

London Borough of Brent  
Statement of Accounts  
2021/22

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## Narrative Statement

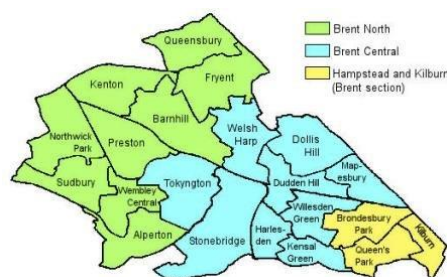
I am very pleased to present Brent Council's Statement of Accounts for 2021/22. Whilst by their very nature the accounts can be backward looking they do provide the context of the financial position for Brent at the end of the financial year as well as the numerous challenges presently facing the local authority sector and likely to do so in the future.

This narrative report contains the following sections:

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## *Organisational Overview and External Environment*

1. Brent is situated in North West London, bordering the boroughs of Harrow to the north-west, Barnet to the north-east, Camden to the east, the City of Westminster to the south-east, and the Royal Borough of Kensington and Chelsea, Hammersmith and Fulham, and Ealing to the south.
2. It covers an area of 4,325 hectares, making it London's fifteenth largest borough; about 22% of this is green space.
3. It is the capital's fifth most populous borough, with a population of 339,800. Brent has a young population; the median age is 36, four years below the average for England; 24% of local people are under the age of 18. It is the second most ethnically diverse borough in London - 64% of the local population is from Black, Asian and other minority groups; the largest single group is the Indian population – who comprise 17% of residents – the fourth largest in London. Some 55% of Brent residents were born overseas. The borough has the second largest Hindu population in England and Wales, and the 10th largest Muslim population (as a percentage of the population). Over 149 languages are spoken in the borough; 37% of residents do not have English as their main language – the second highest proportion in London.
4. Brent's major districts are Kilburn, Willesden, Wembley and Harlesden as well as Stonebridge, Kingsbury, Kensal Green and Queen's Park. There is a mixture of residential, industrial and commercial land with districts in the east having an inner-city character, while the west is more suburban. Within Brent lie Wembley Stadium, the country's largest stadium by capacity, as well as other notable attractions such as the Kiln Theatre, the Swaminarayan Temple, Wembley Arena and the Welsh Harp reservoir.
5. In 2021-22 Brent was divided into 21 electoral wards and three parliamentary constituencies: Brent North, Brent Central and Hampstead and Kilburn, which includes part of the London Borough of Camden.



## *Governance*

### *The Council's governance arrangements*

6. The Council has a well-established and robust corporate governance framework. This includes the statutory elements such as the posts of Head of Paid Service, the Monitoring Officer and the Section 151 Officer in addition to the current political arrangements. An overview of this governance framework is provided within the Annual Governance Statement for 2021-22.

This includes a detailed review of the effectiveness of the Council's governance arrangements, including arrangements put in place during the period of the COVID pandemic.

7. Despite the challenges faced by COVID which are captured throughout this Narrative Report, it is considered that, having regard to the Council's arrangements and other factors highlighted in this report, the Council remains a going concern.

#### *Governance during COVID Pandemic*

8. As an immediate response to the COVID outbreak, interim arrangements were enacted in 2020 that authorised the Chief Executive under the Constitution to undertake any executive or non-executive functions where the matter is urgent, unless this is prohibited by law. As part of the governance arrangements for these emergency powers, the decisions taken under emergency powers were reported to the Audit and Standards Advisory Committee on 29 July 2020, together with lessons learnt. These interim arrangements came to an end before the 2021-22 financial year and the normal governance arrangements applied to COVID-related activity and expenditure.

#### *Financial Governance*

9. The maintenance of financial control and stewardship of public funds remain critical during the response to COVID. The Council have stressed that officers must continue to comply with their legal responsibilities and have regard to their duties as set out in Managing Public Money and other related guidance. The Council has not changed its expectation that officers will follow due process to ensure appropriate and value for money use of public funds. We have also highlighted to officers the dangers of fraud and put in place mitigations.
10. The Finance Department undertakes periodic reviews of our financial governance arrangements to ensure decisions to commit resources are at all times robust. We have also tested the resilience of the finance functions and business continuity plans to make sure that the most important elements (running payroll, paying suppliers, core reporting) can continue even with significant staff absences.

