to offer improved channels to serve residents. Budget has also been put in place to rationalise the council's depots to make better use of these assets.

Climate Change Emergency

Redbridge Council declared a Climate Emergency on 20 June 2019, establishing a Climate Change Corporate Panel in September 2019. This is intended to build on previous work on improving the council's carbon footprint, with reviews taking place to identify both how the Council can directly take action to tackle the climate emergency and also how it can position itself as a community leader for delivering environmentally friendly change. Free parking permits have been introduced for residents with electric cars.

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 SRR 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, the top 10 strategic risks as published for Quarter 3 2019/20 are summarised in the table.

Risk
COVID-19
Brexit uncertainty
Failure to safeguard vulnerable children
Failure to safeguard vulnerable adults
Non-Compliance with relevant Health and Safety legislation
Rapid Demographic Changes in the community
Lack of availability of suitable standard local housing provision for temporary and permanent housing
Breakdown in community cohesion and failure to prevent extremism
Alternative delivery models and commercialisation of Council activity
Inadequate security over information, data or misuse of information
Failure to maintain a sustainable Medium Term Financial Strategy (MTFS) in an increasingly uncertain economic outlook

In addition to the above, the risk related to the COVID-19 pandemic is detailed further below:

- Changes to needs of residents and services users as a result of the pandemic
- Need to adapt working practices when transitioning to the 'new normal'
- Pandemic continuing for longer than expected or future substantial peaks resulting in ongoing disruption to normal Council business
- Recession resulting from the pandemic causing increased demand on Council services and reducing income
- Ongoing health impacts resulting from the pandemic (including indirect impacts) increasing demand for social care services
- Insufficient additional grant funding to cover the financial impact, including direct costs, lost income, disruption to savings delivery and indirect costs as well as longer term impacts to Council Tax Base and Business Rates
- Uncertainty around the value of land and buildings, which may impact the Council's balance sheet but also could influence other projects including the companies noted above

It is likely that the impact of the ongoing pandemic will be reflected in revised risk ratings and in addition in re-considering the scope of the existing strategic risks.

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

What's next?

The Council will continue to deliver on its ambitions for Redbridge, but we will be doing this in radically different circumstances. Our priorities for the coming year will be to support our local economy and high streets, to help our residents maintain their mental and physical wellbeing in the face of the pandemic, to ensure our communities remain strong and to create a built environment which is safe for physical distancing.

Over the coming year, we will continue to invest in building a new Redbridge:

- The first of our new community hubs will go into planning, offering Seven Kings residents a new, accessible centre for council and health services.
- We will deliver a new plan to address the climate crisis in Redbridge, setting out our proposals to make the council carbon neutral by 2030 and encouraging residents to address their own emissions, including through improved walking and cycling infrastructure
- We will drive forward our plans for regeneration, bringing the Mercato Metropolitano food market to Ilford, bringing forward designs for 200 new homes and setting out the sites for a further 400.

Conclusion

The Statement of Accounts provides a very detailed and comprehensive picture of the Council's performance for 2019/20 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
29 March 2021

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 2020 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
29 March 2021

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.

Chair of the Governance and Assurance Committee
29 March 2021

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

Opinion

We have audited the financial statements of the London Borough of Redbridge for the year ended 31 March 2020 under the Local Audit and Accountability Act 2014. In our opinion the financial statements:

- give a true and fair view of the financial position of the London Borough of Redbridge (Authority) and Group as at 31 March 2020 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 2019/20.

The financial statements of the London Borough of Redbridge comprise:

Group	Parent Authority
Group Comprehensive Income and Expenditure Statement	Comprehensive Income and Expenditure Statement
Group Movement in Reserves Statement	Movement in Reserves Statement
Group Balance Sheet at 31 March 2020	Balance Sheet at 31 March 2020
Group Cash Flow Statement	Cash Flow Statement
Related Group notes 1 to 10	Related Authority notes 1 to 41
	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 2019/20.

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 Group and Authority 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 as applied to listed public interest entities 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 Group's or the parent 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.

Overview of our audit approach

Key audit matters	• Going concern • Valuation of investment properties • Valuation of other land and buildings • Incorrect capitalisation of revenue expenditure
Audit scope	• We performed an audit of the complete financial information of the London Borough of Redbridge as the only full scope component of the Group. We considered the Authority's subsidiary, Vision Redbridge Culture and Leisure (VRCL) to not be significant to the Group in terms of size but has been assigned specified procedure scope in relation to valuation of the associated pension liability.
Materiality	• Overall Group materiality of £8.7 million which represents 1% of Group revenue expenditure.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Going concern		
Risk	**Our response to the risk**	**Key observations communicated to the Governance & Assurance Committee**
The unpredictability of the current environment gave rise to a risk that the Authority may not appropriately assess and disclose the key factors relating to going concern of the organisation. In particular, management's assessment of going concern as the appropriate basis of preparation for the financial statements should be underpinned by consideration of the Authority's year end financial position at 31 March 2020, its financial forecast to be able to continue to provide services without the need for unplanned service reductions, and to have sufficient cashflow for 12 months from the date of the audit opinion to meet its liabilities as they fall due. Refer to note 1 in the financial statements.	We addressed the risk as follows: • Reviewed, tested and challenged supporting evidence provided by management to assess the reasonableness of projections of the financial impact of Covid-19 on the Authority in 2020/21 and 2021/22. • Tested and assessed the reasonableness of the Authority's cash flow forecasts to December 2021. • Checked the levels of current and proposed borrowing against the Prudential Borrowing Limit to confirm that the Authority plans to remain within that limit; • Reviewed management's going concern assessment in the draft financial statements. We asked management to make a number of amendments and enhancements to the disclosure, in particular to include reference to the estimated future levels of reserves, cash and liquidity.	We have concluded that the basis of preparation of the financial statements as a going concern and associated disclosures is appropriate.

	• Read the Narrative Report and financial statement disclosures in relation to the financial statements being prepared on a going concern basis to ensure that they were consistent with our knowledge of the Authority's financial position. • We noted that in their going concern assessment and the September 2020 MTFS update, management had assumed no net financial impact from Covid- 19 in 2021/22. We challenged this assessment as being overly optimistic. Based on management's response to our challenge and supporting information provided, we undertook stress testing and sensitivity analysis taking into account the levels of additional expenditure and lost income in 2020/21. • Based on the work we have undertaken, we were satisfied that the Authority has sufficient levels of reserves and cash for the next 12 months and are therefore that it is appropriate for the financial statements to be prepared on a going concern basis and that there is no material uncertainty which requires disclosure.	

Valuation of investment properties		
Risk	**Our response to the risk**	**Key observations communicated to the Governance & Assurance Committee**
The fair value of investment property represent significant balances in the Authority's financial statements and are subject to valuation changes and impairment reviews. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet. The complexity of those judgements and techniques could lead to material error.	The following procedures were performed as part of our substantive testing: • We assessed the expertise and independence of management's valuation specialist by confirming their qualifications, experience in the sector and the terms of their engagement with the Authority. • We sample tested key asset information used by the valuer in performing their valuation and agreed this to what had been recorded in the fixed asset register and general ledger.	We have concluded that investment property valuations are materially accurate, and that the assumptions and associated uncertainties are appropriate and appropriately disclosed. We found that for two of the five investment properties reviewed, with a total reported value of £50.4 million from the total sample tested of £63.2 million, the values were above the expected range. The total difference identified is £2.1 million.

The Authority has purchased material retail properties during 2019, which represent a significant balance in the Authority's financial statements, with the total balance at 31 March 2020 being £97.9 million. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates. Following the Covid-19 outbreak in March 2020, there is potential for significant impact on the estimations and assumptions applied to asset valuations with qualified valuers reporting 'material uncertainty' within valuation reports. This impacts, in particular, on investment properties valued at fair value due to the uncertainty over the future of rental income and predicted yields. Refer to notes 4 and 14 in the financial statements.	• We established whether there were any specific changes to assets that have occurred and that these had been communicated to the valuer. • We tested accounting entries had been correctly processed in the financial statements. • We challenged the disclosure made in the financial statements concerning the material uncertainty relating to year end valuations and agreed updated disclosures that made adequate reference to management's assessment of the impact of this. • We engaged our internal valuation experts to assist in our review of whether the key assumptions in relation to the valuation of investment property are within an acceptable range based on comparative market data.	We have considered the nature of these individual properties, one of which is a development site and the other a retail asset and concluded that they are not representative of the remainder of the Authority's investment properties. We are therefore satisfied that these differences do not impact on the assurance we have over the valuation of the remainder of the Authority's Investment assets. Management do not intend to amend the financial statements for these differences. We do not consider these differences material to our opinion on the financial statements; we have reported this unadjusted difference to those charged with governance.

Valuation of other land and building		
Risk	**Our response to the risk**	**Key observations communicated to the Governance & Assurance Committee**
The value of land and buildings, which is the main element of property, plant and equipment, represents a significant balance in the Authority's financial statements and is subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet. The complexity of those judgements and techniques could lead to material error.	The following procedures were performed as part of our substantive testing: • We assessed the expertise and independence of management's specialist by confirming their qualifications, experience in the sector and the terms of their engagement with the Authority. • We sample tested key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre).	We have concluded that other land and building valuations are materially accurate, and that the assumptions and associated uncertainties are appropriate and appropriately disclosed. We identified a number of matters with the completeness and accuracy of the Council's fixed asset register, impacting on the other land and building values in the financial statements, these matters included the following issues which resulted in a number of factual and judgemental differences.

The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, has issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty. Caveats around this material uncertainty have been included in the year-end valuation reports produced by the Authority's valuer. We consider that the material uncertainties disclosed by the valuer gave rise to an additional risk relating to disclosures on the valuation of land and buildings. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates. Refer to notes 4 and 13 in the financial statements.	• We checked the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom for property, plant and equipment. • We identified assets not subject to valuation in 2019/20 and applied indices to confirm that the value of these assets had not changed materially since the last valuation date in order to confirm that the remaining asset base is not materially misstated. • We reviewed the fixed asset register and confirmed there had been no significant changes to useful economic lives as a result of the most recent valuation. • We tested that accounting entries have been correctly processed in the financial statements. • We undertook procedures to satisfy ourselves that the property valuations are reasonable in light of the material uncertainty statements in their valuation reports for the year ended 31 March 2020, including engaging our own internal valuation experts to review a sample of valuations.	Factual differences: • Other land and building assets which had been valued in year but the updated values had not been reflected in the financial statements, resulting in an understatement of £4.76 million; • Surplus assets which were omitted or valued incorrectly in the financial statement, resulting in an overstatement of £1.12 million Judgemental differences: • expenditure of £3.55 million which had been included in the value of an asset but which was unlikely to have added value to the asset, resulting in a judgemental overstatement of £3.55 million; • for the five hostels reviewed by our internal valuers, with a total reported value of £18.1 million, the values were above the expected range. The total judgemental difference identified is a £4.87 million overstatement. The overall net impact of these differences on the valuation of land and buildings is a potential overstatement of £4.79 million. Management do not intend to amend the financial statements for these differences. We do not consider these differences material to our opinion on the financial statements; we have reported these unadjusted difference to those charged with governance.

Incorrect capitalisation of revenue expenditure		
Risk	**Our response to the risk**	**Key observations communicated to the Governance & Assurance Committee**
In considering how the risk of management override may present itself, we concluded that this is primarily through management taking action to override controls and manipulate in year financial transactions that impact the medium to longer term projected financial position. A key way of improving the revenue position is through the inappropriate capitalisation of revenue expenditure. The Authority has a significant fixed asset base and capital expenditure and therefore has the potential to materially impact the revenue position through inappropriate capitalisation of revenue expenditure	The following procedures were performed as part of our substantive testing: • We sample tested additions to property, plant and equipment and investment property to ensure that they were correctly classified as capital and included at the correct value in order to identify any revenue items that were inappropriately capitalised. • Identified the controls the Authority has in place to prevent incorrect capitalisation of revenue expenditure. • Considered the effectiveness of management's controls designed to address the risk. • Tested year end journals which move expenditure from revenue to capital.	We did not identify any additions to property, plant and equipment or investment properties that had been incorrectly capitalised.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group wide controls, changes in the business environment and other factors such as recent Internal audit results when assessing the level of work to be performed at each entity.

The only entity within the Group financial statements, other than the Authority, is Vision Redbridge Culture and Leisure (VRCL). 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 Authority. VRCL is not significant to the Group in terms of size but has been assigned specified procedure scope in relation to valuation of the associated pension liability.

Involvement with component teams

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £8.7 million (2019: £15.7 million), which is 1% (2019: 1.8%) of Group gross revenue expenditure. We believe that gross revenue expenditure provides us with the appropriate basis as the Authority is a not for profit organisation.

We determined materiality for the parent Authority to be £8.6 million (2019: £15.7 million), which is 1% (2019: 1.8%) of revenue.

During the course of our audit, we reassessed initial materiality, which was based on prior year reported revenue, to reflect the current year reported revenue. This did not result in any change in materiality which remained £8.6 million.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2019: 75%) of our planning materiality, namely £6.5 million (2019: £11.8 million). In setting performance materiality at this percentage, we considered previous year audit findings, and the historic trend of adjustments. Based on prior year audits, as well as our own work to date, we have found that there is a history of low instance of error.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Assurance and Governance Committee that we would report to them all uncorrected audit differences in excess of £0.43 million (2019: £0.78 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Statement of Accounts 2019/20, 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 April 2020, we are satisfied that, in all significant respects, the 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 2020.

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 Authority;
- 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.

Responsibilities of Corporate Director of Resources

As explained more fully in the Statement of the Corporate Director of Resources' Responsibilities set out on page 19, 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 2019/20, 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 Group and 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.

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 April 2020, 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 2020.

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are the Accounts and Audit Regulations 2015; the Local Government Act 2003; and the Local Government Finance Act 2012.
- We understood how the London Borough of Redbridge is complying with those frameworks. This included the oversight of those charged with governance (i.e. considering the potential for override of controls or other inappropriate influence over the financial reporting process, such as efforts by management to manage results in order to influence the perceptions of stakeholders of the Group and Authority's performance), the culture of honesty and ethical behaviour and whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, including by considering journal entries and the potential for management bias in the use of judgments and estimates.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved:
    - Making enquiries of the Authority's Monitoring Officer, Corporate Director of Resources and Chair of the Governance and Assurance Committee;
    - Reviewing minutes of the Council, Cabinet and Governance and Assurance Committee;
    - Testing manual journal entries; and
    - Testing estimates for unexpected changes in assumptions.

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.

Other matters we are required to address

- We were appointed by Public Sector Audit Appointments on 20 July 2017 to audit the financial statements for the year ending 31 March 2019 and subsequent financial periods.
- The period of total uninterrupted engagement is 2 years, covering the years ending 31 March 2019 and 31 March 2020.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent Authority and we remain independent of the Group and the parent Authority in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit Committee.

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. Until we have completed these procedures we are unable to certify that we have completed the audit of the financial statements in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of the 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.

Stephen Reid (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Edinburgh
Date: 31 March 2021

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.

2018/19					2019/20		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		*Notes*	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
468,616	(337,539)	131,077	People		471,203	(342,197)	129,006
135,157	(81,206)	53,951	Place		142,393	(82,503)	59,890
172,629	(154,931)	17,698	Resources		155,463	(139,722)	15,741
11,497	(4,555)	6,942	Strategy		12,624	(5,636)	6,988
8,359	(829)	7,530	Corporate		10,564	(1,471)	9,093
29,816	(28,619)	1,197	Local Authority Housing (HRA)		33,910	(30,309)	3,601
826,074	**(607,679)**	**218,395**	**Cost of Services**		**826,157**	**(601,838)**	**224,319**
		27,592	Other operating expenditure	*10*			17,927
		17,231	Financing and investment income and expenditure	*11*			19,591
		(232,034)	Taxation and non-specific grant income	*12*			(234,369)
		31,184	**Deficit on the provision of services**				**27,468**
		(137,691)	Surplus on revaluation of non-current assets	*30*			(58,626)
		37,660	Re-measurement of the net defined Benefit liability	*40*			(114,592)
		(100,031)	**Other Comprehensive Income and Expenditure**				**(173,218)**
		(68,847)	**Total Comprehensive Income and Expenditure**				**(145,750)**

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.

2018/19- 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 2018 brought forward	(85,433)	(15,761)	(16,648)	(243)	(47,876)	(165,961)	(420,438)	(586,399)
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 2019 carried forward	(89,183)	(16,684)	(16,227)	(333)	(59,501)	(181,928)	(473,318)	(655,246)
2019/20								
Movement in Reserves during 2019/20								
Total Comprehensive (Income) and Expenditure	22,446	5,022	-	-	-	27,468	(173,218)	(145,750)
Adjustment between accounting basis and funding basis under regulations *(Note 8)*	(14,014)	(5,133)	2,828	333	(1,567)	(17,553)	17,553	-
Net (Increase) / Decrease	8,432	(111)	2,828	333	(1,567)	9,915	(155,665)	(145,750)
Balance at 31 March 2020 carried forward	(80,751)	(16,795)	(13,399)	-	(61,068)	(172,013)	(628,983)	(800,996)

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 2019 £000		Notes	31 March 2020 £000
1,246,655	Property, Plant & Equipment	13	1,328,950
38,444	Investment Property	14	97,911
2,492	Intangible Assets	15	2,012
9,628	Long Term Investments	23	18,182
2,183	Long Term Debtors	19	2,157
1,299,402	**Long Term Assets**		**1,449,212**
-	Assets Held for Sale	18	3,197
82,406	Short Term Investments	23	112,700
274	Inventories		312
47,139	Short Term Debtors	19	58,160
24,796	Cash and Cash Equivalents	20	20,604
154,615	**Current Assets**		**194,973**
(5,387)	Short Term Borrowing	23	(5,850)
(66,337)	Short Term Creditors	21	(99,687)
(2,150)	Provisions	22	(1,435)
(73,874)	**Current Liabilities**		**(106,972)**
(13,652)	Provisions	22	(11,376)
(227,977)	Long Term Borrowing	23	(330,735)
(483,268)	Other Long-Term Liabilities	23 & 40	(394,106)
(724,897)	**Long Term Liabilities**		**(736,217)**
655,246	**Net Assets**		**800,996**
181,928	Usable Reserves	29	172,013
473,318	Unusable Reserves	30	628,983
655,246	**Total Reserves**		**800,996**

These financial statements replace the unadudited financial statememts confirmed by Maria G Christofi on 31 July 2020.

Maria G Christofi, BA (Hons), FCCA, CPFA
Corporate Director of Resources
29 March 2021

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during 2019/20. 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.

2018/19 £000		Note	2019/20 £000
(31,184)	Net deficit on the provision of services		(27,468)
74,801	Adjustments to net deficit on the provision of services for non- cash movements		95,266
(43,409)	Adjustments for items included in the net deficit on the provision of services that are investing and financing activities		(38,984)
208	**Net cash flows generated from Operating Activities**	**41a**	**28,814**
(29,157)	Investing Activities	**41b**	(135,452)
11,510	Financing activities	**41c**	102,446
(17,439)	**Net (decrease)/increase in cash and cash equivalents**		**(4,192)**
42,235	Cash and cash equivalents at the beginning of the reporting period	**20**	24,796
24,796	**Cash and cash equivalents at the end of the reporting period**		**20,604**

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 2019/20 financial year and its position at the year-end of 31 March 2020. 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 2019/20 (the Code), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the Local Government Act 2003.

Going Concern: The Statement of Accounts has been prepared on a "going concern" basis. The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a local authority's services will continue to operate for the foreseeable future.

The COVID-19 pandemic resulted in national restrictions across the UK being put in place late March/early April 2020. This created significant issues for many businesses and residents, the effects of which persist into the new financial year. As a result, the Council is forecasting a significant adverse COVID-19 financial impact in 2020/21 of £52.703m (as per LBR MHCLG COVID-19 return submitted 29 January 2021).

The financial impact consists of additional expenditure pressures, delayed savings and income losses. In forecasting the expenditure pressures and income losses, the general assumption assumes that the largest impact is borne in the first quarter of the 2020/21 financial year, with the financing impact tapering down for the following quarters as follows: Q2:80%; Q3:40%; Q4:20%.

The government has provided some support for lost income and for the additional costs borne by authorities because of the crisis and the Council has received just under £28m to date in this regard.

Our most recent year-end balances, as reported in these statements include the following:

Date	General Fund	Housing Revenue Account	Earmarked reserves (GF & HRA)
31/03/2020	£17.221m	£14.301m	£43.521m

Plans for Earmarked Reserves in 2020/21 are limited to commitments totalling £1.448m. The Quarter 2 budget monitoring report to Cabinet on 16 November 2020 showed a forecast GF overspend of £10.449m. This represented a large reduction (£32.257m improvement) from the forecast overspend reported at Quarter 1 with the main reason for this being:

- Further certainty of the financial impact of COVID as the pandemic has progressed compared with earlier forecasts
- Additional grant funding announced by government e.g. the sales, fees and charges income guarantee scheme – the full benefit this scheme is not currently reflected in forecasts
- A thorough review of corporate budgets and provisions

Subsequently, the Quarter 3 budget monitoring report to Cabinet on 11 February 2021 showed a further reduction in the forecast overspend to £1.129m – a reduction of £9.320m from Quarter 2 quoted above. The Council is continuing its work to bring the current year budget into balance, with the latest forecast for January 2021 showing a variation of close to balanced.

1.

Projected reserves position through to 31/03/22: The table below shows projections through to March 2022 based on information already disclosed in respect of earmarked reserve commitments of £1.448m in 2020/21, the HRA overspend forecast of £0.114m reported at Q3 and the expectation that the Council will reach a balanced budget at outturn without drawing down from earmarked reserves.

Date	General Fund	Housing Revenue Account	Earmarked reserves (GF & HRA)
31/03/20	£17.221m	£14.301m	£43.521m
31/03/21	£17.221m	£14.187m	£42.073m
31/03/22	£17.221m	£14.187m	£42.073m

Savings plans

The Council proposed savings in a report to Cabinet which were considered on 15 December 2020. The report proposed additional savings of £5.702m in 2021/22 in addition to the net £1.331m 2021/22 savings already in the MTFS, derived from £12.733m of savings that were already agreed at Budget Council in February less a savings adjustment of £11.402m as per the September Cabinet MTFS refresh.

The Q3 monitoring report to February Cabinet showed £9.249m of 2020/21 savings at risk, plus an additional £7.887m of savings rolled forward from the previous year, giving a total of £17.136m. The ongoing COVID-19 pandemic has severely impacted the Council's ability to deliver savings and this savings risk is incorporated in the forecast overspend of £1.129m already referenced.

In mitigation of this 2020/21 savings risk, the Council expects to hold risk provision of £6m in 2021/22 as indicated by the MTFS Update Report to September 2020 Cabinet. This risk provision is held in the budget to address known risks, one of which in recent years has been identified as savings delivery. There is also a contingency of £3m which is a more general allocation against unexpected events but could also be used to address the risk of savings non-delivery depending on the circumstances in year. In addition to this there is also £14m Business Risk Reserve.

Cash position & liquidity

It is the Council's policy to maintain overnight and short-term cash deposits of at least £25m, held with money market funds and banks is available on a daily basis. The Councils cashflow forecasts show that cash held overnight and in short-term deposits in the region of £175m will be available at the 31 March 2021 through to 31 March 2022. For debt management purposes the Council has in place overdraft facilities with the its bankers National Westminster Bank plc and can borrow short term from the money market. The Council has access to the PWLB and the money market to fund capital projects.

The borrowing position at 31 March 2021 is forecast to be £428m increasing to £604m by 31 March 2022. The Council has borrowing headroom against the Capital Financing Requirement of £648.808m and would therefore have no operational or governance barriers to securing borrowing at short notice if required. The latest forecasting of capital financing requirements is that these are in line with those reported in the quarter two budgetary control report projections and a strategy is in place to secure all required borrowing over the medium-term. There does, however, remain a significant degree of uncertainty over how long lockdown restrictions will be in place and the resulting economic impact. This will impact on the financial modelling that informs these forecasts and this will continue to be reflected in the Council's monthly budget monitoring reports to Cabinet and updates to the MTFS position.

We have carried out an assessment of the impact of Covid-19 on our future finances and we are satisfied that there is no material uncertainty relating to the Council's going concern. Our assessment of the financial impact is split into three main categories: additional pressures, delayed savings and lost income. Through our assessment we have identified that we expect in 2020/21:

Impact of Covid-19

Additional net costs in 2020/21 relating to Covid-19 – projected at £22.304m

The Council has had to respond to numerous expenditure pressures arising from the Covid-19 pandemic through direct interventions, particularly in providing the Wellbeing Service, Personal Protective Equipment (PPE), supporting care providers as well as other partners, contributions to pan London mortuary services and assisting rough sleepers off the streets.

At the same time, the Council has sustained income losses across a range of its services, either because services were closed by regulation or simply because of a lack of economic activity during periods of lockdown. Being prudent, it has also necessary to provide for the eventuality that debts due may go bad, and therefore allowance has been made for increases in bad debt provisions across a wide range of income sources.

1.

As attention has necessarily been diverted to respond to the emergency, the Council's ability to land its planned savings has also been compromised. Directorates have continued to strive to deliver planned savings during the year, but by necessity a proportion of savings will carry over into 2021/22.

Provisions made earlier in 2020/21for increases in demand around social care and homelessness fortunately have not been needed to any large extent, however the Council is mindful that this is still a risk going into 2021/22.

The Council however is expecting the 2020/21 outturn to show a balanced position – as evidenced by the large reduction in the forecast overspend reported at Cabinet on 11 February 2021 (£1.129m overspend at Q3, reduced from the £9.320m reported at Q2). This is due to the Council proactively managing other spend within the organisation, including deliberately reprofiling its capital programme to free up resources otherwise set aside to service debt. Corporately held contingency and risk budgets have also been released.

Our General Fund balance remains unchanged from that presented to Budget Council in February 2020. That shows a balance of £17.221m as at 31 March 2021.

Additional costs in 2021/22

The Council has set a balanced budget for 2021/22 (Council 25 February 2021). In doing so it has been mindful of the ongoing Covid-19 restrictions and the likely recessionary impact once furlough and eviction bans are lifted.

The Council has been shielded around tax collection, both business rates and council tax, during 2020/21 due to the accounting arrangements that any losses do not impact until the following accounting year. These losses however have been reflected in the tax bases set, and therefore the collection fund income recognised in the 2021/22 budget. The Government also announced assistance around losses in the Collection Fund, with any loss being spread over the next three years rather than hitting in one go in 2021/22 as would normally be the case. The total impact on Redbridge's general fund is estimated as £3.895m, based on current forecast losses of business rates and council tax receipts.

On setting the balanced budget for 2021/22, the Council has included £4.905m earmarked for specific services to be released once the forecast short term impacts of Covid-19 are seen along with a further £2.541m provision for other potential costs. This is particularly directed at social care and services for rough sleepers and the potential homeless. These are all one-off growth items and reflect the related grant funding allocated by Government, should the impact be longer or greater than currently anticipated then there would be an expectation, though no certainty, that the Government would provide further funding. This one-off growth will be automatically reversed in 2022/23 and services will need to be planning how to adjust accordingly.

The Council has also increased funding to support people back into work and is exploring how business growth can be accelerated in the Borough.

The Council is also mindful that the government's lost income compensation scheme remains available through to 30 June 2021, by which time under the government's road map out of lockdown, all restrictions should hopefully have been lifted.

Overall conclusion

Whilst the unwinding of future lockdown arrangements are now starting to become clearer, the consequential financial impact on communities are still impossible to predict with any degree of certainty. The assumptions that we have set out above provide for a temporary spike in financial impact in 2021/22 and uses government funding accordingly. We are of course constantly re-assessing our forecasts. The fact that notwithstanding the huge financial pressures the Council has been through during 2020/21 our outturn position is now expected to be balanced, means that we face 2021/22 with our reserves and balances intact, and therefore our financial resilience remains strong.

For these reasons, the Council does not consider that there is material uncertainty in respect of its ability to continue as a going concern for 12 months to 31 March 2022 and therefore the accounts have been prepared on a going basis.

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. 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 expected credit losses, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired 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.

1.

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 29th March 2021. 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 2020, 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.

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- ***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:

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- 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.

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xi 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. The Council has set up four wholly owned companies; Redbridge Living, Roding Homes, Redbridge Civic Services and 655 Education Ltd. These companies have not been included in the group accounts on grounds of materiality.

xii 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.

xiii. 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.

xiv. 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.

xv. Overheads and Support Services

Central support costs, excluding service level agreements, are not apportioned to departments for purposes of internal management accounts or for the Statement of Accounts but are aggregated and reported as expenditure against the directorate incurring the expenditure. Statutory regulations require separate financial accounts to be maintained in respect of Schools (funded by DSG) and the HRA. Recharges to these statutory accounts are included within the internal management accounts and recognised in the CIES within net cost of services.

xvi. 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.

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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 years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

- 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

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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.

xvii. 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.

xviii. 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).

xix. 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.

xx. 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.

xxi. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

xxii. Rounding

It is not the Council's policy to adjust for immaterial cross-casting differences between the main statements and disclosure notes.

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xxiii. 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

xxiv. 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 2019/20 (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 2020/21 Code.

- **Amendments to IAS 28 Investments in Associates and Joint Ventures:** provides clarification that IFRS 9 Financial Instruments, applies to an entity's long-term interests in an associate or joint venture to which the equity method is not applied, but that form part of the entity's net investment in the investee.

- **Annual Improvements to IFRS Standards 2015 - 2017 Cycle,** which covers clarification of IFRS 3 Business Combinations and IFRS 11 Joint Arrangements; accounting for interests in joint operations. IAS 12 Income Taxes; clarification of the consequences of payments on financial instruments classified as equity, and IAS 23 Borrowing Costs; eligible for capitalisation.

- **IAS 19 Employee Benefits** provides details of remeasurement requirements when plan amendments, curtailments or settlements take place.

These accounting policy changes come into effect from 1 April 2020. The amendments set out in the first two bullet points are not expected to have a material impact on the Council's financial statements. The updating of assumptions required by the amendment to IAS19 could result in positive, negative or no movement in the net pensions liability, depending on the circumstances at the date of change. No prediction can be made of the possible accounting impact.

The Code's adoption of IFRS16 will require lessees to recognise most leases on the balance sheet as right of use assets with corresponding lease liabilities (there is recognition for low value and short-term leases). CIPFA/LASAAC have deferred implementation of IFRS 16 to 1 April 2022. Implementation of IFRS 16 and the possible accounting impact has yet to be determined.

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

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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 2019/20, 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 Limited. The aim of this company is to deliver a range of affordable, private rented and for sale housing on council owned land. In June 2019, the Council set up a wholly owned company, Roding Homes Limited. The aim of this company is to acquire, let and manage properties enabling Redbridge Council to nominate homeless households or those at risk of homelessness to properties in discharge of the Council's housing duties. In August 2019 Six Five Education Ltd was established to provide educational support services. All three companies have yet to begin trading and therefore, have not been consolidated within the Councils Group accounts. In February 2019, the Council set up a wholly owned company, Redbridge Civic Services Limited. The aim of this company is to deliver waste services. The company began operating in August 2019. Turnover to 31 March 2020 totalled £3.853m and net assets £0.035m, which will have no material impact on the accounts and therefore Redbridge Civic Services Limited has not been consolidated within the Council's Group accounts. The first reporting year for all three companies is the 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 2020 for which there are significant risks of material adjustment in the forthcoming financial year are as follows:

Arrears – At 31 March 2020, the Council had a balance of short term debtors of £91.1m A review of significant balances, which in general are based on polices adapted to historic experience and success rates of collection, suggested that an expected credit loss allowance of £32.9m 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 by 5% then the Council would need to review its policies on the calculation of its expected credit allowance for doubtful debts.

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 £93.434m, a 0.5% increase in the salary increase rate would increase the net liability by £5.813m and a 0.5% increase in the pension increase rate would add £87.125m to the net liability. However, the assumptions interact in complex ways. As at 31 March 2020, the Council's actuaries advised that the net pension's liability had decreased by £88.055m (2018/19 – increased by £61.3m), as a result of updating estimates to reflect current market conditions.

Property, Plant and Equipment and Investment Property– The requirements of the Code specify that the carrying amount of non-current assets should not differ materially from those that would be determined using the fair value at year end. To meet this requirement, 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 annually as at 30 November 2019 for the Council's investment portfolio, and other operational portfolios on a five-year rolling programme. Valuations as at 30 November 2019 are deemed not materially different to those as at 31 March 2020. Valuations are provided more frequently where there is an indication of a material change in fair value.

The outbreak of Covid-19 has impacted global financial markets and as at the valuation date, less weight can be attached to previous market evidence to inform opinions of value. There is an unprecedented set of circumstances on which to base a judgement. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 and RICS UK National Supplement ('Red Book'), the valuer has declared a 'material valuation uncertainty' in their valuation report. This is on the basis of uncertainties in markets caused by COVID-19. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Council. The RICS disclosure itself observes that 'the 'material valuation uncertainty' declaration does not mean that the valuation cannot be relied upon. However, less certainty and a higher degree of caution should be attached to the valuation. At the current time, it is not possible to accurately predict the longevity and severity of the impact of Covid-19 on the economy. Therefore, values have been based on the situation prior to Covid-19 on the assumption that values will be restored when the real estate market becomes more fluid.

Of the £1,329m net book value property, plant and equipment subject to valuation, the main elements are:

- £292.1m of council dwellings - these are valued as existing use value for social housing and are deemed to be less impacted by the material uncertainty
- £731.6m of specialist assets valued at depreciated replacement cost. We expect these assets to have a lower risk of material misstatement, as valuations are not based on movements in the market but on the cost to the Council of replacing the service potential of the assets.
- £96.6m of asset valued at existing use value. These assets have a higher risk of valuation uncertainty as a result of the impact of Covid-19. A reduction in value of 5% would result in valuations being £4.8m lower than stated.

The Council also holds Investment Properties to the value of £97.9m which are subject to an annual fair value revaluation adjustment. £58.9m of this relates to properties that are categorised at relatively high risk of valuation uncertainty. A reduction in value of 5% would result in valuations being £2.95m lower than stated.
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.

Business Rates
2019/20 is the seventh year of the Business Rates Retention Scheme and the second year of the London pilot scheme. In 2019/20 the Council will retain 48% (£25.7m[12]) of the business rates income it collects compared to 64% (£38.2m) in 2018/19. Redbridge also receives a top-up of £32.3m (£28.4m 2018/19) 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 2010 business rate list of appeals. Most have now been resolved and the Council holds a sufficient level of provision for the remaining outstanding appeals. Following the 2017 revaluation a new check, challenge, appeal process was introduced, the impact of which is still uncertain. The Council has made a provision for the cost of expected future successful business rate appeals to the end of March 2020 based on the Government's estimated allowance for lost income due to appeals in the business rate multipliers.

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[12] National Non-Domestic Rates Return (NNDR1) 2019/20

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The Council has calculated that a total provision of £6.005m, (£8.348m 2018/19) 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 appeal claims. The Council's share of the provision is £2.883m (comparable to £5.343m in 2018/9 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.

If London's business rates income fell, the pool would have a higher "safety net" threshold of 95% 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. 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 £2.6m (5% of £52.583m Baseline Funding Level).

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.

At the current time it is not possible to accurately predict the longevity and severity of the impact of Covid-19 on the economy. Therefore, it has been difficult to value property assets, which have therefore been based on the situation prior to Covid-19 on the assumption that values will be restored when the real estate market becomes more fluid. Financial Instruments have been valued at quoted prices available on the 31 March 2020.