#### *Business Model*

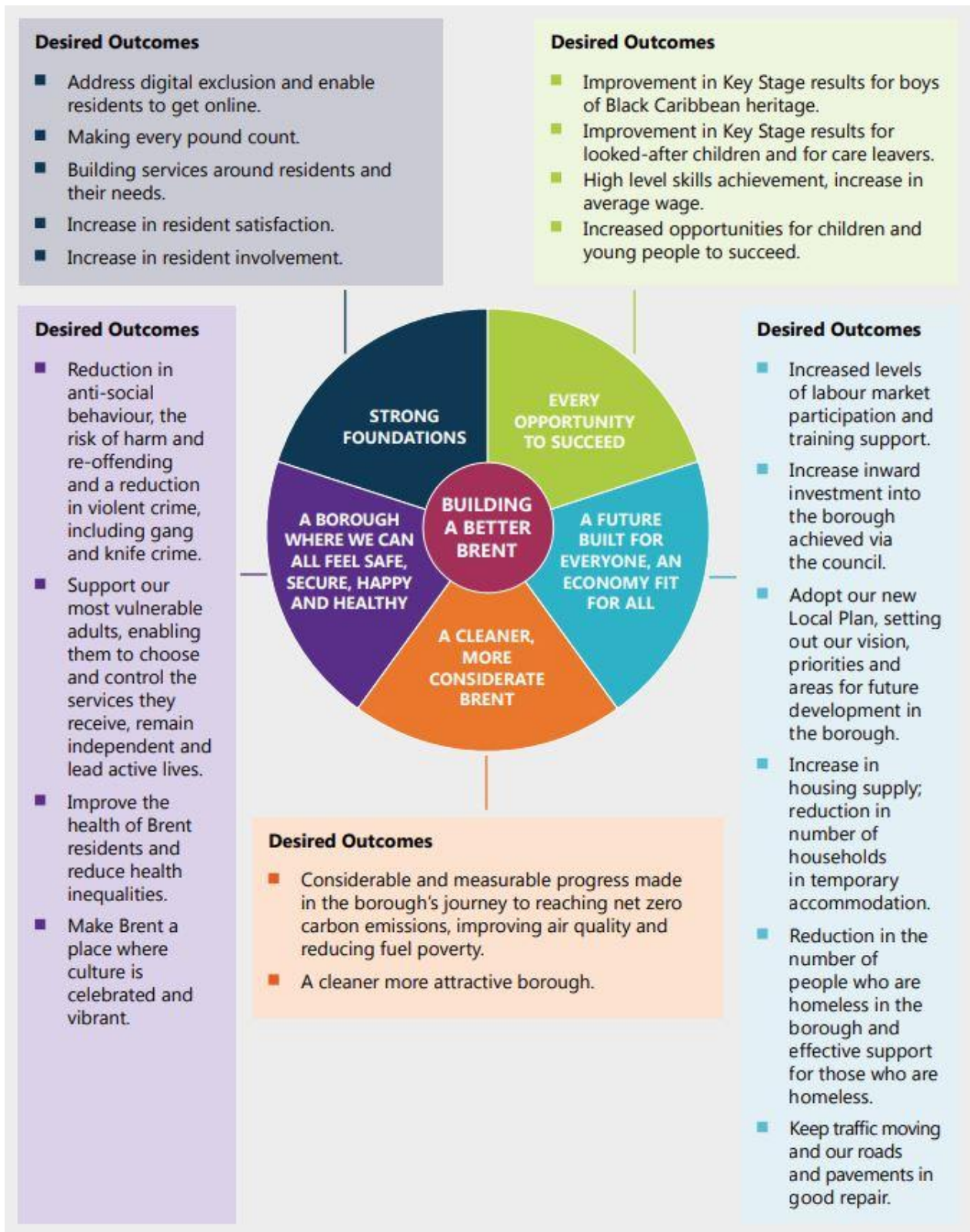
11. Brent Council sets its strategic direction via its Borough Plan. The Borough Plan 2019-2023 was agreed in 2019. It is based on the vision to "make Brent a borough of culture, empathy and shared prosperity":

*"A borough where people from different backgrounds feel at ease with one another, share in cultural opportunities and activities, and value the principles of fairness, equality, good citizenship and respect for people and place. People will feel that they and their children are safe, cared for and can achieve and that they receive excellent services when they need them. Brent will be a great place to live and work, where business and enterprise prosper and local people have opportunities to change their lives for the better."* [Borough Plan 2019-2023]

12. The Borough Plan is reviewed regularly to ensure it is still relevant, reflects the national policy landscape, local priorities and context. The council monitors progress against the outcomes

set out in the Plan based on a suite of performance measures. These are reported to Cabinet twice a year.