Proposed additions to notes 13 and 14

We draw attention to the material valuation uncertainty included in the valuer's report in relation to valuations of land and buildings as at 31 March 2020 as a result of Covid-19. Further detail is included in Note 4 Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty.

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 29th March 2021. 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 2020, 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

2019/20	Outturn	Use of Reserves	Other	EFA
Directorate	**£000**	**£000**	**£000**	**£000**
People	109,246	4,365	-	113,611
Place	32,770	2,683	-	35,453
Resources	13,457	(545)	-	12,912
Strategy	6,135	355	-	6,490
Corporate	27,237	(1,576)	(17,307)	8,354
HRA	-	(111)	(2,041)	(2,152)
Cost of Services	188,845	5,171	(19,348)	174,668
Other Income and Expenditure	(188,845)	3,150	19,348	(166,347)
Surplus	**-**	**8,321**	**-**	**8,321**

Expenditure and Funding Analysis

2019/20

	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	113,611	15,395	129,006
Place	35,453	24,437	59,890
Resources	12,911	2,830	15,741
Strategy	6,492	496	6,988
Corporate	8,354	739	9,093
HRA	(2,152)	5,753	3,601
Net Cost of Services	**174,669**	**49,650**	**224,319**
Other (Income) and Expenditure	**(166,348)**	**(30,503)**	**(196,851)**
Deficit	**8,321**	**19,147**	**27,468**
Opening General Fund and HRA Balance	**(105,867)**		
Less deficit on General Fund and HRA Balance in year	**8,321**		
Closing General Fund and HRA Balance as at 31 March 2020*	**(97,546)**		

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

1.

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)**		
(surplus) on General Fund and HRA Balance in year	**(4,673)**		
Closing General Fund and HRA Balance as at 31 March 2019 *	**(105,867)**		

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

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

2019/20

	Adjustment for capital purposes	Net charges for the Pension Fund Adjustments	Other Differences Statutory	Other Differences Non-Statutory	Total
	£000	£000	£000	£000	£000
People	7,036	9,826	60	(1,527)	15,395
Place	17,388	2,126	219	4,704	24,437
Resources	1,577	988	57	208	2,830
Strategy	270	140	86	0	496
Corporate	-	800	1	(62)	739
HRA	4,740	1,128	10	(125)	5,753
Net Cost of Services	**31,011**	**15,008**	**433**	**3,198**	**49,650**
Other (Income) and Expenditure	**(36,936)**	**11,529**	**(1,898)**	**(3,198)**	**(30,503)**
(Surplus)/Deficit	**(5,925)**	**26,537**	**(1,465)**	**-**	**19,147**

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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**

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.

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7 (b) Expenditure and Income Analysed by Category

2018/19 Total £000	Expenditure/(Income)	2019/20 Total £000
	Expenditure	
301,633	Employee Benefits Expenses	314,650
476,237	Other Services Expenses	462,325
48,201	Depreciation, Amortisation, Impairment	42,982
-	Capital Contribution	218
22,223	Interest and Financing Payments	33,251
18,458	Precept and Levies	18,635
692	Payments to Housing Capital Receipts Pool	421
1,532	Transfer of capital Receipts to GLA	1,156
6,910	Loss on the disposal of assets	-
875,886	**Total Expenditure**	**873,638**
	Income	
(156,660)	Fees, Charges and Other Service Income	(145,995)
(4,991)	Interest and Investment Income	(7,557)
(179,556)	Income from Council Tax and Non-Domestic Rates	(178,928)
(503,495)	Government Grants and Contribution	(511,405)
-	Gain on the disposal of assets	(2,285)
(844,702)	**Total Income**	**(846,170)**
31,184	**Deficit on the Provision of Services**	**27,468**

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.

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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.

2019/20

	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	(22,688)	(4,863)	-	-	-	27,551
Revaluation losses on Property, Plant and Equipment	(2,135)	(12,486)	-	-	-	14,621
Movements in the market value of Investment Properties	(3,949)	-	-	-	-	3,949
Amortisation of intangible assets	(810)	-	-	-	-	810
Capital Grants and Contributions applied	-	-	-	-	33,466	(33,466)
Revenue expenditure funded from capital under statute	(2,039)	-	-	-	-	2,039
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	-	(1,666)	-	-	-	1,666
Statutory provision for the financing of capital investment	6,590	-	-	-	-	(6,590)
Capital expenditure charged in year to the General Fund and HRA Balances	1,401	6,980	-	-	-	(8,381)
Capital Grants and Contributions Unapplied credited to the Comprehensive Income and Expenditure Statement	35,033	-	-	-	(35,033)	-
Transfer of cash sale proceeds credited as part of gains/losses on disposal to the Comprehensive Income and Expenditure Statement	-	3,951	(3,951)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	5,968	-	-	(5,968)
Contribution from the Capital Receipts Reserve to finance the payments to the Government's capital receipts pool	(421)	-	421	-	-	-
Capital receipts received in respect of repayment of grants, advances and distributions	-	849	(849)	-	-	-
Contribution from the Capital Receipts Reserve towards administrative costs on non-current asset disposals	-	(83)	83	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipts of cash	-	-	-	-	-	-
Transfer of Capital Receipts	-	(1,156)	1,156	-	-	-
Posting of HRA resources from revenue to Major Repairs Reserve	-	4,863	-	(4,863)	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	5,196	-	(5,196)
Financial Instruments – revaluation of pooled investments	(1,446)	-	-	-	-	1,446
Financial Instrument – accumulated gains on assets sold as part of other investment income	-	-	-	-	-	-
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.	43	-	-	-	-	(43)
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	1,854	-	-	-	-	(1,854)
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(53,079)	(1,801)	-	-	-	54,880
Employer's pension contributions and direct payments to pensioners payable in year	28,054	289	-	-	-	(28,343)
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	(422)	(10)	-	-	-	432
Total Adjustments	**(14,014)**	**(5,133)**	**2,828**	**333**	**(1,567)**	**17,553**

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2018/19- Comparative Figures

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £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**

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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 2018 £000	Net Transfers £000	Balance at 31 March 2019 £000	Net Transfers £000	Balance at 31 March 2020 £000
General Fund:					
General Fund Balance	17,221	-	17,221	-	17,221
Total	**17,221**	**-**	**17,221**	**-**	**17,221**
Earmarked Reserves					
Business Risk Reserve	18,026	(3,879)	14,147	0	14,147
Insurance Fund Reserve	9,007	(23)	8,984	(653)	8,331
Business Rates Smoothing Reserve	-	5,006	5,006	(2,485)	2,521
Pension Fund Reserve	1,200	2,400	3,600	2,400	6,000
Invest to Save Reserve	2,720	(397)	2,323	(951)	1,372
Treasury Smoothing Reserve	-	500	500	750	1,250
Commercial Income Smoothing Reserve	1,200	-	1,200	(99)	1,101
Invest to Earn Reserve	1,000	-	1,000	0	1,000
Other Corporate Reserves	5,374	(1,528)	3,846	(976)	2,870
Service Directorate Reserves	2,736	(196)	2,540	(105)	2,435
Schools Balances	15,648	3,646	19,294	(2,297)	16,997
Dedicated Schools Grant	2,622	(1,845)	777	(773)	4
Total	**59,533**	**3,684**	**63,217**	**(5,189)**	**58,028**
Revenue Grants and Contributions Unapplied	8,679	66	8,745	(3,243)	5,502
	85,433	**3,750**	**89,183**	**(8,432)**	**80,751**
Housing Revenue Account					
HRA Balance	13,443	858	14,301	-	14,301
Total	**13,443**	**858**	**14,301**	**-**	**14,301**
Earmarked Reserves	2,318	65	2,383	111	2,494
Total	**15,761**	**923**	**16,684**	**111**	**16,795**
Total General Fund and HRA Reserves and Balances	**101,194**	**4,673**	**105,867**	**(8,321)**	**97,546**

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

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

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The **Treasury Smoothing Reserve** has been established to allow for the fluctuation of returns on treasury investments between years.

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

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

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

2018/19 £000		2019/20 £000
18,458	Levies	18,635
692	Payments to the Government Housing Capital Receipts Pool	421
6,910	(Gains)/Losses on the disposal of non-current assets	(2,285)
1,532	Transfer of Capital Receipts to GLA	1,156
27,592	**Total**	**17,927**

11. Financing and Investment Income and Expenditure

2018/19 £000		2019/20 £000
9,878	Interest payable and similar charges	9,180
10,834	Net interest on the net defined benefit liability	11,529
(1,375)	Interest receivable and similar income	(2,035)
(3,058)	Income and expenditure in relation to investment properties and changes in their fair value	(1,097)
(156)	(Gains)-losses on pooled investments	1,446
1,108	Impairment allowances	568
17,231	**Total**	**19,591**

12. Taxation and Non-Specific Grant Income

2018/19 £000		2019/20 £000
(114,726)	Council Tax Income	(118,714)
(64,830)	Non- domestic rates income and expenditure	(60,215)
(15,416)	Non-ring-fenced government grants	(20,407)
(37,062)	Capital grants and contributions	(35,033)
(232,034)	**Total**	**(234,369)**

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13. Property, Plant and Equipment

Movements in 2019/20	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 2019	**271,856**	**825,120**	**28,286**	**197,907**	**11,918**	**9,101**	**39,264**	**1,383,452**	**14,530**
Adjustments	-	(693)	-	-	-	(676)	-	(1,369)	-
Additions	11,579	24,698	5,178	10,938	-	-	16,699	69,092	208
Revaluation increases / (decreases) recognised in the Revaluation Reserve	12,763	32,379	-	-	-	1,653	(174)	46,621	1,265
Revaluation increases / (decreases) recognised in the Surplus (Deficit) on the provision of services	(2,420)	(2,133)	-	-	-	-	(10,065)	(14,618)	-
Derecognition– Disposals	(1,686)	-	-	-	-	-	-	(1,686)	-
Reclassification	-	5,146	-	1,663	3	(526)	(7,887)	(1,601)	-
At 31 March 2020	**292,092**	**884,517**	**33,464**	**210,508**	**11,921**	**9,552**	**37,837**	**1,479,891**	**16,003**
Accumulated Depreciation and Impairment									
At 1 April 2019	**45**	**4,952**	**17,483**	**106,098**	**8,219**	**-**	**-**	**136,797**	**0**
Adjustments	(45)	(5)	-	-	-	6	-	(44)	0
Depreciation charge	4,776	9,958	3,549	8,648	579	39	-	27,549	296
Accumulated Write Back on Revaluation	(4,740)	(8,567)	-	-	-	(34)	-	(13,341)	(296)
Derecognition– Disposals	(20)	-	-	-	-	-	-	(20)	-
At 31 March 2020	**16**	**6,338**	**21,032**	**114,746**	**8,798**	**11**	**-**	**150,941**	**0**
Net Book Value									
At 31 March 2020	**292,076**	**878,179**	**12,432**	**95,762**	**3,123**	**9,541**	**37,837**	**1,328,950**	**16,003**
At 31 March 2019	**271,811**	**820,168**	**10,803**	**91,809**	**3,699**	**9,101**	**39,264**	**1,246,655**	**14,530**

Comparative figures 2018/19

	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 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 1 April 2018	**299,575**	**668,243**	**13,039**	**88,548**	**4,237**	**6,581**	**43,339**	**1,123,562**	**14,879**

Fair Value Measurement of Surplus Assets
Details of surplus assets and information about the fair value hierarchy as at 31 March 2020, are as follows:

Recurring Fair Value measurement use 31 March 2020	Quoted price for similar assets in active market Level 2 £000
Surplus Buildings	776
Surplus Land	8,765
Total	**9,541**

March 2019 - Comparative Figures:

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**

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 2020, the Council was committed to a number of capital projects amounting to £23.490m. These schemes are due to be completed in the next three years and are shown below:

	2019/20 £000	Year of completion
Education		
Uphall Primary	2,814	2020/21
Regeneration		
Public Realm Phase 2	1,777	2021/22
The Spark	714	2021/22
Housing HRA		
Affordable Housing	18,185	2022/23

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 31 March 2020 a review is undertaken to ensure that property values are materially correct. This resulted in an increase revaluation of £58.626m in net revaluation reserves. These are detailed in Note 13 (movement in PPE) under revaluation gains & losses as at 31 March 2020 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.

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.

Year of rolling programme	Portfolio	External Valuers	Assets revalued	Notes
2019-20	Housing Revenue Account	Wilkes Head Eve	Houses, flats, community centres, garages & development sites	Annual desktop update
	Investment Properties	Wilkes Head Eve	Shops, offices, storage, agricultural & gravel workings	Updated annually
	Surplus Assets	Wilkes Head Eve	Empty buildings & vacant sites	Updated annually
	Housing General Fund	Wilkes Head Eve	Hostels & non stock housing	
2018-19	Housing Revenue Account	Wilkes Head Eve	Houses, flats, community centres, garages & development sites	Annual desktop update
	Investment Properties	Wilkes Head Eve	Shops, offices, storage, agricultural & gravel workings	Updated annually
	Surplus Assets	Wilkes Head Eve	Empty buildings & vacant sites	Updated annually
	Adult Social Services	Wilkes Head Eve	Care homes, day centres & elderly persons centres	
	Children's Services	Wilkes Head Eve	Schools, school lodges, playing fields, children's centres & nurseries	
2017-18	Housing Revenue Account	Wilkes Head Eve	Houses, flats, community centres, garages & development sites	Annual desktop update
	Investment Properties	Wilkes Head Eve	Shops, offices, storage, agricultural & gravel workings	Updated annually
	Surplus Assets	Wilkes Head Eve	Empty buildings & vacant sites	Updated annually
	Cleansing Service	Wilkes Head Eve	Public toilets & recycling centres	
	Community Safety	Wilkes Head Eve	Cemeteries & crematorium	
2016-17	Highways	Wilkes Head Eve	Public car parks, stores & lodges	
	Facilities Management	Wilkes Head Eve	Public offices, Town Hall & Council depot	
	Housing Revenue Account	Wilkes Head Eve	Houses, flats, community centres, garages & development sites	Annual desktop update
	Investment Properties	Wilkes Head Eve	Shops, offices, storage, agricultural & gravel workings	Updated annually
	Surplus Assets	Wilkes Head Eve	Empty buildings & vacant sites	Updated annually
	Leisure & Culture	Wilkes Head Eve	Sports grounds, Valentines Mansion, swimming pool, theatre, some park buildings, halls, youth centres & leased facilities	
	Libraries	Wilkes Head Eve	Libraries	
2015-16	Housing Revenue Account	Wilkes Head Eve	Houses, flats, community centres, garages & development sites	Full Revalution
	Investment Properties	Wilkes Head Eve	Shops, offices, storage, agricultural & gravel workings	Updated annually
	Surplus Assets	Wilkes Head Eve	Empty buildings & vacant sites	Updated annually

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:

	2018/19 £000	2019/20 £000
Rental income from investment property	2,754	5,522
Direct operating expenses arising from investment property	(402)	(476)
Net gain	**2,352**	**5,046**

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:

	2018/19 £000	2019/20 £000
Balance at start of the year	**34,476**	**38,444**
Enhancement	292	56
Additions	2,649	63,450
Net gain from fair value adjustments	706	(3,948)
Disposals	(250)	(91)
Other movements:		
Transfer from PPE	571	-
Balance at end of the year	**38,444**	**97,911**

Fair Value Measurement of Investment Properties

Details of the investment properties and information on the fair value hierarchy as at 31 March 2020 are as follows:

Fair Value measurement use 31 March 2020	**Quoted price for similar assets in active market Level 2 £000**
Land & Farms	9,606
Office Units	19,683
Commercial Units	68,622
Total	**97,911**

March 2019 - Comparative Figures:

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**

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:

	2018/19	2019/20
	£000	**£000**
Balance at start of year:		
Gross cost amounts	3,477	5,029
Accumulated amortisation	(2,235)	(2,537)
Net carrying amount at start of year	**1,242**	**2,492**
Additions:		
Purchases	1,552	331
Amortisation for the period	(302)	(811)
Net carrying amount at end of year	**2,492**	**2,012**
Comprising:		
Gross cost amounts	5,029	5,360
Accumulated amortisation	(2,537)	(3,348)
Total	**2,492**	**2,012**

16. Impairment Losses

During 2019/20 the Council has had no impairment losses (£0 in 2018/19).

Revaluation losses on operational properties and changes in the fair value of investment properties have been disclosed elsewhere in the accounts (Note 13: Property, Plant and Equipment, Note 14: Investment Property and in the Movement in Reserves Statement).

17. Private Finance Initiative

Oaks Park High School – Scheme Details

2019/20 was the eighteenth 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 January 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 2020	16,003
Residual asset value as at 31 March 2019	14,530
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 2020 (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	1,370	576	867	2,813
Repayable in 2 to 5 years	5,482	2,834	2,936	11,252
Repayable in 6 to 10 years	6,853	5,121	2,090	14,064
Repayable in 11 to 15 years	2,741	2,345	179	5,265
Total	**16,446**	**10,876**	**6,072**	**33,394**

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:

	2018/19 £000	2019/20 £000
Balance outstanding at start of the year	11,896	11,407
Payments during the year	(489)	(531)
Balance outstanding at year-end	**11,407**	**10,876**

18. Assets held for sale

	31 March 2019 £000	31 March 2020 £000
Property Plant & Equipment:		
Assets newly classified as held for sale	-	1,691
Assets newly acquired and held for sale	-	1,506
Balance at the end of the year	**-**	**3,197**

19. Debtors

31 March 2019 £000	Long Term	31 March 2020 £000
1,642	Leased Asset – Britannia Car Park	1,626
73	Mortgages	63
468	Improvement Loans	468
2,183	**Total**	**2,157**

31 March 2019 £000	Other	31 March 2020 £000
6,718	Central Government Bodies	2,730
3,651	NHS bodies	3,657
2,408	Public corporations and trading funds	2,835
	Other Debtors:	
14,910	Council Tax payers	13,618
5,099	NDR Payers	4,308
6,405	Housing Tenants	8,515
10,195	Housing Benefit Recoveries	9,339
3,630	VAT	1,842
4,574	Payment in Advance	12,027
23,720	Other Entities & Individual	32,220
81,310	**Total Other**	**91,091**
	Less – Impairment allowance for doubtful debts	
(15,116)	Housing including Housing Benefits	(15,123)
(10,859)	Council Tax	(10,293)
(3,599)	NDR	(2,980)
(4,597)	Other	(4,535)
(34,171)	**Total Impairment allowance for doubtful debts**	**(32,931)**
47,139	**Total**	**58,160**

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 2019 £000		31 March 2020 £000
949	Council Tax - up to 1 year	2,392
3,102	Council Tax – more than 1 year	933
4,051	**Total Council Tax**	**3,325**
808	NDR – up to 1 year	927
692	NDR – more than 1 year	401
1,500	**Total NDR**	**1,328**

20. Cash and Cash Equivalents

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

Reanalysed 31 March 2019 £000		31 March 2020 £000
21,900	Short Term Deposits	13,850
1,702	Bank Balance – L B Redbridge Pool	3,672
1,194	Bank Balance – External Accounts	3,082
24,796	**Total Cash and Cash Equivalents**	**20,604**

External Accounts are separate bank accounts held by schools that are not part of the Council's pooled banking arrangements.

21. Creditors

31 March 2019 £000		31 March 2020 £000
-	Central Government Bodies	2,856
2,781	Other Local Authorities inc GLA	4,881
2,568	NHS Bodies	2,924
	Other Creditors:	
4,957	Capital Creditors	5,912
6,657	Trade Creditors	12,459
1,769	Housing Prepayments	1,948
3,735	Income & Receipts Received in Advance	18,435
43,870	Other Entities and Individuals	50,272
66,337	**Total**	**99,687**

22. Provisions

Short-term

	Insurance Provision £000	Redundancy and Early Retirement Provision £000	Total £000
Balance 1 April 2019	**1,068**	**1,082**	**2,150**
Increase Provision made in 2019/20	469	45	**514**
Amounts used in 2019/20	(373)	(856)	**(1,229)**
Balance at 31 March 2020	**1,164**	**271**	**1,435**

Long-term

	Insurance Provision £000	NDR Appeals Provision £000	Total £000
Balance 1 April 2019	**8,309**	**5,343**	**13,652**
Increase (Decrease) Provision in 2019/20	184	(1,802)	**(1,618)**
Amounts used in 2019/20	-	(658)	**(658)**
Balance at 31 March 2020	**8,493**	**2,883**	**11,376**

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 level of the provision is based on a report received from an independent actuary.

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 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 2021/22, 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 2019 Non-Current £000	31 March 2019 Current £000		31 March 2020 Non-Current £000	31 March 2020 Current £000
-	24,796	Cash and Cash Equivalents at amortised costs	-	20,604
-	**24,796**	**Total Cash and Cash Equivalents**	**-**	**20,604**
-	82,406	Investments at Amortised Cost	-	112,700
9,628	-	Fair Value through Profit and Loss	18,182	-
9,628	**82,406**	**Total Investments**	**18,182**	**112,700**
2,183	28,365	Debtors – amortised cost	2,157	39,693
2,183	**28,365**	**Total Debtors**	**2,157**	**39,693**
11,811	**135,567**	**Total Financial assets**	**20,339**	**172,997**
-	**18,774**	**Non-Financial assets - Debtors**	**-**	**18,467**
11,811	**154,341**	**Total**	**20,339**	**191,464**

Financial Liabilities:

31 March 2019 Non-Current £000	31 March 2019 Current £000		31 March 2020 Non-Current £000	31 March 2020 Current £000
(197,746)	(4,916)	PWLB at amortised cost	(262,734)	(5,375)
(30,231)	(471)	Market Loans and Bonds at amortised cost	(68,001)	(475)
(227,977)	**(5,387)**	**Total Amortised Cost**	**(330,735)**	**(5,850)**
(227,977)	**(5,387)**	**Total Borrowings**	**(330,735)**	**(5,850)**
(11,410)	(49,634)	Creditors and other liabilities at amortised cost	(10,303)	(70,759)
(11,410)	**(49,634)**	**Total Creditors**	**(10,303)**	**(70,759)**
(239,387)	**(55,021)**	**Total Financial Liabilities**	**(341,038)**	**(76,609)**
(485,510)	**(18,853)**	**Non-Financial Liabilities – Creditors and other liabilities**	**(395,179)**	**(30,363)**
(724,897)	**(73,874)**	**Total**	**(736,217)**	**(106,972)**

In November 2019, the Council raised £75m through the issue of the first local authority deferred RPI linked bond. Bond proceeds of £37.5m was received in 2019/20, with the remaining proceeds due in equal instalments in November 2020 and November 2021. The bond was issued at a premium over its £63.9m value at an effective interest rate of 1.88% based on RPI estimates at the time of borrowing.

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 2019 £000		31 March 2020 £000
9,878	Interest Expenses – measured amortised cost	9,180
9,878	**Total Expenses in Deficit on the Provision of Services**	**9,180**
(1,375)	Interest Income for financial assets measured at amortised cost	(2,035)
(1,375)	**Total Income in Surplus on the Provision of Services**	**(2,035)**
(156)	(Losses) on revaluation for financial assets measured at FVPL	(1,818)
(156)	**/Losses) on financial assets measured at fair value through profit and loss in Surplus on the Provision of Services**	**(1,818)**
8,347	**Net Gain for the year**	**5,327**

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 2020. 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 ranged of interest rates at 31 March 2020 of -0.02% to 0.71% 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 2020) arising from prematurely repaying debt.

31 March 2019 Carrying amount £000	31 March 2019 Fair Value £000		31 March 2020 Carrying amount £000	31 March 2020 Fair Value £000
(202,662)	(257,743)	Financial Liabilities at amortised cost – PWLB Loan	(268,108)	(379,713)
(30,702)	(49,796)	Financial Liabilities at amortised cost - Market Loans and temporary borrowing	(68,476)	(94,664)
(49,634)	(49,634)	Short Term Creditors	(70,759)	(70,759)
(11,410)	(11,410)	Long Term Creditors	(10,303)	(10,303)
(294,408)	**(368,583)**	**Total Financial Liabilities**	**(417,646)**	**(555,439)**
24,796	24,796	Cash and Cash Equivalents	20,604	20,604
82,406	82,359	Investments held at amortised costs	112,700	112,700
9,628	9,628	Fair Value through Profit and Loss	18,182	18,182
28,365	28,365	Short Term Debtors	39,693	39,693
2,183	2,183	Long Term Debtors	2,157	2,157
147,378	**147,331**	**Total Financial Assets**	**193,336**	**193,336**

Recurring Fair Value Measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	31 March 2019 Fair value £'000	31 March 2020 Fair value £'000
Local Authorities Property Fund with CCLA	Level 2	Inputs other than quoted prices that are observable for the financial asset	9,628	18,182
Total			**9,628**	**18,182**

The Council has an initial investment of £20.0m within the Local Authorities Property Fund with CCLA. At balance sheet date, this investment is valued at fair value which is based on the bid price. As at 31 March 2020 the fair value of the Local Authorities Property Fund with CCLA was £18.182m. The difference between the initial carrying value and the fair value, £1.818m, 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 financial instruments.

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

31 March 2019 Other significant observable inputs Level 2 £000		31 March 2020 Other significant observable inputs Level 2 £000
(202,662)	Financial liabilities at amortised cost - PWLB loan	(268,108)
(30,702)	Financial liabilities at amortised cost - Market loans and Temporary Borrowing	(68,476)
(11,410)	PFI and finance Lease	(10,879)
(244,774)	**Total financial liabilities**	**(347,463)**
107,202	Financial assets held at amortised costs	136,227
2,183	Other financial assets held at amortised cost	2,157
109,385	**Total financial assets**	**138,384**

Soft Loans

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

31 March 2019 Social Care High Dependency Accommodation Debtors £000	31 March 2019 Car Loans £000		31 March 2020 Social Care High Dependency Accommodation Debtors £000	31 March 2020 Car Loans £000
409	**19**	**Balance carried forward**	**169**	**37**

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 2019 £000		31 March 2020 £000
73	Mortgages	64
1,191	Social Care – High Dependency Accommodation	1,037
-	Housing Benefit overpayment	382
1,264		**1,483**

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 2020 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.
- Re-financing risk - the possibility that the Council might be requiring, to renew a financial instrument on maturity at disadvantageous interest rates or terms.

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. The Council provides written principles for treasury risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks, financial institutions, as well as credit exposure to the Council's customers. This risk is minimised by the Annual Investment Strategy which is available on the Council's website.

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 debt repayment profile;
    - maximum annual exposure to investments maturing beyond a year.

The Investment Strategy for the forthcoming year 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 report is also required. The Annual Investment Strategy for 2020/21 was approved by full Council on 27 February 2020 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 web-site) 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. Other information provided by Brokers, Advisers and financial and economic reports is also collated and assessed and then used to be 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, 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;
- Money Market Funds;
- UK Government (Debt Management Office and Gilts);
- 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 £144.7m 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 2020 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 2019/20 Treasury Management Strategy**	**% of Total Investment as at 31 March 2020**
	%	**%**
UK Government	100	-
Local Authorities	85	28
Banks - Specified	80	17
Money Market Funds - Specified	45	9
Enhanced Cash Funds	15	-
Building Societies - Specified	45	-
Total Unspecified Investments	50	10
Overseas Banks - Specified	40	22
Non-UK Government and Supranational Bonds	30	-
Corporate Bonds	15	-
Property Funds	25	14

The asset class percentages are well within the limits prescribed in the Council’s Treasury Management Strategy for 2019/20.

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.

The Council had a total of £144.7m deposited with a number of financial institutions at 31 March 2020. The Council's maximum exposure to credit risk in relation to this amount cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2020 that this was likely to crystallise.

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 assets

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.

Write off of debtors is subject to Council procedures.

The Council's long-term debtors are mainly in relation to a lease agreement. 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 a 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 receivables category 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 Housing debtor balance there has been an assessment of collectively based on probability of default to determine the loss allowance.

	Lifetime expected credit loss - simplified approach			
	Opening balance as at 1 April 2019	Movement in assets	Change in loss allowance	Closing balance as at 31 March 2020
	£000	£000	£000	£000
Adult Social Care receivables	2,957	(1,177)	(262)	1,518
Housing receivables	247	669	(707)	209
Other receivables	9,804	1,668	(339)	11,133

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 2020 £000	Historical experience of default	Historical experience of adjustment for market conditions at 31 March 2020	Estimated maximum exposure at 31 March 2020 £000
Other Debtors	16,540	5%	1%	827

Payments for services are either required in advance or due at the time the service is provided. As at 31 March 2020 approximately £16.540 million (£13.678 million as at 31 March 2019, balance is prior to impairment) is due to the Authority 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 2019 £000	31 March 2020 £000
Less than three months	3,136	4,555
Three to six months	921	1,883
Six months to one year	5,006	5,629
Over one year	4,615	4,473
Total	**13,678**	**16,540**

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 2020 80% (87% as at 31 March 2019) of the Council's loans outstanding were with the PWLB and 20% 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.

Refinancing Risk

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	**as at 31 March 2020 £000**	**Limit of projected Fixed Rate Borrowing %**	**% of Total Borrowing 31 March 2020 %**	**% of Total Borrowing 31 March 2019 %**
Less than one year	6,584	30	2	10
Between one and two years	25,444	45	7	2
Between two and five years	20,398	60	4	4
Between five and ten years	44,242	80	9	11
More than 10 years	498,667	100	78	73
Total	**595,334**		**100**	**100**

The values shown above as at 31 March 2020 include both the principal and interest payable to full maturity of the loans.

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 2020, if interest rates had been 1% higher with all other variables held constant, the financial effect would have been:

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)	74,610

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 2019/20:

	2018/19	2019/20

	£000	£000
Credited to Taxation and Non-Specific Grant Income		
Recognised Capital Grants and contributions	37,062	35,033
Council Tax Income	114,726	118,714
NDR	64,830	60,215
NDR S.31 Compensation Grant	5,130	6,586
Better Care Fund	7,065	8,309
New Homes Bonus Grant	1,162	1,355
Other Revenue Grants	2,059	4,157
Total	**232,034**	**234,369**
Credited to Services		
Department of Work & Pensions	143,720	127,956
Department of Health Social Care & CCG	24,775	25,454
Department for Education	268,309	282,326
Other Miscellaneous Grants	14,212	20,229
Total	**451,016**	**455,965**

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.

	2018/19 £000	2019/20 £000
Revenue Grants and Contributions Unapplied		
Housing Grant	80	80
Children's Services Grant	841	653
Planning Delivery Grant	1	1
Highways Grant	508	250
Safer Communities Grant	1,046	808
Ministry of Housing, Communities and Local Government (MHCLG)	4,757	2,900
Department of Work and Pensions (DWP)	676	139
Total	**7,909**	**4,831**
Section 106	836	671
Total	**8,745**	**5,502**

	2018/19 £000	2019/20 £000
Capital Grants and Contributions		
Housing Grant	965	690
Education Funding Agency	35,492	36,322
GLA Grants	325	98
Ministry of Housing, Communities and Local Government (MHCLG)	7,500	8,226
Other miscellaneous	102	25
Regeneration	405	-
Total	**44,789**	**45,361**
Section 106	9,062	9,819
Community Infrastructure Levy	5,437	5,290
Other Capital Contributions	213	598
Total	**59,501**	**61,068**

26. Disclosure of Deployment of Dedicated Schools Grant in 2019/20

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 2019/20 are as follows:

	Central Expenditure £000	Individual Schools Budget (ISB) £000	Total £000
Final DSG for 2019/20 before academy and high needs recoupment			302,055
Academy and high needs figure recouped for 2019/20			(61,184)
Total DSG after academy and high needs Recoupment for 2019/20			**240,871**
Plus: Brought forward from 2018/19			777
Total DSG including Brought Forward			**241,648**
Agreed initial budgeted distribution in 2019/20	51,224	190,424	241,648
In year adjustments	-	(2,248)	(2,248)
Final budget distribution for 2019/20	**51,224**	**188,176**	**239,400**
Less: Actual central expenditure	(51,224)	-	(51,224)
Less: Actual ISB deployed to schools	-	(188,172)	(188,172)
Carry forward to 2020/21	**-**	**4**	**4**

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 2019 £000	31 March 2020 £000
Not later than one year	2,118	2,088
Later than one year and not later than five years	8,078	8,078
Later than five years	15,223	13,227
Total	**25,419**	**23,393**

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 2019 £000	31 March 2020 £000
Minimum lease payments	2,118	2,088
Total	**2,118**	**2,088**

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:

	Restated* 31 March 2019 £000	31 March 2020 £000
Finance lease debtor (net present value of minimum lease payments):		
Current	97	97
Non- current	1,335	1,306
Unearned finance income	8,855	8,774
Unguaranteed residual value of property	210	223
Gross investment in the lease	**10,497**	**10,400**

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

	Minimum Lease Payments		Restated* Gross investment in the lease	
	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000
Not later than one year	15	15	97	97
Later than one year and not later than five years	61	61	389	389
Later than five years	1,566	1,327	10,011	9,914
Total	**1,642**	**1,403**	**10,497**	**10,400**

*As at 31st March 2019, the gross investment in the lease was understated by £8.645 million due to the incorrect calculation of the amounts disclosed in the note. The prior year comparatives have been restated to reflect the correct treatment of the unearned finance income and unguaranteed residual value of the property of £8.855 million and (£0.210) million respectively, which had been incorrectly included in the non-current finance lease debtor figure. In addition, the unearned finance income had been incorrectly deducted rather than added to the finance lease debtor figures to calculate the gross investment in the lease in this note.

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.

	2018/19 £000	2019/20 £000
Capital Investment		
Property, Plant and Equipment	46,063	69,092
Investment Property	2,941	63,507
Intangible Assets	1,552	331
Assets held for Sale	-	1,506
Revenue Expenditure Funded from Capital under Statute	5,343	2,039
Total	**55,899**	**136,475**
Sources of Finance		
Capital Receipts	(4,774)	(5,968)
Government grants and other contributions	(25,437)	(33,466)
Capital expenditure charged against the General Fund and HRA reserves and balances	(7,879)	(8,381)
Contributions from MRR	(5,018)	(5,196)
	(43,108)	**(53,011)**
Increase in underlying need to borrow unsupported by government financial assistance	(12,791)	(83,464)
Total	**(55,899)**	**(136,475)**

	2018/19 £000	2019/20 £000
Capital Financing Requirement		
Total Assets	1,288,132	1,429,404
Less Revaluation Reserve	(575,255)	(632,852)
Less Capital Adjustment Account	(374,961)	(384,956)
Closing Capital Financing Requirement	**337,916**	**411,596**

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 2019 £000		31 March 2020 £000
575,255	Revaluation Reserve	632,852
374,961	Capital Adjustment Account	384,956
(471,858)	Pensions Reserve	(383,803)
(5,795)	Accumulated Absences Account	(6,227)
2,556	Collection Fund Adjustment Account	4,410
(372)	Pooled Investment Revaluation Reserve	(1,818)
(1,493)	Financial Instruments Adjustment Account	(1,450)
64	Deferred Capital Receipts	63
473,318	**Total Unusable Reserves**	**628,983**

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.

2018/19 £000		2019/20 £000
444,443	**Balance at 1 April**	**575,255**
240,489	Upwards revaluation of assets	79,746
(102,798)	Downward revaluation of assets and impairment losses not charged to Surplus on the Provision of Services	(21,120)
137,691	**Deficit on revaluation of non-current assets not posted to the Deficit on the Provision of Services**	**58,626**
(4,065)	Difference between fair value depreciation and historical cost depreciation	(3,271)
-	Accumulated gains on assets sold or scrapped	(360)
(2,814)	Adjusting amounts written out to the Capital Adjustment Account	2,602
575,255	**Balance at 31 March**	**632,852**

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.