## 2021-22 Strategic themes



## *Risks and Opportunities*

### *Recovery*

13. Local government has faced an extremely challenging financial outlook following a prolonged period of austerity, disproportionate growth in demand for services as well as the COVID pandemic. Since 2010 the Council has delivered savings of £196m, and agreed a further £2.7m in the 2022-23 budget. This has been delivered through a combination of effective financial management, cost control and more innovative approaches to investment and demand management. As government funding has been cut, the population has grown. This population growth has been particularly pronounced in the very oldest and very youngest age groups, which are statistically most likely to require services from the Council, thus adding to the cost pressures. Coupled with the impact of legislative change and uncertainty on the outcome of proposed reforms to local government funding, this has created substantial financial pressures. The pandemic also continued to have a huge impact on local government finances throughout 2021-22.
14. Whilst the country has moved to a 'Living with COVID' position, which has seen the lifting of restrictions, a full return to pre-pandemic levels and patterns of activity has yet to happen. The impact of COVID is not fully known and there is a risk that the Council may be exposed to unfunded financial pressures in the current and future financial years. In addition, the income loss compensation scheme for Council Tax and Business Rates does not fully cover the losses the Council is estimating and only applies to losses incurred in 2020-21. Similarly, the sales, fees and charges compensation scheme ended in July 2021, while the 'Plan B' restrictions have had a further adverse impact on business rates and fees and charges income due to reduced footfall. Overall, these income losses may pose a considerable budget pressure. Any permanent 'COVID scarring' will also need to be reflected in the MTFS.
15. On 12 July 2021, Full Council agreed to set aside £17.5m of reserves for Recovery Initiatives. This is one-off funding over three years for the delivery of programmes in priority areas identified as essential to secure a sustainable and inclusive recovery from the COVID pandemic. These projects are themed around supporting communities, supporting businesses, reducing health inequalities and promoting a green recovery.
16. The Council has also created a Resident Support Fund. This dispersed £3m in 2020-21 and £3m in 2021-22. It is estimated that a further £3m will be allocated in 2022-23. This is funded from reserves. There is currently no reoccurring funding identified for this.
17. In the 2021-22 budget the Council allocated £13m of ongoing growth to address the effects of the COVID pandemic. £4m of this funding was removed in the 2022-23 budget as it was no longer required. No additional funding is built into the MTFS for future years. The level of COVID scarring will need to be kept under review and is hard to assess. This is likely to lead to a permanent increase in the cost of the local Council Tax Support scheme, lower income levels from sales, fees and charges and a higher cost of social care placements. At the moment the best proxy for the cost of COVID scarring to the Council is £9m per annum (i.e. the £13m recovery budget originally allocated and subsequently reduced by £4m).



### *Strategy and Resource Allocation*

18. The impact of COVID will require the Council to review its medium term financial strategy on a more regular basis to ensure that it can still deliver its strategic priorities and maintain financial resilience. Though the precise financial impact of COVID remains difficult to predict, officers will continue to report on the Council's financial position to Cabinet at regular intervals in line with the existing governance arrangements.
19. As part of the Council's work to implement CIPFA's Financial Management Code, a new Financial Strategy will be created later in the year to enable the Council to adopt a longer, ten year planning timeframe together with a comprehensive revision of the MTFs to ensure that it is fit for purpose. This task is made more difficult by uncertainty around the future arrangements for the local government finance system. Although the Spending Review announced in autumn 2021 is multi-year; the local government finance settlement remains single-year for the fourth consecutive time. This lack of clarity on the Government's funding plans is challenging when determining how to deliver services to residents over the longer term.
20. Adopting a strategic and forward-looking approach should put the Council in a financially sustainable position, with long term plans in place to give certainty to residents about future levels of service provision.
21. The balance between government funding and resources raised locally through council tax and business rates has changed with local resources becoming a larger source of local government funding. The pandemic has exposed these flaws, with revenues falling substantially due to increases in council tax support claims and business rates reliefs through lockdowns and beyond.
22. Whilst the government has announced a multi-year Spending Review this year, we are still waiting for the outcome of the fundamental review of business rates and the conclusion of the Fair Funding Review plus the full details of the reforms to adult social care. This is a missed opportunity for the Government to put local government finance on a sustainable path. The lack of certainty that there will be adequate and assured resources for the continued delivery of vital local public services puts at risk support to the economy and help for communities to recover from the pandemic.
23. At the last update of the MTFs, the Council's budget approach has been very much on delivering efficiencies in order to achieve a balanced budget in the face of government funding reductions. As part of this, the Council has been successful in delivering a savings programme without significant reductions in service provision or adverse impact on the most vulnerable. There is a limit on the level of efficiencies that can be made and significant cuts in government funding will eventually lead to reductions in service provision. The MTFs has also been successful in providing a framework that has allowed the Council to fund essential growth resulting from both demographic pressures and the changing needs of its vulnerable residents, while investing in the local recovery.