2018/19 £000			2019/20 £000
390,555	**Balance at 1 April**		**374,961**
	Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(27,071)	Charges for depreciation and impairment of non-current assets	(27,551)	
(20,827)	Revaluation losses on Property, Plant and Equipment	(14,621)	
(303)	Amortisation of intangible assets	(810)	
(5,343)	Revenue expenditure funded from capital under statute	(2,039)	
(13,257)	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	(1,666)	
(66,801)			**(46,687)**
6,879	Adjusting amounts written out of the Revaluation Reserve		1,030
(59,922)	**Written out of the cost of non-current assets consumed in the year**		**(45,657)**
	Capital financing applied in the year:		
4,774	Use of the Capital Receipts Reserve to finance new capital expenditure	5,968	
5,018	Use of the Major Repairs Reserve to finance new capital expenditure	5,196	
25,437	Application of grants to capital financing from the Capital Grants and Contributions Unapplied Account	33,466	
514	Statutory provisions for the financing of capital investment charged against the General Fund	6,590	
7,879	Capital expenditure charged against the General Fund and HRA balances	8,381	
43,622			**59,601**
706	Movements in the market value of Investment properties debited or credited to the Comprehensive Income and Expenditure Statement		(3,949)
374,961	**Balance at 31 March**		**384,956**

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.

2018/19 £000		2019/20 £000
(410,598)	**Balance at 1 April**	**(471,858)**
(37,660)	Actuarial (losses)/gains on pensions assets and liabilities	114,592
(49,142)	Reversal of items relating to retirement benefits debited or credited to the Surplus on the Provision of Services in the Comprehensive Income and Expenditure Statement	(54,880)
25,542	Employer's pensions contributions and direct payments to pensioners payable in the year	28,343
(471,858)	**Balance at 31 March**	**(383,803)**

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 2020. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2018/19 £000			2019/20 £000
(4,856)	**Balance at 1 April**		**(5,795)**
4,856	Settlement or cancellation of accrual made at the end of the preceding year	5,795	
(5,795)	Amounts accrued at the end of the current year	(6,227)	
(939)	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		(432)
(5,795)	**Balance at 31 March**		**(6,227)**

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.

2018/19 £000		2019/20 £000
1,578	**Balance at 1 April**	**2,556**
978	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	1,854
2,556	**Balance at 31 March**	**4,410**

30 (f) 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.

2018/19 £000		2019/20 £000
(528)	**Balance at 1 April**	**(372)**
9	Revaluation of transferred investments charged to the Deficit on the Provision of Services	-
147	Revaluation of transferred Financial Instruments held under Fair Value through Profit and Loss subject to MHCLG Statutory Over-Ride*	(1,446)
(372)	**Balance at 31 March**	**(1,818)**

* 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 (g) 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.

2018/19 £000			2019/20 £000
(234)	**Balance at 1 April**		**(1,493)**
(1,262)	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	-	
(6)	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	32	
9	Interest adjustment on staggered rate loans incurred in the year and charged to the Comprehensive Income and Expenditure Statement	11	
(1,259)	**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**		**43**
(1,493)	**Balance at 31 March**		**(1,450)**

30 (h) 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 2019/20, incurring liabilities of £1.559m (£1.921m in 2018/19). There was a total of 73 redundancies in 2019/20 (89 in 2018/19).

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 56 related to officers and 17 related to school staff (77 officers and 12 schools in 2018/19).

Exit Package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19 £000	2019/20 £000
£0 - £20,000	22	15	37	35	59	50	580	398
£20,001 - £40,000	5	2	15	10	20	12	527	262
£40,001 - £60,000	-	-	4	3	4	3	200	146
£60,001 - £80,000	-	-	2	3	2	3	147	212
£80,001 - £100,000	-	-	1	4	1	4	99	373
£100,001 - £150,000	-	-	3	1	3	1	368	168
Total	**27**	**17**	**62**	**56**	**89**	**73**	**1,921**	**1,559**

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	2019/20		189,129	-	-	48,675	237,804
Chief Executive	2018/19		175,248	-	-	43,987	219,235
Corporate Director	2019/20	*1*	147,127	-	-	36,590	183,717
of Resources	2018/19		137,351	-	-	33,995	171,346
Corporate Director	2019/20		134,997	-	-	34,797	169,794
of Strategy	2018/19		130,263	-	-	32,217	162,480
Corporate Director	2019/20	*2*	-	-	-	-	-
of Place	2018/19		95,180	-	42,900	23,890	161,970
Corporate Director	2019/20		145,626	-	-	36,552	182,178
of People	2018/19		142,770	-	-	35,835	178,605
Operational Director	2019/20		104,424	-	-	26,210	130,634
of Assurance	2018/19		100,236	-	-	25,159	125,395
Director of	2019/20		115,437	-	-	24248	139,685
Public Health	2018/19		112,705	-	-	15,624	128,329

1. *The Corporate Director of Resources receives an honorarium payment of £10,000 with regards to the work undertaken on behalf of East London Waste Authority which is included within the salary.*

2. *Following a reorganisation the post of Corporate Director of Place was disbanded and subsequently the posts of Corporate Director of Regeneration and Culture and Corporate Director of Communities were introduced with effect from 1 March 2020 and 27 January 2020 respectively. The annual salary plus pension costs would cost £168,881 and £160.902 respectively.*

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

2018/19 Officers	2018/19 Teachers	2018/19 VA Schools	2018/19 Total	Earning Band	2019/20 Officers	2019/20 Teachers	2019/20 VA Schools	2019/20 Total
62	104	30	**196**	**£50,000 - £54,999**	77	88	29	**194**
40	58	15	**113**	**£55,000 - £59,999**	46	62	21	**129**
14	48	7	**69**	**£60,000 - £64,999**	21	43	10	**74**
10	27	1	**38**	**£65,000 - £69,999**	16	32	2	**50**
7	16	2	**25**	**£70,000 - £74,999**	10	29	1	**40**
7	13	1	**21**	**£75,000 - £79,999**	7	21	-	**28**
2	8	2	**12**	**£80,000 - £84,999**	4	13	2	**19**
1	8	-	**9**	**£85,000 - £89,999**	2	12	2	**16**
1	6	5	**12**	**£90,000 - £94,999**	2	3	4	**9**
-	6	1	**7**	**£95,000 - £99,999**	3	10	1	**14**
5	6	-	**11**	**£100,000 - £104,999**	2	1	-	**3**
1	5	-	**6**	**£105,000 - £109,999**	3	3	-	**6**
-	1	-	**1**	**£110,000 - £114,999**	-	3	-	**3**
-	-	-	**-**	**£115,000 - £119,999**	1	2	-	**3**
-	1	-	**1**	**£120,000 - £124,999**	-	-	-	**-**
-	-	-	**-**	**£125,000 - £129,999**	-	1	-	**1**
-	-	1	**1**	**£165,000 - £169,999**	-	-	1	**1**
-	-	-	**-**	**£205,000 - £209,999**	-	1	-	**1**
150	**307**	**65**	**522**	**Total**	**194**	**324**	**73**	**591**

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.

	2018/19 £000	2019/20 £000
Allowances	922	924
Total	**922**	**924**

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 2020 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 2019/20 is shown in Note 33.
During 2019/20 works and services to the value of £0.227m were commissioned from a company in which one Member had an interest. Also, services to the value of £1.696m 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 £17.903m (£17,741m in 2018/19).

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 £9.789m in 2019/20 (£9.770m in 2018/19) 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 Civic Services Ltd

Redbridge Civic Services Ltd was established as a wholly owned company in February 2019, to provide Waste Management Services.

Financial Performance

In July 2019 the Council entered into a five-year contract with this company and during 2019/20 made payments of £3.849m.

Related Party Officers

Two officers of the Council are the Company Directors: M Essex and J Odunoye. B Francis (resigned October 2019).

Redbridge Living Limited

In October 2018, the Council set up a wholly owned company called 'Redbridge Living Limited'. The company was not operational during 2019/20.

Roding Homes Limited

In June 2019, the Council set up a wholly owned company called "Roding Homes Limited". The company was not operational during 2019/20.

Six Five Education Ltd

In August 2019, the Council set up a wholly owned company called "Six Five Education Ltd". This company was not operational during 2019/20.

Other

During the financial year, the Council charged the Pension Fund £0.415m for expenses incurred administering the Pension Fund (£0.415m in 2018/19) and £0.122m for expenses incurred for investment services (£0.120m in 2018/19).

35. External Audit Costs

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

	2018/19 £000	2019/20 £000
Fees payable to Ernst & Young LLP (EY) with regard to external audit services carried out by the appointed auditor for the year.	107	107
Fees payable to Ernst & Young LLP (EY) with regard to external audit services carried out by the appointed auditor for 2018/19		24
Fees payable in respect of other services provided by EY during the year*	-	63
Total	**107**	**194**

* relates to services provided in respect of the Council's bond issuance.

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.

		2018/19 £000	2018/19 £000	2019/20 £000	2019/20 £000
Civic Catering	Turnover	56		-	
	Expenditure	(103)		-	
	Deficit		(47)		-
Transport	Turnover	10,458		10,413	
	Expenditure	(9,329)		(9,982)	
	Surplus		1,129		431
Total			**1,082**		**431**

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.

2018/19 Pooled Budget £000		2019/20 Pooled Budget £000
5,397	London Borough of Redbridge	5,503
1,984	Disabled Facilities	2,141
10,001	Redbridge CCG	11,176
17,382		**18,820**

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 2019/20 were as follows:

	Contributions £000	Expenditure £000	Net (Surplus)/Deficit £000
Local Authorities			
London Borough of Redbridge	(236)	236	-
London Borough of Havering	(750)	750	-
Clinical Commissioning Groups			
Redbridge	(846)	846	-
Havering	(436)	436	-
Barking and Dagenham	(191)	191	-
NHS Trusts			
North East London NHS Foundation Trust	(533)	533	-
Barking, Havering and Redbridge University Hospital NHS Trust	(42)	42	-
Total	**(3,034)**	**3,034**	**-**

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 2020 was £1.559m (£1.355m as at 31 March 2019).

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 2019/20, contributions amounting to £15.959m were paid by the Council to the Teachers' Pension Scheme in respect of teachers' retirement benefits, representing 23.68% of pensionable pay. This sum includes the contributions for March 2020 which were paid in April. The figures for 2018/19 were £14.170m 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 2019/20, the Council paid £0.047m to the NHS Pension Scheme in respect of former NHS staff retirement benefits, representing 20.68% of pensionable pay. The figures for 2018/19 were £0.073m and 14.3%. 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 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.

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	
	2018/19 £000	**2019/20 £000**
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current Service Cost	37,816	42,551
Past Service Costs	492	800
Financial and Investment Income and Expenditure		
Net interest expense	10,834	11,529
Total Post-Employment Benefits charged to the Deficit on the provision of Services	**49,142**	**54,880**
Re-measurement of the net defined benefit liability		
Return on assets excluding amounts included in net interest	(27,129)	63,122
Actuarial (losses)/gains arising from changes in financial assumptions	63,249	(93,765)
Actuarial (losses)/gains arising from changes in demographic assumptions	-	(32,420)
Other experience and actuarial adjustments	1,540	(51,529)
Total Post Employment Benefit charged to Other Comprehensive Income and Expenditure Statement	**37,660**	**(114,592)**
Movement in Reserve Statement:		

Reversal of net charges made to the Deficit on the provision of Services for post-employment benefits in accordance with the code	(23,600)	(26,537)
Actual amount charged against the General Fund Balance for pensions in the year:		
Employer's contributions payable to scheme	23,496	26,227
Employer's discretionary contributions payable	2,046	2,116
Retirement benefits payable to pensioners	(30,619)	(36,167)
Discretionary benefits payable to pensioners	(2,046)	(2,116)

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:

	2018/19 £000	2019/20 £000
Present value of the defined benefit obligation	(1,197,783)	(1,060,505)
Fair value of assets in the Local Government Pension Scheme	725,925	676,702
Net liability arising from defined benefit obligation	**(471,858)**	**(383,803)**

Reconciliation of the movements in the fair value of the scheme

	2018/19 £000	2019/20 £000
Opening Balance at 1 April	**682,265**	**725,925**
Interest Income	17,711	17,415
Re-measurement gain/(loss)	27,087	(63,127)
Contributions by Employer	23,496	26,227
Contributions by scheme participants	5,985	6,429
Benefits paid	(30,619)	(36,167)
Closing Fair Value of scheme assets	**725,925**	**676,702**

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

	Local Government Pension Scheme	
	2018/19 £000	**2019/20 £000**
Opening Balance at 1 April	**1,092,863**	**1,197,783**
Current Service Cost	37,816	42,551
Interest Cost	28,545	28,944
Contributions by scheme participants	5,985	6,429
Re-measurement (gains)/losses		
- change in demographic assumptions	-	(32,420)
- change in financial assumptions	63,249	(93,770)
- change in other assumptions	1,498	(51,529)
Past Services Cost	492	800
Benefits paid	(30,619)	(36,167)
Discretionary Benefits	(2,046)	(2,116)
Closing Balance at 31 March	**1,197,783**	**1,060,505**

The Local Government Pension Scheme's Asset Comprised

	2018/19 £000	2019/20 £000
Property		
UK Property Unit Trusts	64,445	61,117
Investment Funds and Unit Trusts		
Equities	514,616	460,330
Bonds	146,424	147,823
Infrastructure	-	643
Sub-total	**661,040**	**608,796**
Cash and Cash Equivalents		
Cash	440	6,789
Total Assets	**725,925**	**676,702**

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 estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates for the London Borough of Redbridge Pension Fund being 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 2018/19	2019/20
Mortality assumptions		
Longevity at 65 for current pensioners:		
Men	22.1 years	21.6 years
Women	24.3 years	23.7 years
Longevity at 65 for future pensioners:		
Men	23.9 years	22.5 years
Women	26.3 years	25.3 years
Rate of inflation	2.5%	1.9%
Rate of increase in salaries	2.5%	1.9%
Rate of increase in pensions	2.5%	1.9%
Rate for discounting scheme liabilities	2.4%	2.3%
Take up of option to convert some annual pension into retirement lump sum	50%	50%

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)	42,420	(42,420)
Rate of increase in salaries (increase or decrease by 0.5%)	5,813	(5,813)
Rate of increase in pension (increase or decrease by 0.5%)	87,125	(87,125)
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	(93,434)	93,434

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 triennial valuation was completed on 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 expected to be paid to the LGPS by the Council in the year to 31 March 2021 is £21.687 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.

2018/19 £000		2019/20 £000
	The cash flows for operating activities include the following items	
(31,184)	Net Deficit on the provision of services	**(27,468)**
	Adjust net deficit on the provision of services for non-cash movements	
21,963	Depreciation	22,688
20,827	Impairment and downward valuations	14,621
303	Amortisation	810
7,282	Increase/(decrease) in creditors	29,778
(16,201)	(Increase)/decrease in debtors	(10,995)
(178)	Increase in inventories	(38)
23,600	Movement in pension liability	26,537
13,257	Carrying amount of non-current assets sold or derecognised	1,666
3,948	Other non-cash items	10,199
74,801		**95,266**
	Adjust for items included in net deficit on the provision of services that are investing or financing activities	
(37,062)	Capital Grants	(35,033)
(6,347)	Proceeds from the sale of property, plant and equipment	(3,951)
(43,409)		**(38,984)**
208	**Net cash flows generated from operating activities**	**28,814**

The cash flows for operating activities include the following items:

2018/19 £000		2019/20 £000
1,416	Interest Received	2,129
(7,728)	Interest Paid	(8,949)

(b) Cash Flow Statement – Investing Activities

2018/19 £000		2019/20 £000
(50,557)	Purchase of property, plant and equipment, investment property and intangible assets	(134,436)
6,347	Proceeds from the sale of property, plant, equipment, investment property and intangible assets	3,951
(22,009)	Proceeds / (Purchases) from short term and long-term investments	(40,000)
37,062	Capital Grants	35,033
(29,157)	**Net cash flows from investing activities**	**(135,452)**

(c) Cash Flow Statement – Financing Activities

2018/19 £000		2019/20 £000
35,000	Cash receipts from short term and long-term borrowing	107,500
(514)	Cash payments for the reduction of outstanding liabilities relating to finance leases on balance sheet PFI contracts	(531)
(22,976)	Repayments of short term and long-term borrowing	(4,523)
11,510	**Net cash flows from financing activities**	**102,446**

(d) Reconciliation of Liabilities arising from Financing Activities

	2019/20 1 April £000	Financing Cashflows £000	Reclassification/ Movements £000	2019/20 31 March £000
Long Term borrowings	227,977	107,500	(4,742)	**330,735**
Short Term borrowings	5,387	(4,513)	4,976	**5,850**
Lease Liabilities	3	-	-	**3**
On Balance Sheet PFI	11,407	(531)	-	**10,876**
Total Liabilities from financing activities	**244,774**	**102,456**	**234**	**347,464**

Comparative Table for LBR Cash Flow

	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.

2018/19 £000		Notes	2019/20 £000
	Expenditure		
5,265	Repairs and Maintenance		6,330
8,211	Supervision and Management		9,511
360	Rents, Rates, Taxes and Other Charges		720
15,980	Depreciation and impairment of fixed assets	5	17,349
29,816	**Total Expenditure**		**33,910**
	Income		
(24,259)	Dwelling Rents		(24,251)
(396)	Non-Dwelling Rents		(417)
(3,567)	Charges for Services and Facilities		(3,456)
(121)	Contributions towards expenditure		(1,336)
(276)	Repayment of capital grants/advances		(849)
(28,619)	**Total Income**		**(30,309)**
1,197	**Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement**		**3,601**
1,197	**Net Expenditure on HRA Services**		**3,601**
	HRA Share of the Operating Income and Expenditure included in the Comprehensive Income and Expenditure Statement:		
(1,650)	Gain on sale of HRA non-current assets		(2,285)
2,595	Interest payable and similar charges		2,376
(296)	Interest and investment income		(335)
1,532	Transfer of Capital Receipts		1,156
153	Impairment Allowance		125
296	Pensions interest cost and expected return on pension assets		384
(435)	Capital grants and contributions receivable		-
3,392	**Deficit for the year on HRA services**		**5,022**

Movement on the Housing Revenue Account Statement

2018/19 £000			2019/20 £000
(13,443)	**Balance on the HRA at the end of the previous year**		**(14,301)**
3,392	Deficit for the year on the HRA Income and Expenditure Statement	5,022	
(4,315)	Adjustment between accounting basis and funding basis under statute	(5,133)	
(923)	**Net decrease before transfers to or from reserves**	**(111)**	
65	Transfers to reserves	111	
(858)	Increase in year on the HRA		-
(14,301)	**Balance on the HRA at the end of the current year**		**(14,301)**

Note to the Movement on the HRA Statement

2018/19 £000		*Notes*	2019/20 £000
	Adjustments between accounting basis and funding basis under regulations		
-	Depreciation on Fixed Assets		(4,863)
1,650	Gain on sale of HRA non-current assets		2,285
276	Repayment of capital/advances		849
(660)	HRA share of contributions to or from the Pension Reserve		(1,512)
(10,872)	Revaluation loss	*5*	(12,486)
(60)	Capital Receipts cost of sales		(83)
6,468	Capital expenditure funded by the HRA		6,980
435	Capital Grants and contributions receivable		-
(20)	Accumulated absences accrual		(10)
-	Posting of HRA resources from revenue to the Major Repairs Reserve		4,863
(1,532)	Transfer of Capital Receipts		(1,156)
(4 ,315)			**(5,133)**
	Transfers (from) / to reserves		
65	Transfer (from)/to earmarked reserves	*7*	111
65			**111**

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 0.78% of rent was lost because of properties that were vacant (0.83% in 2018/19). The average rent for social housing stock was £101.49 per week in 2019/20 and £102.48 per week in 2018/19. The 2019/20 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 4,442 properties at 31 March 2020 (4,457 at 31 March 2019). An analysis is shown below. The Council is also a freeholder of 2,501 leased properties.

31 March 2019 Number		31 March 2020 Number
	General Needs	
1,666	- One or fewer Bedrooms	1,655
1,333	- Two Bedrooms	1,330
1,332	- Three or more Bedrooms	1,331
126	Sheltered Housing Units	126
4,457	**Total**	**4,442**

3. Rent Arrears

31 March 2019 £000		31 March 2020 £000
	Arrears due from	
544	- Current tenants	621
381	- Former tenants	369
925	**Total**	**990**
3.32%	Total as a % of gross debt	4.05%

4. Balance Sheet Value of HRA Assets

31 March 2019 £000		31 March 2020 £000
271,811	Dwellings	292,076
16,260	Other Land and Buildings	28,333
288,071	**Total**	**320,409**

The vacant possession value of dwellings within the HRA as at 1 April 2020 was £1,166m (£1,092m as at 1 April 2019). The difference of £874m between the vacant possession value and the Balance Sheet value of dwellings (£292m) 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 2019/20.

2018/19 £000		2019/20 £000
5,020	Depreciation Operational Assets - dwellings	4,775
88	Depreciation Operational Assets – other land and buildings	88
10,872	Revaluation loss – dwellings and other land and buildings	12,486
15,980	**Total**	**17,349**

The charge for impairment in 2019/20 is reflected in the 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.

2018/19 £000		2019/20 £000
(243)	Balance Brought Forward	(333)
(5,020)	Major Repairs Allowance (MRA)	(4,775)
(88)	Non-dwellings depreciation	(88)
5,018	Capital Expenditure funded from the MRR	5196
(333)	**Balance on the Major Repairs Reserves as at 31 March**	**-**

7. Movement in Earmarked Reserves

The following movements in earmarked reserves occurred in 2019/20:

2018/19 £000		2019/20 £000
-	HRA – Minor works	(13)
(15)	HRA – Capital Reserve	(15)
-	HRA – New Provision Receipts (admin RTB)	(83)
(50)	HRA – Orchard Building Works	-
(65)	**Total**	**(111)**

8. HRA Capital Financing

2018/19 £000		2019/20 £000
13,585	**HRA Capital Expenditure - Dwellings**	**25,581**
	Financed by:	
435	Government Grants	227
6,380	Contribution from Revenue	5,773
5,018	Net Contributions from Major Repairs Reserve	5,196
-	Capital Receipts - Other	500
87	Contribution from Other Reserves	1,207
1,665	Capital Receipts – RTB	5,198
-	Borrowing	7,480
13,585	**Total Funding**	**25,581**

9. Capital Receipts

2018/19 £000		2019/20 £000
	HRA Capital Receipts	
2,919	Properties	4,110
-	Land and Garages	690
2,919		**4,800**

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 the London Borough of Redbridge, the Greater London Authority (GLA) and Central 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

2018/19 Total £000		2019/20 Council Tax £000	2019/20 NDR £000	2019/20 BRS £000	2019/20 Total £000
	Income				
140,628	Council Tax Payers	149,148	-	-	149,148
56,408	Income from Business Ratepayers	-	56,112	1,125	57,237
2,573	Transitional Protection–Central Government	-	1,351	-	1,351
199,609	**Total Income**	**149,148**	**57,463**	**1,125**	**207,736**
	Expenditure				
	Precepts:				
109,858	London Borough of Redbridge	118,032	-	-	118,032
25,740	Greater London Authority	28,970	-	-	28,970
	Business Rates:				
38,175	London Borough of Redbridge	-	25,677	-	25,677
22,590	Greater London Authority	-	14,443	1,119	15,562
-	Central Government	-	13,373	-	13,373
287	Costs of Collection	-	280	6	286
	Apportionment of previous years estimated collection fund surplus:				
2,145	London Borough of Redbridge	5,585	(4,506)	-	1,079
192	Greater London Authority	1,308	(4,188)	-	(2,880)
(395)	Central Government	-	(2,711)	-	(2,711)
	Bad and Doubtful Debts				
(5,994)	Provisions	(715)	586	-	(129)
4,762	Write-offs	2,014	755	-	2,769
912	Provisions for appeals	-	(2,343)	-	(2,343)
198,272	**Total Expenditure**	**155,194**	**41,366**	**1,125**	**197,685**
1,337	**(Deficit)/Surplus for the year**	**(6,046)**	**16,097**	**-**	**10,051**
(3,905)	(Deficit)/Surplus bought forward at 1 April	**8,325**	**(10,893)**	**-**	**(2,568)**
(2,568)	**(Deficit)/Surplus carried forward at 31 March**	**2,279**	**5,204**	**-**	**7,483**
	Allocated to:				
2,556	London Borough of Redbridge	1,830	2,580	-	4,410
(2,395)	Greater London Authority	449	1,469	-	1,918
(2,729)	Central Government	-	1,155	-	1,155
(2,568)	**Total**	**2,279**	**5,204**	**-**	**7,483**

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 2019/20 at £1,626.37 for band D properties (this includes £320.51 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	2018/19 Number of Properties	2019/20 Number of Properties
A	1,346	1,403
B	9,087	9,201
C	22,035	22,095
D	30,316	30,408
E	22,521	23,029
F	10,270	10,524
G	5,079	5,161
H	333	375
Council Tax base collection allowance adjustment	(1,527)	(1,275)
Allowance for estimated full value of exemptions (inc disabled)	(872)	(864)
Local Authority Tax Support Scheme	(11,104)	(9,671)
Total	**87,484**	**90,386**

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 2019/20 were 49.1p for qualifying Small Businesses, with the standard multiplier being 50.4p for all other businesses (48.0p and 49.3p respectively in 2018/19).

The total rateable value for business premises as at the end of March 2020 was £154,002,650.

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

2018/19 £000		2019/20 £000
72,298	Gross NDR due in the year	74,698
(17,013)	Less: Allowances and other adjustments	(18,586)
55,285		**56,112**

Under the Business Rate Retention Scheme, the total rate collected is shared between Redbridge, the GLA and Central Government based on statutory allocations. The shares between 2017/18 and 2019/20 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%
2019/20	48%	27%	25%	100%

In addition to NDR collected on behalf of the Government, the Council has collected the sum of £1.119m 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 2020 the balance repayable by the GLA is £0.329m (£0.350m in 2018/19).

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 2020. As at 31 March 2020 a provision of £6.005m (£8.348m in 2018/19) 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 £2.882m.

7. London Business Rates Pool Pilot Schemes

For the second year running, the Secretary of State for Communities and Local Government designated the London Boroughs and GLA as member authorities of a London wide statutory business rates pool pilot for 2019/20 only (2018//19 was also a single year pilot pool). The pool is part of the Government’s programme to ultimately introduce 100% local business rates retention across England. The pilot pool allowed 75% of business rates and gains (compared to 100% in 2018/19) to be retained by London authorities. The gain from the 2019/20 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.

Other Council owned entities

In October 2018, the Council formed a wholly owned company, Redbridge Living Limited. The aim of this company is to deliver, in time, a range of affordable, private rented and for sale housing on council owned land.

In June 2019, the Council set up a wholly owned company, Roding Homes Limited. The aim of this company is to acquire, let and manage properties enabling Redbridge Council to nominate homeless households or those at risk of homelessness to properties in discharge of the Council's housing duties. This company is expected to become operational in 2020/21.

In August 2019 Six Five Education Ltd was established to provide educational support services, and expected to begin operating in 2020/21.

As all three of the above companies have yet to become operational, they have not been consolidated within the Councils Group accounts.

In February 2019, the Council set up a wholly owned company, Redbridge Civic Services Ltd. The aim of this company is to deliver waste services. The company began operating in August 2019. Turnover to 31 March 2020 totalled £3.853m and net assets amounted to £0.035m which will not materially impact the group accounts. Therefore Redbridge Civic Services Ltd has not been consolidated within the Council's Group accounts. The first reporting year for this company is the 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.

2018/19				2019/20		
Gross Expenditure £000	**Gross Income £000**	**Net Expenditure £000**		**Gross Expenditure £000**	**Gross Income £000**	**Net Expenditure £000**
468,616	(337,539)	131,077	People	471,203	(342,197)	129,006
139,188	(83,708)	55,480	Place	149,506	(88,568)	60,938
172,629	(154,931)	17,698	Resources	155,463	(139,722)	15,741
11,497	(4,555)	6,942	Strategy	12,624	(5,636)	6,988
8,359	(829)	7,530	Corporate	10,564	(1,471)	9,093
29,816	(28,619)	1,197	Local Authority Housing (HRA)	33,910	(30,309)	3,601
830,105	**(610,181)**	**219,924**	**Cost of Services**	**833,270**	**(607,903)**	**225,367**
		27,592	Other Operating Expenditure (note 2)			17,927
		17,231	Financing and Investment Income and Expenditure (note 3)			19,582
		(232,034)	Taxation and Non-Specific Grant Income (note 4)			(234,369)
		32,713	**Group Deficit on Provision of Services**			**28,507**
		(137,691)	Surplus on revaluation of non-current assets			(58,626)
		-	Re-measurement of the net defined benefit liability			(116,221)
		39,670	Actuarial (gains)/losses on Pension Fund Assets and Liabilities			-
		(98,021)	**Other Comprehensive Income and Expenditure**			**(174,847)**
		(65,308)	**Total Comprehensive Income and Expenditure**			**(146,340)**

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.

2018/19 - Comparative Figures

	General Fund	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Contributions Unapplied	Group's share of Reserves of Subsidiary	Total Group Usable Reserves	Unusable Reserves	Total Group Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 18 brought forward	**(85,433)**	**(15,761)**	**(16,648)**	**(243)**	**(47,876)**	**4,127**	**(161,834)**	**(420,438)**	**(582,272)**
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)**
2019/20									
Movement in Reserves during 2019/20									
Total Comprehensive Income and Expenditure	**22,446**	**5,022**	**-**	**-**	**-**	**(590)**	**26,878**	**(173,218)**	**(146,340)**
Adjustment between accounting basis and funding basis under regulations	(14,014)	(5,133)	2,828	333	(1,567)	-	**(17,553)**	**17,553**	**-**
Net (Increase) / Decrease	**8,432**	**(111)**	**2,828**	**333**	**(1,567)**	**(590)**	**9,325**	**(155,665)**	**(146,340)**
Balance at 31 March 20 carried forward	**(80,751)**	**(16,795)**	**(13,399)**	**-**	**(61,068)**	**7,076**	**(164,937)**	**(628,983)**	**(793,920)**

Group Balance Sheet as at 31 March 2020

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 2019 £000		31 March 2020 £000
1,247,361	Property, Plant and Equipment	1,329,837
38,444	Investment Property	97,911
2,492	Intangible Assets	2,012
9,628	Long-term Investments	18,182
2,183	Long-term Debtors	2,157
1,300,108	**Long-term Assets**	**1,450,099**
-	Assets Held for Sale	3,197
82,406	Short-term Investments	112,700
296	Inventories	342
43,729	Short-term Debtors	58,028
30,424	Cash and Cash Equivalents	22,732
156,855	**Current Assets**	**196,999**
(5,387)	Short-term Borrowing	(5,850)
(67,845)	Short-term Creditors	(101,387)
(2,150)	Provisions	(1,435)
(75,382)	**Current Liabilities**	**(108,672)**
(13,652)	Provisions	(11,376)
(227,977)	Long-term Borrowing	(330,735)
(492,372)	Other Long-term Liabilities	(402,395)
(734,001)	**Long-term Liabilities**	**(744,506)**
647,580	**Net Assets**	**793,920**
174,262	**Usable Reserves**	**164,937**
473,318	**Unusable Reserves**	**628,983**
647,580	**Total Reserves**	**793,920**

Maria G. Christofi, BA (Hons), FCCA, CPFA
Corporate Director of Resources
29 March 2021

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.

2018/19 £000		Note	2019/20 £000
(32,713)	Net deficit on the provision of services	*9(a)*	(28,507)
78,666	Adjustments to net deficit on the provision of services for non-cash movements	*9(a)*	93,211
(43,409)	Adjustments for items included in the net deficit on the provision of services that are investing and financing activities	*9(a)*	(38,984)
2,544	**Net cash flows from operating activities**	*9(a)*	**25,720**
(29,545)	Investing activities	*9(b)*	(135,858)
11,510	Financing activities	*9(c)*	102,446
(15,491)	**Net increase/(decrease) in cash and cash equivalents**		**(7,692)**
45,915	Cash and cash equivalents at the beginning of the reporting year		30,424
30,424	**Cash and cash equivalents at the end of the reporting year**		**22,732**

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

2018/19 £000		2019/20 £000
18,458	Levies	18,635
692	Payments to the Government Housing Capital Receipts Pool	421
6,910	Losses on the disposal of non-current assets	(2,285)
1,532	Transfer of capital receipts to GLA	1,156
27,592	**Total**	**17,927**

3. Financing and Investment Income and Expenditure

2018/19 £000		2019/20 £000
9,878	Interest payable and similar charges	9,180
10,834	Net interest on the net defined benefit liability	11,529
(1,375)	Interest receivable and similar charges	(2,044)
(3,058)	income in relation to investment properties and changes in their fair value	(1,097)
(156)	(Gains) / losses on pooled investments	1,446
1,108	Impairment Allowance	568
17,231	**Total**	**19,582**

4. Taxation and Non-Specific Grant Income

2018/19 £000		2019/20 £000
(114,726)	Council Tax Income	(118,714)
(64,830)	Non-domestic rates income and expenditure	(60,215)
(15,416)	Non-ring-fenced government grants	(20,407)
(37,062)	Capital grants and contributions	(35,033)
(232,034)	**Total**	**(234,369)**

5. Expenditure and Income Analysed by Category

2018/19 Total £000	Expenditure/Income	2019/20 Total £000
	Expenditure	
314,561	Employee Benefits Expenses	327,789
465,994	Other Services Expenses	468,953
1,346	Support Services recharges	1,094
48,201	Depreciation, Amortisation, Impairment	43,216
22,223	Interest and Financing Payments	33,251
-	Capital Contribution	218
18,458	Precept and Levies	18,635
692	Payments to Housing Capital Receipts Pool	421
1,532	Transfer of Capital Receipts Pool to GLA	1,156
6,910	Loss on the disposal of assets	-
879,917	**Total Expenditure**	**894,733**
	Income	
(158,494)	Fees, Charges and Other Service Income	(165,197)
(4,991)	Interest and Investment Income	(7,566)
(179,556)	Income from Council Tax and Non-Domestic Rates	(178,928)
(504,163)	Government Grants and Contribution	(512,250)
-	Gain on the disposal of assets	(2,285)
(847,204)	**Total Income**	**(866,226)**
32,713	**Deficit on the Provision of Services**	**28,507**

6. Results of Vision Redbridge Culture and Leisure Operations

The net liabilities of the company for the year ended 31 March 2020 totalled £7.076m (£7.666m for year ended 31 March 2019). The company made a net loss in the Total Comprehensive Income and Expenditure in 2019/20 of £0.590m (a loss of £3.539m for the year ended 31 March 2019).

7. 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 2019 £000		31 March 2020 £000
21,900	Short Term Deposits	15,857
8,524	Bank Balance surplus	6,875
30,424	**Total Cash and Cash Equivalents**	**22,732**

8. Other Long-term liabilities

31 March 2020	Single Entity	VRCL	Group
Pension Liability	(383,803)	(8,289)	(392,092)
Long-Term Creditors	(10,303)	-	(10,303)
Total Long-Term Liabilities	**(394,106)**	**(8,289)**	**(402,395)**

31 March 2019	Single Entity	Vision	Group
Pension Liability	(471,858)	(9,104)	(480,962)
Long-Term Creditors	(11,410)	-	(11,410)
Total Long-Term Liabilities	**(483,268)**	**(9,104)**	**(492,372)**

Vision's Pension Liability deficit is part of the net reserve movement shown in the "Groups share of the reserves of the subsidiary" column, set out in the Movement of Reserves Statement.