## Performance

### Financial Performance in 2021-22

24. The Council's General Fund position is break even as a transfer from corporate contingency covered an overspend in the Children and Young People (CYP) service of £1.8m. Other General Fund services outturned with modest underspends. The CYP overspend results mainly from a rise in Unaccompanied Asylum-Seeking Children (UASC). There was a £4.6m overspend on the Dedicated Schools Grant (DSG) activity. The DSG overspend relates to increased levels of demand in Special Educational Needs and Disability (SEND) services. The HRA outturned at an overspend of £0.6m. This is detailed in table 1.

### Revenue Expenditure

Table 1 – Outturn Position 2021/22

Area	Revised Budget £m	Actual Transactions £m	Over/(Under) Spend £m
Children and Young People	60.5	62.3	1.8
Community Wellbeing	133.4	133.3	(0.1)
Regeneration and Environment	50.8	50.8	0.0
Customer and Digital Services	28.3	28.3	0.0
Chief Executive's Departments	32.0	31.8	(0.2)
Service Expenditure	305.0	306.5	1.5
Central Items and Budgeted Contingency	(305.0)	(306.5)	(1.5)
<b>General Fund (GF) Budgets / Outturn</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>
DSG Funded Activity	0.0	4.6	4.6
Housing Revenue Account (HRA)	0.0	1.0	1.0
<b>Total (GF, HRA, DSG)</b>	<b>(0.0)</b>	<b>5.6</b>	<b>5.6</b>

The detailed breakdown of these figures is in Note 14.

### General Fund

#### Chief Executive Department and Customer & Digital Services

25. The Corporate departments had a net underspend of £0.2m due to higher income on digital marketing advertising and filming and under spends across the service areas. The departments had been allocated £2.6m of recovery initiatives funding, which included £1.3m for revenue projects to support communities and the environmental recovery from the COVID pandemic. The department delivered a number of COVID projects funded from specific COVID grants received in year that included Local Test and Trace Service, the processing of grants for businesses affected by COVID, Self-Isolation Payments and the local COVID test booking line and COVID Support line.

### Children and Young People (CYP)

26. The General Fund part of the CYP department overspent by £1.8m. This pressure has arisen because of the demand for placements. There has been a 20% increase in the number of Looked After Children, with numbers rising from 285 at the start of the year to 342 at the end of the financial year 2021/22. This increased demand is mainly due to a 20% rise in referrals for social care services over the second half of the financial year and also includes an increase in the number of Unaccompanied Asylum Seeking Children (UASC) presenting to the borough, which led to the increase in the number of under 18s supported by the budgets. The increase in UASC numbers has led to other costs being incurred which include additional costs for specialist age assessment social workers, legal costs, additional personal advisors to manage cases, and increased subsistence costs. A pressure also arises with looked after children who are older and have needs that are more complex, therefore requiring higher cost placements.
27. The department continues to face pressures from the national challenge for the recruitment and retention of social workers, leading to a reliance on agency staff. A shortage of social workers and other case holding staff is an acknowledged regional issue, which requires a co-ordinated regional approach over the medium term. CYP management will continue to take steps to improve recruitment and retention of social workers.

### Community Well Being (CWB)

28. The Community Wellbeing department has underspent by £0.1m. This is a net result of a number of budgetary pressures being more than offset by additional funding allocations, predominately COVID related.
29. The Housing service has a net underspend of £0.1m, which is largely a result of a reduced spend on agency fees as internal recruitment is taking place within the Housing Partnership Team. In 2021/22 Housing have also had an additional £1.5m top-up of the Homelessness Prevention grant. This was spent on a combination of working with Private Rented Sector (PRS) tenants and their landlords to clear rent arrears, to prevent homelessness, making incentive payments to PRS landlords to secure accommodation to prevent and relieve homelessness, as well as making payments to Temporary Accommodation providers to meet statutory homelessness duties.
30. In 2021/22, the Council has received additional funding to help with containing the effects of the pandemic that has contributed to an underspend within the main Public Health grant - £1.1m has been transferred to earmarked reserves. Throughout 2021/22, the Council maintained an accessible (in terms of opening hours and locations) offer of asymptomatic testing, including surge testing in response to the detection of variants in the Borough and the provision of testing in support of events at Wembley Stadium and Wembley Arena. Testing plans were signed off by the Department of Health and Social Care (DHSC) and accordingly the Council was fully funded to deliver these.
31. The Culture service is reporting a break-even position for 2021/22. The Council has received a £0.6m allocation from the National Leisure Recovery Fund that has been directed to support the leisure providers. Budgetary pressures associated with reductions in income due to slower than anticipated recovery of facilities use and increase in expenditure to provide a COVID secure library offer, were met from the public health funds.