9. (a) Cash Flow Statement – Operating Activities

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

2018/19 £000		2019/20 £000
	The cash flows for operating activities include the following items:	
(32,713)	**Net deficit on the provision of services**	**(28,507)**
	Adjust net deficit on the provision of services for non-cash movements	
22,139	Depreciation	22,922
20,827	Impairment and downward valuations	14,621
303	Amortisation	810
10,014	Increase in creditors	27,054
(15,958)	Increase in debtors	(11,357)
(170)	Decrease in inventories	(46)
24,311	Movement in pension liability	27,351
13,257	Carrying amount of non-current assets sold or derecognised	1,666
3,943	Other non-cash items	10,190
78,666		**93,211**
	Adjust for items included in net deficit on the provision of services that are investing or financing activities	
(37,062)	Capital grants	(35,033)
(6,347)	Proceeds from the sale of property, plant and equipment	(3,951)
(43,409)		**(38,984)**
2,544	**Net cash flows from operating activities**	**25,720**

The cash flows for operating activities include the following items:

2018/19 £000		2019/20 £000
1,421	Interest Received	2,138
(7,728)	Interest Paid	(8,949)

(b) Cash Flow Statement – Investing Activities

2018/19 £000		2019/20 £000
(50,950)	Purchase of property, plant and equipment, investment property and intangible assets	(134,851)
6,347	Proceeds from the sale of property, plant, equipment, investment property and intangible assets	3,951
(22,009)	Proceeds / (Purchases) from short term and long-term investments	(40,000)
37,067	Other receipts from investing activities	35,042
(29,545)	**Net cash flows from investing activities**	**(135,858)**

(c) Cash Flow Statement – Financing Activities

2018/19 £000		2019/20 £000
35,000	Cash receipts of short term and long-term borrowing	107,500
-	Other receipts from financing activities	-
(514)	Cash payments for the reduction of the outstanding liabilities relating to the finance leases on balance sheet PFI contracts	(531)
(22,976)	Repayments of short term and long-term borrowing	(4,523)
11,510	**Net cash flows from financing activities**	**102,446**

(d) Reconciliation of Liabilities arising from Financing Activities

	1 April 2019 £000	Financing Cashflows £000	Reclassification/ Movements £000	31 March 2020 £000
Long Term borrowings	227,977	107,500	(4,742)	**330,735**
Short Term borrowings	5,387	(4,513)	4,976	**5,850**
Lease Liabilities	3	-	-	**3**
On Balance Sheet PFI	11,407	(531)	-	**10,876**
Total Liabilities from financing activities	**244,774**	**102,456**	**234**	**347,464**

	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**

10. Other Information

Vision Redbridge Culture and Leisure

These group accounts have been prepared from the 2019/20 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.

Independent Auditor's Statement to the Members of the London Borough of Redbridge on the Pension Fund Financial Statements

Opinion
We have audited the Pension Fund financial statements for the year ended 31 March 2020 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 2019/20.
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 2020 and the amount and disposition of the fund's assets and liabilities as at 31 March 2020; and
-have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

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 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 "Statement of Accounts 2019/20", other than the London Borough of Redbridge and London Borough of Redbridge Pension Fund 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 Responsibilities for the Statement of Accounts set out on page xx, 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 2019/20, 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 the London Borough of Redbridge Pension Fund and the London Borough of Redbridge members as a body, for our audit work, for this report, or for the opinions we have formed.

Debbie Hanson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Luton
31 March 2021

Pension Fund Account for the Year Ended 31 March 2020

2018/19 £000		Notes	2019/20 £000
	Dealings with members, employers and other directly involved in the Fund.		
34,813	Contributions receivable	7	38,206
2,300	Transfers in	8	2,001
37,113			**40,207**
	Less:		
(31,289)	Benefits payable	9	(34,680)
(18,057)	Leavers	10	(5,283)
(49,346)			**(39,963)**
(12,233)	**Net additions/(withdrawals) from dealings with members**		**244**
(3,032)	**Management Expenses**	11	**(3,449)**
	Returns on Investments		
7,202	Investment income	12	12,511
39,407	Change in market value of investments	13(b)	(53,350)
46,609	**Net returns on Investments**		**(40,839)**
31,344	**Net increase/(decrease) in the Fund during the year**		**(44,044)**
772,124	**Net Assets of the scheme at 1 April 2019**		**803,468**
803,468	**Net Assets of the scheme at 31 March 2020**		**759,424**

Net Assets Statement as at 31 March 2020

2018/19 £000		Notes	2019/20 £000
801,608	Investment Assets	13	752,947
801,608			**752,947**
2,356	Current Assets	17	7,179
(496)	Current Liabilities	17	(702)
803,468	**Net Assets of the Scheme at 31 March 2020**		**759,424**

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 2019/20 and the Pension Fund's financial position as at 31 March 2020.

Maria G Christofi, BA (Hons), FCCA, CPFA
Corporate Director of Resources
29 March 2021

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 2020 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, Al-Noor Academy, Good Shepherd Diocese and St Peters & St Paul's Academy.

The admitted bodies in the scheme as at 31 March 2020 were: Morrison Facility Management Limited, Vision-Redbridge Culture & Leisure, Imagine Independence Ltd, Dizzy Ducks Nursery, Lewis & Graves, Alliance in Partnership (AiP), Birkin Clean and Coram.

As at 31 March 2020 the membership of the scheme was as follows:

Active Members	**As at 31 March 2019**	**As at 31 March 2020**
Redbridge Council	4,632	4,572
Scheduled Bodies	921	948
Admitted Bodies	196	171
TOTAL	**5,749**	**5,691**

Pensioners	**As at 31 March 2019**	**As at 31 March 2020**
Redbridge Council	4,346	4,441
Scheduled Bodies	97	107
Admitted Bodies	110	110
TOTAL	**4,553**	**4,658**

Deferred Members	**As at 31 March 2019**	**As at 31 March 2020**
Redbridge Council	7,125	7,251
Scheduled Bodies	527	559
Admitted Bodies	114	99
TOTAL	**7,766**	**7,909**

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 2019/20 financial year and its position as at 31 March 2020. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The Accounts have been prepared on a going concern.

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.

Going Concern - At the date of the authorisation of the financial statements, the Fund does not consider that the impact of Covid-19 gives rise to material uncertainties that may cast significant doubt about the 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. The Council therefore remains satisfied that the Fund it administers continues to be a going concern.

The Pension Funds latest actuarial valuation as at 31 March 2019, showed it to be 84% funded, an increase of 4% from the position 3 years ago. The actuarial valuation includes the Rates and Adjustment certificate detailing contributions to the Pension Fund that participating employers are expected to make. It remains the Fund's expectation that these will be paid as planned, and to date the Fund has not received a request from participating employers to defer contribution payments because of the pandemic.

Following the latest actuarial valuation and schedule of employer contributions payments, the Pension Fund has reviewed its cashflow forecast. The fund is satisfied it has sufficient cash to meet its obligations to pay pensions, for at least twelve months from the date of authorisation of these accounts, without selling any investments. Should investments be required to be sold because of negative cashflows or employers being unable to pay their contributions (which is not expected) the Pension Fund would have ready access to cash as 86.2% of the Fund's investments could be sold at short notice.

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.

Covid-19 Impact – the ongoing Covid-19 pandemic has created uncertainty surrounding illiquid asset values. This has impacted on the Pension Fund's investment in property funds where the professional valuer has advised that as at the 31 March 2020, there was material valuation uncertainty due to market conditions, and therefore the valuation derived as at the 31 March 2020 may be inaccurate to the true year end position.

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

Increased Market Volatility - The value of the Investment assets of the Fund may change on a daily basis, however the degree of volatility in global financial markets has increased because of continuing social and economic uncertainties created by the Covid-19 pandemic. Despite this, the Fund remains in a strong financial position, capable of meeting all its payment obligations. The Funding Strategy is based on long term investment returns and as such, the increased volatility seen at present is not considered a material concern.

The bid value of the Fund's investment assets as at 31 March 2020 were £759.424m a decrease of 5.48% in the value of the Fund's investment assets since 31 March 2019. On the 31 December 2020 the bid value of the Fund's investments was £953.099m. This reflects an increase of 25.50% in the value of the Fund's investment assets since 31 March 2020.

There have been no events since 31 March 2020 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 34.3% 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.

		2018/19 £000	2019/20 £000
Employers			
	London Borough of Redbridge	23,496	26,226
	Scheduled Bodies	2,972	3,205
	Admitted Bodies	1,226	1,165
		27,694	**30,596**
Members			
	London Borough of Redbridge	5,985	6,429
	Scheduled Bodies	836	891
	Admitted Bodies	298	290
		7,119	**7,610**
		34,813	**38,206**

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

	2018/19 £000	2019/20 £000
Normal Employer Contributions	20,729	22,385
Deficit Payments *	6,485	6,903
Augmentation (Early Retirements)	480	1,308
	27,694	**30,596**

* 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.

	2018/19 £000	2019/20 £000
Individual Transfers from other schemes – London Borough of Redbridge	2,300	2,001
	2,300	**2,001**

9. Benefits Payable

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

		2018/19 £000	2019/20 £000
Pensions	- London Borough of Redbridge	25,390	27,020
	- Scheduled Bodies	504	366
	- Admitted Bodies	1,068	780
Commutation of Pensions and Lump Sum Retirement Benefits		3,874	5,461
Lump Sum Death Benefit		433	1,006
Interest		20	47
		31,289	**34,680**

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.

	2018/19 £000	2019/20 £000
Refunds to members	55	56
Bulk Transfers to another Scheme	14,696	-
Individual Transfers to other Schemes	3,306	5,227
	18,057	**5,283**

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.

	2018/19 £000	2019/20 £000
Administrative Costs	715	798
Investment Management Expenses	2,104	2,470
Oversight and Governance	197	165
Audit Fees	16	16
	3,032	**3,449**

11(a). Investment Management Expenses

	2018/19 £000	2019/20 £000
Management Fees	2,074	2,444
Performance Management Fees	22	20
Custody Fees	8	6
	2,104	**2,470**

12. Investment Income

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

	2018/19 £000	2019/20 £000
Pooled Investments Vehicles	5,030	10,289
Property Unit Trusts	2,134	2,131
Cash Deposits	24	69
Other Investment Income	14	22
	7,202	**12,511**

13. Investments

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

	2018/19 £000	2019/20 £000
Investment Assets		
Pooled Investments	731,814	683,206
Pooled Property Investments	69,336	68,675
Cash Deposits	458	1,066
Total Investment Assets	**801,608**	**752,947**

There are no investment liabilities.

The table below shows a detailed analysis of the investments held by the Fund as at 31 March 2020 with a comparison table showing detailed analysis of the investments held by the Fund as at 31 March 2019.

2019/20	**Value at 31/03/19 £000**	**Purchases at cost £000**	**Sales proceeds £000**	**Change in fair value £000**	**Cash movement £000**	**Value at 31/03/20 £000**
Pooled Equity Unit Trusts	731,664	240,817	(238,262)	(51,163)	-	683,056
London CIV	150	-	-	-	-	150
Property Unit Trusts	69,336	2,168	-	(2,829)	-	68,675
	801,150	**242,985**	**(238,262)**	**(53,992)**	**-**	**751,881**
Other Balances						
Cash Deposits	458	-	-	642	(34)	1,066
	801,608	**242,985**	**(238,262)**	**(53,350)**	**(34)**	**752,947**

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**

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).

	2018/19 £000	2019/20 £000
Pooled Investment Vehicles		
UK Equities	155,077	61,851
Overseas Equities	142,918	84,074
Global Equities	138,345	254,378
Global Fixed Income (Absolute Return Fund)	65,057	64,804
Global Index Linked	99,297	100,999
Global Diversified Growth Fund (DGF)	130,970	116,229
Infrastructure	-	721
	731,664	**683,056**
Property Unit Trusts		
UK	69,336	68,675
	69,336	**68,675**
Other		
London CIV	150	150
	150	**150**
Cash		
Sterling Deposits	458	1,066
	458	**1,066**

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

Investment	**31 March 2020**	**% of net assets**
UK Equity Index Unit Trust	61,851	8.3%
All World (ex UK) Equity Index Unit Trust	49,659	6.6%
Low Carbon Equity Index Unit Trust	117,798	15.6%
Global Equity Fund	136,580	18.1%
Absolute Return Fund	64,804	8.6%
Index Linked Bond Fund	100,999	13.4%
Diversified Growth Fund (DGF)	116,229	15.4%
Schroder Property Fund	68,675	9.1%

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.

2018/19				2019/20		
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			
731,814	-	-	Pooled Investment	683,206	-	-
69,336	-	-	Pooled Property - Investment	68,675	-	-
-	1,791	-	Cash	-	7,492	-
-	1,023	-	Debtor	-	753	-
801,150	**2,814**	**-**	**Total**	**751,881**	**8,245**	**-**
			Financial Liabilities			
-	-	(496)	Creditors	-	-	(702)
-	**-**	**(496)**	**Total**	**-**	**-**	**(702)**
801,150	**2,814**	**(496)**		**751,881**	**8,245**	**(702)**
	803,468		**Grand Total**		**759,424**	

13 (b) Net Gains and Losses on Financial Instruments

2018/19 £000	Financial Assets	2019/20 £000
39,407	Fair value through profit & loss	53,350
39,407	**TOTAL**	**53,350**

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 2019 Fair Value £000		31 March 2020 Fair Value £000
	Financial Assets	
801,150	Fair value through profit & loss	751,881
2,814	Loans and Receivables	8,245
803,964	**Total Financial Assets**	**760,126**
(496)	**Total Financial Liabilities**	(702)
803,468		**759,424**

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.

Level 3

Financial instruments at level 3 are those where at least one input could have a significant effect on the instruments' valuation is not based on an observable market data.

Values as at 31 March 2020	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial Assets				
Financial assets at fair value through profit & loss	-	751,160	721	751,881
Financial Assets at amortised cost	7,543	-	-	7,543
Total Financial Assets	**7,543**	**751,160**	**721**	**759,424**
Financial Liabilities				
Financial liabilities at fair value through profit & loss	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-
Total Financial Liabilities	-	-	-	-
Net Financial Assets	**7,543**	**751,160**	**721**	**759,424**

Restated

Values as at 31 March 2019	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial Assets				
Financial Assets at fair value through profit & loss	-	801,150	-	801,150
Financial Assets at amortised cost	2,318	-	-	2,318
Total Financial Assets	**2,318**	**801,150**	**-**	**803,468**
Financial Liabilities				
Financial liabilities at fair value through profit & loss	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-
Total Financial Liabilities	**-**	**-**	**-**	**-**
Net Financial Assets	**2,318**	**801,150**	**-**	**803,468**

A review of the allocation of the assets previously shown as Level 1 was undertaken and it was determined that they should be classified as Level 2.

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	61,851	68,036	55,666
Overseas/Global Equities	464,681	511,149	418,213
Fixed Income	165,802	182,383	149,222
Property	68,675	75,543	61,808
Infrastructure	721	793	649

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	464,681	511,149	418,213

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 2020, the fair value of assets under management was £759.424m. 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 2020, the Fund was allocated as shown in the table below:

Market Value 31 March 2019				Market Value 31 March 2020	
Value of Portfolio	**% of the Fund**	**Manager**	**Mandate**	**Value of Portfolio**	**% of the Fund**
£000	**%**			**£000**	**%**
164,354	20.5	Aberdeen Standard	Fixed Income Mandate	64,804	8.5
-	-	LGIM	Index Linked Gilts Index	100,999	13.3
138,345	17.2	Baillie Gifford(CIV)	Global Equity Mandate	136,580	18.0
130,970	16.3	Baillie Gifford (CIV)	Diversified Growth Fund	116,229	15.3
259,822	32.3	LGIM	Global Equity Index Tracking Mandate	229,309	30.2
38,173	4.8	Schroders	Emerging Markets Equity Mandate	34,415	4.5
69,795	8.7	Schroders	Property	69,741	9.2
-	-	Stepstone (CIV)	Infrastructure	721	0.1
2,009	0.2	LBR	Cash & LCIV	6,626	0.9
803,468	**100**			**759,424**	**100**

15. Investments as at 31 March 2020

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

	2018/19	**2019/20**
	%	**%**
Equities	70	68
Bonds	21	22
Property	9	9
Infrastructure	-	-
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

	2018/19 £000	2019/20 £000
Cash at Bank	1,333	6,425
Contributions due	435	565
Sundry debtors	588	189
Prepaid expenses	-	-
Total of Current Assets	**2,356**	**7,179**
Accrued benefits	(114)	(22)
Accrued expenses	(382)	(680)
Sundry creditors	-	-
Total of Current Liabilities	**(496)**	**(702)**

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 £26.226m to the Fund in 2019/20 (£23.496m in 2018/19).

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 2018/19).
- Investment services undertaken by the Council to the Pension Fund were £0.122m (£0.120m in 2018/19).

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 2019/20, 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 comes into effect from 1 April 2020.

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 2020 for the entire Fund comprises of:

Type of Member	31 March 2019 Liability £m	31 March 2020 Liability £m
Employees	590	397
Deferred Members	279	276
Pensioners	393	463
Total	**1,262**	**1,136**

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 2019 £m	31 March 2020 £m
Present value of funded obligations	(1,262)	(1,136)
Fair value of Fund Assets (BID Value)	803	759
Net Liability for the whole Fund	**(459)**	**(377)**

These calculations have been determined using the following financial assumptions:

Year Ended	31 March 2019 % p.a.	31 March 2020 % p.a.
Inflation / Pension Increase Rate	2.5	1.9
Salary Increase Rate	2.5	1.9
Discount Rate	2.4	2.3

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 fourteen members of the Pension Fund contribute to the AVC schemes. In 2019/20 £27,853 of contributions deductions were made in respect of the AVC Scheme (£38,526 in 2018/19).