32. The Adult Social Care service is also showing an overall break-even position. The implementation of a new Homecare contract has increased the hourly rate from £16 to £19 per hour, however total costs fell as clients chose to stay with their original providers and move over to Direct Payment packages rather than transfer to Brent's contracted providers. Through a commitment to commission services in less restrictive placements rather than using Residential and Nursing services, there has been a notable rise in Supported Living. The price of nursing care remained stable by keeping in line with West London Alliance price bands. Day Care packages have continued to follow a downward trend as day centres closed during the pandemic and people chose not to use their alternative services, such as outreach, community and online services. Numbers have still not recovered to pre-pandemic levels, although day centres are open again, but still offering alternative provision for those who do not wish to attend the day centre in person. The additional funding from the DHSC has helped to support the providers and service delivery for vulnerable adult residents and contain higher costs associated with workforce retention and varying complex care needs.
33. The department's finances continue to be affected by the COVID variants. To date, the government has been providing additional funding to support the response and contain the impact. However long term COVID implications for the services provided by the department remain a risk for 2022-23. The main risk areas are the volatility of rent collection rates, continuous high demand for temporary accommodation for homeless people as the cost of living rises, as well as permanent effects of the prolonged pandemic on the adult social care services and the increased complexity of care needs at a time of new social care reforms.
34. In 2021-22, the department has been allocated £0.5m to fund the recovery initiative projects that focus on reducing health inequalities. The six projects that were planned for 2021/22 have experienced delays either due to the Omicron wave of COVID, difficulties in recruitment or changes to the national schemes. They therefore have been redesigned, reoriented or postponed. The majority have now recommenced and the allocated budget has been moved to reserves to be utilised in 2022-23.

#### Regeneration and Environment

35. Environment are reporting a net underspend of £0.1m for 2021/22.
36. Within Environmental Services there is an underspend of £0.4m, this is primarily due to reduced costs within Brent Transport Services. The Adult Transport Service had a reduction in the number of Adults routes in operation due to impact of COVID and the resulting lockdowns. This underspend was offset slightly by overspends within Parking, predominantly from a reduction in income from moving traffic offenses, and Highways, where there was reduced TfL Local Implementation Plans funding due to severe financial pressures on TfL.
37. Regeneration report an overspend of £0.1m predominantly from an overspend within Building Control. The service has seen a reduction in income from major projects due to less new construction commencing, partly due to the wider effects of the COVID pandemic.
38. Property & Assets overspent by £0.2m largely from the Commercial Property service, due to resolving issues with historic water bills in year and the required use of agency staff.

39. The Redefining Local Services (RLS) programme was initiated in May 2019 to develop and implement a commissioning strategy for the outsourced environmental services. The existing contracts were synchronised so that the new service arrangements would come into place from 1st April 2023. The final delivery model was approved to operate as a “specialist contracts delivery model with low to moderate levels of insourcing” and the procurement process is now underway for these specialist contracts.
40. Risks around the procurement process are being monitored and reviewed; however, until the procurement processes are completed, there remains a financial risk around the affordability of the contracts. In particular, the rising rates of inflation and fuel costs, which could lead to increased contract prices when they commence in April 2023. The projected contract prices remain in review against the budget available.
41. Regeneration & Environment has been allocated £4.5m revenue funding for recovery initiatives, of which £847k was spent in 2021/22 and the remaining £3.4m is budgeted to be spent in 2022/23 and a further £26k in 2023/24. In addition, R&E and Customer & Digital Services are working jointly on projects with total revenue budget of £2.3m, of which £0.7m was spent in 2021/22 and the remainder of £1.6m is budgeted to be spent in 2022/23.