Market Value 31 March 2019 £000	AVC Provider	Market Value 31 March 2020 £000
174	Equitable Life	233
170	Clerical Medical	169
275	Standard Life	240
619	**TOTAL**	**642**

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. Contractual Commitments

The Fund has committed £70m into the Stepstone Infrastructure Fund. Of this commitment £69.279m was outstanding at 31 March 2020.

Annual Governance Statement 2019/20

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

Cabinet, and other 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 both Operational and Corporate/Strategic risks.

Key Coporate/Strategic risks are reviewed 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 the Code of Corporate Governance (in accordance with the CIPFA and SOLACE guidance) and is published as part of the Constitution.

Audit and Assurance

External Audit

Internal Audit

Counter Fraud and Corruption

Contract and Parternship monitoring and management

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 2019/20, the Head of Audit and Investigations reported on 56 areas of which 28 (50%) were deemed to obtain substantial or reasonable assurance.

Of the remaining 28 areas reviewed, 17 (30%) were attributed limited assurance and three (6%) reports were rated as advisory. This year there was no review that was attributed nil assurance. The remaining 8 reviews were in draft (14%). It should be noted, that 11 planned reviews for 2019/20 were paused and/or deferred into 2020/21 due to the impact of COVID-19 on the services under review and the ability to complete the work. For each review, the risk of not completing the work at the time scheduled was reviewed and it was confirmed that delaying into the first quarter of 2020/21 was appropriate.

The following areas below were identified as high risk for the reviews which were completed. The internal audit opinion for 2019/20 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 2019/20	Action to be taken in 2020/21
<u>Compliance with Health & Safety legislation and/or regulation</u> – Identification of issues that place emphasis on the requirement to obtain and retain appropriate documentation on properties to demonstrate on-going compliance with applicable health and safety legislation/regulation. This was specific to the Council's Corporate Property portfolio and Housing stock (not including temporary accommodation which was reported on in 2018/19). This included outlining responsibilities for the monitoring and completion of required risk assessments, certification and remedial actions for areas such as water safety and gas safety (for Corporate Landlord) and asbestos, water safety and lifts (for housing).	• Specific recommendations have been raised with implementation dates within 6 months to address the risks identified, with further lower priority actions identified to improve the overall control environment across the two teams responsible for health and safety compliance. Recommendations have included: ▪ Clarification and establishment of clear roles and responsibilities for undertaking the annual health and safety checks on all buildings, between the relevant teams responsible for the Corporate Landlord and Housing property portfolios, and to cover all primary health and safety responsibilities. ▪ Take appropriate steps to ensure that all annual safety checks are completed as stipulated within the specific health and safety legislation/regulations – including frequency, content and required remedial actions. ▪ The introduction of appropriate controls over the management, monitoring and reporting of monthly health and safety tests, where this was not formalised before, primarily for gas safety, water safety, asbestos and lifts. ▪ To review the property listing within the property trackers to identify a complete list and as a result, those properties that

High risk area for improvement identified in 2019/20	Action to be taken in 2020/21
	require appropriate risk assessments and the parties responsible for ensuring that they are done when due. • Furthermore, the re-procurement of the health and safety contracts to provide the risk assessment, certification and remedial work phases of the process will introduce a consistent provider across both Corporate Landlord and Housing. This will inform consistent working practices, monitoring and management but more importantly ownership and control of Corporate Landlord and Housing health and safety compliance with the relevant teams in the Council.
<u>*Contract management, commissioning and monitoring*</u> – Specific examples have been identified during the year whereby there is a need to inform consistent and effective contract management and monitoring – including the health and safety compliance arrangements flagged above. As the Council continues to transform its services and the way it works, there are known re-procurements of key contracts and services which have been longstanding delivery models. As these are being reviewed, this brings with it risks, especially in the event current contractors are not successful in re-procurement. This potentially exposes the Council to handover, delivery and financial risks. A review in relation to the Housing responsive repairs contract for this very reason was conducted during 2019/20 which identified numerous processes the Council should implement to safeguard themselves during the process.	• In 2018/19, improvements in the contract management and monitoring protocols informed by the roll out of contract management guidance by PS Procure, including further support and clarity issued across the Council, including Schools, on the procurement process and CCSOs, during 2019/20 this was beginning to embed but further time was required to inform a consistent application of such processes across the Council. This will continue in 2020/21. • As the Council moves into 2020/21, some areas of significant re-procurement will have been completed, or will continue to happen. Specific reviews will be conducted (including a follow-up on the Housing responsive repairs contract) to cover particular processes and approaches to preparing for re-procurements, how new commissioning arrangements are operating, such as the new Homecare commissioning arrangements implemented at the end of 2019/20 and where operational areas are reviewed, if contract management is key, this will be covered.
<u>*IT Strategy and Governance*</u> – Throughout 2019/20, the IT team and the Council's infrastructure have continued its transformation. This included a restructure and recruitment exercise as well as key infrastructure implementations such as the implementation of cloud computing arrangements. This informs required digital enhancements but with it comes additional risks. 2019/20 saw specific areas reviewed to support the IT team in developing suitable strategies. Reviews in relation to Cyber Security, IT Infrastructure and Cloud Contract Monitoring were completed. This identified that there was limited, formalised strategies in place for information/cyber security and the adoption of the cloud. Key components were not in place, including - how such strategies align with the objectives of the Council, who is responsible/accountable for Cyber Security and Cloud computing, how these will be managed across the Council, including key actions that should have happened and key decisions that should have been made. Without clear strategies and governance arrangements in place to guide decision making, the Council may not gain the full benefit of their investment in solutions potentially leading to financial and/or operational issues, as well as exposing them to external threats and attacks to their assets and information.	• The IT team have used the audits during 2019/20 to inform their wider transformation and project plans. Specific recommendations were raised in relation to each of the reviews undertaken, but during the period it was clear that IT were progressing through the review, assessment and solutions for the entire IT infrastructure. This was informing their strategy and governance around their digital agenda as well as key actions necessary for wider service areas to consider to cover all the IT systems. • The Head of IT has already identified further areas to be reviewed during 2020/21 by Internal Audit to build on the work performed in 2019/20.

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. Where areas of concern have been flagged or key themes have been identified from these statements, they have been considered alongside the overall governance landscape at the Council to inform the action plan documented below.
To support this, other governance outcomes during the year have been summarised as follows:

- 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 numbers of investigations are included in the Annual Internal Audit Report, available via the following link -*** http://moderngov.redbridge.gov.uk/documents/g7986/Public%20reports%20pack%2027th-Jul-2020%2019.15%20Governance%20Assurance%20Committee.pdf?T=10
- Objections received from local electors – ***None in 2019/20 at the time of writing this report.***
- Local Government Ombudsman referrals – ***7 cases where there was a finding of maladministration and injustice, 7 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 continues to develop the ways in which it delivers its services through partnerships, commissioning arrangements and the setting up of Council-owned companies. The governance arrangements for these different methods will need to be kept under review to ensure that they are robust and there are clear roles and responsibilities defined, including the Council's governance arrangements in such scenarios.

2019/20 saw the "go live" of one of the Council companies, Redbridge Civic Services (RCS), as a result of the transfer of the waste and recycling service. As this has progressed, lessons learnt have been identified and fed back into the Council to ensure these are considered as the other Council companies are set-up, structured and launched. Whilst this is an area of opportunity for the Council, it is recognised it brings additional risk. This risk has been escalated as part of the risk management protocols at the Council and in doing so, Internal Audit have a planned review of the governance arrangements as part of its Annual Internal Audit Plan. This will consider the arrangements in place and help inform the planning for other companies as they are progressed. This will also help the development of the Council's assurance mechanisms as the companies become business as usual.

IMPACT OF COVID-19

The COVID-19 outbreak was declared a pandemic by the World Health Organisation, causing huge impact on people's lives, families and communities. At the time of writing this report, the global response continues to evolve, as organisations move from a reactive phase into a recovery phase – attempting to establish themselves in this new normal. The Council continues to be on the frontline, delivering critical services to its residents, whilst managing funding pressures, increased demand and additional stress on its infrastructure. This has had an impact across the Council, from mobilising remote working for the majority of staff, to redeploying teams from non-critical services to those under increased pressure and demand to continue. Throughout this period, the Council has continued to assess and monitor how it has been conducting, recognising lessons learnt, to think about what could change in the future.

Due to the significant impact of COVID-19 on operations, as advised by the CIPFA Better Governance Forum's briefing dated 7 April 2020, the Council has considered the impact of the pandemic on its governance arrangements, separate from its conclusion over normal operations below. The impact has been considered under the broad headings outlined in the briefing as follows:

Impact on Business as Usual:

Like most organisations, business as usual has been impacted, with non-critical services paused or reduced to enable the workforce to be redeployed to support those services that have increased demand or to cover new services such as provision of food parcels, contact centres and proactive calls to vulnerable residents. Decisions, communication and monitoring of these impacts have been captured as part of the Council's response, outlined in further detail below.

The Council's working environment changed. The need to mobilise remote working for the majority of the workforce has seen a shift in the way the Council operates, using the IT infrastructure to its full, changing the way the Council communicates and breaking the traditional expectations of that the workforce needs to be office based to complete their duties. The IT infrastructure has been tested, supported, maintained and rectified as the Council has continued to work like this to ensure it can continues.

New areas of activity:

Whilst the Council has focused its attention on ensuring key, critical services have been delivered, there have been new areas of activity, most of which have been enforced by COVID-19 response plans.

Areas such as business support grants have seen the requirement to process payments to businesses claiming such relief, with the Council contacting those deemed eligible before processing payments. Liaisons on how such processes should operate were conducted, including what assurance should be obtained to process said payments. This has seen the agreement to use company and credit checks to mitigate the risk of fraudulent/erroneous payments being made. A similar approach has occurred to numerous areas, with such decision-making being captured within the governance arrangements outlined below.

What COVID-19 has also informed has been the heightened use of services that may not have been frequently used previously. For example, understanding how and when to enforce an Excess Death policy and the process associated with this has meant the Council reviewing this, ensuring it is adequate and fit-for-purpose. The same applied to the sourcing of PPE for frontline staff, which now means sufficient contracts and access is in place

Funding and Logistical consequences:

As above, the way in which the Council works has changed, but the challenge of performing critical services with stretched financial resources was already present before COVID-19, and this has only been heightened as a result, particular with increased demand and the loss of key income areas like parking, which have significantly reduced.

The Council has responded strongly, working with key stakeholders and providers to underline how they can work through this period, challenging the logistics and working arrangements to manage the impact on the service provision and cost. The Council have put specific measures in place to monitor this impact, but also mitigate longer term risks, this has included:

- Set up specific COVID-19 cost centres across the Council to capture direct, additional expenditure.
- Monitor the primary financial pressure areas (for both income and expenditure) feeding into tactical responses and providing financial advice to the relevant working group as outlined further under the governance arrangements below.
- Continue to monitor and scrutinise non-critical spend, to prevent unnecessary expenditure from occurring that places additional financial pressure on the Council. This aligned to the Council confirming that there would be no change to the Contract Standing Orders in place.
- Regular reporting and monitoring on cash flow, including debt/arrears levels with consideration for relaxed payment terms where applicable.
- For Social Care, the Council have worked with providers to alter payment arrangements, temporarily increase fee rates to support their work, provided PPE to providers and sourced additional bed capacity outside of the NHS market.

The Council continues to ensure the appropriate governance arrangements are in place to monitor the financial impact of COVID-19 and it is recognised this is impacting Local Government as a whole and not just within the borough.
As the Council moves into a recovery phase, such learning will inform changes in operation, with considerations to be made around what should continue, what arrangements may not be necessary anymore and what previous processes that were paused should be recommenced.

The Council's governance arrangements during its COVID-19 response:

In order to manage the impact on business as usual, decision-making and to govern the Council's response to COVID-19, in March 2020, a COVID-19 Response Governance Framework was developed and implemented. This outlined the structures and arrangements in place within the Council to assist with a coordinated response. This included the creation and operation of Gold, Silver and Bronze groups as well as the Borough Emergency Control Centre (BECC) to act as the hub of command, control and coordination of information and the flow of communications.

These arrangements have continued to operate throughout the period, with groups meeting, considering the latest government guidance and capturing actions in logs, minutes, risk registers and decision trackers to ensure that these are followed up and implemented.

To support the agile and flexible response required, all COVID-19 related decisions have been and continue to be made under the Chief Executive's Emergency Powers, with these being properly recorded and published. For full transparency, these decisions have also been through Overview and Cabinet for information purposes. Going beyond this, the Chief Executive also holds daily briefings with the Leader of the Council on COVID-19 related matters and weekly briefings with the Leader of the Opposition.

It has been recognised that lessons continue to be learnt and the Council's Framework and strategy and the associated areas of focus continue to evolve. Some areas have already seen change, like Customer Services, whom identified further enhancements to their Business Continuity Plan to ensure the Council are prepared for such events in the future. These lessons learnt are being captured for consideration to ensure the Council amends necessary emergency planning and business continuity arrangements to circumvent such issues from happening again.

Internal Audit were also requested to provide advisory support over the emergency planning and business continuity response, observing the operational performance of the Council's Framework and reviewing evidence to outline any observations that could be addressed throughout the period. This support has provided management with an independent view without being intrusive during an intense period. As part of the 2020/21 Internal Audit Plan, a review is planned to assess the emergency planning and business continuity arrangements to ensure such enhancements to the current governance arrangements are introduced, as well as considering wider feedback as a result of COVID-19.

Conclusion - Longer term disruption and consequences:

Whilst the impact of COVID-19 has caused disruption across the Council, and it is not known how long this may continue, the Council has continued to adapt, evolve and respond to the ever-growing demand and change. The entire Council has mobilised to ensure that critical services continue to the residents. Staff have defied the odds in order to do this and continue to work in an unsettled environment. The implementation of specific governance arrangements from the beginning of this pandemic have been vital. These have evolved as time has passed and the different issues and risks have emerged, but the Council has recognised this, they have continued to review how these operate, whether improvements and changes are necessary and this will continue.

Going forward, the Council now has an opportunity to evolve and embed new working practices that will provide longer term benefit, for its staff and residents. Notwithstanding the financial implications of COVID-19, the Council will be able to reflect on what worked well, what didn't, what changes were necessary and need to continue and perhaps, what non-critical services which were ceased may not need to return as they were previously delivered.

Annual Governance Statement 2019/20 Action Plan

2018/19 AGS Action Plan

Last year's Annual Governance Statement highlighted two areas for improvement, namely Health and Safety and the impact of the delivery of savings. The areas identified for improvement identified in the 2018/19 AGS were monitored during the year and appropriate actions taken to address concerns.

Details of this progress have been detailed as follows:

	Area for Improvement	Action(s)	Target Date	Responsible Officer(s)	Progress
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	• Increased Corporate Health and Safety awareness, including identification of cross-Council champions and training. • Policy updates and clarity on escalation processes for reporting incidents now complete. • Risk assessments have been performed for areas such as lone working. This has been expanded to cover specific COVID-19 assessments for all services as the Council begins to consider a return to offices and the potential health and safety implications may arise. Progress to improve systems and processes across the Council has been made, especially to inform a consistent corporate approach. Further work to improve local health and safety compliance and embed effective governance and operations over all components is needed and as a result, this action will remain an area of focus during 2020/21.

	Area for Improvement	Action(s)	Target Date	Responsible Officer(s)	Progress
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)	This has continued to be an area of focus, but work is still required to gain control over spending through accurate forecasting and savings tracking. Further actions, in addition to those outlined in the AGS for 2018/19 have included: • A spending moratorium to ensure essential spend only. • Holding a budget fortnight to identify suitable savings, targets and how delivery would be tracked. • Focused external reviews on areas of overspending, including Adult Social Care and Temporary Accommodation to identify key themes and improvements. • For specific areas, like Temporary Accommodation, the development of demand-led models to inform accurate forecasting. • Specific control and monitoring mechanisms were implemented to track the financial implications of COVID-19. The impact of COVD-19 has only placed increased financial pressures on the Council, and prior to this, the Council were agreeing budgets and associated savings for 2020/21. There will be a need to review and monitor the Council's ability to meet such targets as it goes into an expected recovery phase from the pandemic, whilst understanding the service demands, stresses and support required to operate in the new norm. It is expected this will continue throughout 2020/21.

2019/20 AGS Action Plan

	Area for Improvement	Action(s)	Target Date	Responsible Officer(s)
1	Continue to improve and embed governance arrangements, systems and processes across the Council around ensuring compliance with statutory and good practice requirements relating to health and safety.	• Compliance with recommendations following specific reviews of Health and Safety areas conducted during 2019/20. • Continued awareness campaigns and periodic risk assessments for evolving areas, with additional requirements to consider the impact of COVID-19 and the Councils operations to safeguard staff, residents and visitors.	March 2021	Corporate Director, Strategy
2	Ensure that there is close monitoring of the impact of spending reductions, service pressures and demands (including such areas like Social Care and Housing), that the Council has and will be required to do so over the next couple of years. This will include necessary considerations regarding the impact of COVID-19 as the Council moves through a recovery phase.	• Creation and continued development of demand-led models to inform accurate service budget setting and service predictions at the start of the year. This will also help to monitor and better manage service provision, demand and financial forecasting throughout the year. • Detailed monitoring and tracking of all savings, with full scoping and business case development for new and continuing areas of investment, development or savings. • Implementation of "challenge" conversations between managers and Finance to establish management actions regarding financial forecasts and savings delivery at the start and throughout the year. • Train and enhance manager responsibilities to identify, escalate and mitigate risks or exposures in the form of performance/financial pressures. • Continue to explore alternative methods of delivery, support and partnership working to produce innovate ways of working that reduce the impact of spending reduction, increased demand or service need.	March 2021	All Corporate and Operational Directors (for identified areas)

Agreed by:-

Councillor Jas Athwal **Leader of the Council**	Signed:-	Date:- 08/03/2021
Andy Donald **Chief Executive**	Signed:-	Date:- 08/03/2021

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