#### **Central items - Collection Fund and other central items**

42. **Collection Fund** The budgeted net collectible amount for Council Tax (after exemptions, discounts and Council Tax support) was £175.9m in 2021/22. The actual net collectible amount as at 31 March 2022 reduced to £173.7m, a reduction of £2.2m since April 2021. The decrease during the year was due to new properties not being completed as expected and additional Council Tax Support payments to residents, producing a cumulative Council Tax deficit on the Collection Fund of £1.5m after accounting adjustments for items such as impairment for doubtful debt, and write-offs. The in-year collection was 92.3%, 0.3% higher than the amount achieved in the previous year, although collection will continue to be attempted in future years.
43. The spreading of deficits is intended to bring the Collection Fund back into balance in the next two years. An assessment will be made as to the impact on future budget setting when the Medium Term Financial Strategy is updated.
44. The budgeted net collectible amounts for Business Rates (after exemptions, reliefs and discounts) was £136.0m. The actual net collectible amount as at 31 March 2022 reduced to £97.1m, a reduction of £38.9m since April 2021. This reduction is a direct result of additional reliefs granted to businesses, due to COVID, where the council will receive a grant to compensate for the loss of income. The reduction to the overall rateable value has left the Collection Fund with an in-year deficit of around £61.2m, of which £22.5m will be funded by the GLA and £20.3m from central government. Brent’s share will be funded from an earmarked reserve specifically set aside for this purpose. As at 31 March 2022, the amount collected was 91.3%, this is higher than the amount collected in the same period last year, at 87.3%, as payment deferrals to support businesses overcome the impact of COVID have been reduced, and enforcement activity has re-commenced.

45. Movements between the budget and actual collectable amounts affect the overall level of balances held on the Collection Fund at year-end after deducting charges. For Business Rates, additional grants were paid to the General Fund which have been moved to reserves to repay Brent's share of the deficit over the next two years as described in paragraph 44.
46. **Central Items and Budgeted Contingencies** A transfer was made from the budgeted corporate contingencies, which brought the General Fund back to a break even position.
47. **COVID**: The Central Items net position includes various COVID grants from central government. These include the Winter Support Grant, Contain the Outbreak Management Fund (COMF) and other non-ring fenced COVID grants which totalled £22.8m. The total gross COVID impact across the Council was £20.7m. Restricted grants have been utilised first to maximise the flexibility in the general grants. Grants unspent in 2021/22 will be transferred to reserves to support further COVID recovery action for businesses and the community and financial impacts to the council in 2022/23.

#### Schools and DSG

48. The Dedicated Schools Grant (DSG) funds local authority schools' budgets, and this is the main source of income for schools. DSG is a ring-fenced grant, which means that it cannot be used to support General Fund services. In 2021/22, maintained school balances have decreased by £1.2m from £18.2m to £17m. This reduction in school balances is mainly attributed to inflationary cost pressures. Of the 56 maintained schools, 27 increased their balances and 29 decreased their balances. Also included in this total are 6 schools in deficit. The challenge remains that school budgets are under considerable pressure due to rising costs exacerbated by the COVID pandemic and in some cases, reducing funding levels due to the impact of falling rolls, as pupil numbers mainly drive school funding.
49. At the end of 2021/22, the DSG had an in-year deficit of £4.6m which is a reduction in comparison to the Quarter 3 forecast position of £5.4m. This reduction is mainly due to a decrease in the pressure against the Early Years Block arising from the impact of a 2020/21 funding adjustment, which was mitigated by an underspend against the three and four year old funding allocation within the Block and an increase in the underspend against the Schools Block. The £4.6m in year deficit has increased the overall DSG deficit to £15.1m, following an addition to the brought forward deficit of £10.5m, which began in 2019/20. This cumulative deficit is against the High Needs Block (HN), which has come under increased pressure in supporting children with special educational needs.
50. The increasing number of children with Education, Health and Care plans (EHCPs) has had an impact on the HN block. In 2021/22 there was a 6% increase in the number of EHCPs however, this rate of growth is lower than the increase in 2020/21 of 16%. This is due to the Deficit Recovery Management Plan, which includes an action to manage demand and introduced a revised EHCP assessment, planning and review process in April 2021.
51. This deficit will be disclosed as an unusable reserve in line with the DfE regulations - *The School and Early Years Finance (England) Regulations 2021*. The regulations make clear the requirement for any DSG deficit balance to be held within the local authority's overall ring-

fenced DSG and carried forward to be funded from future years' funding and/or recovery plans agreed with the DfE. This also means that authorities cannot fund a deficit from the general fund without the Secretary of State's approval as the DSG is a ring-fenced grant. This arrangement is in place until the end of the financial year 2022/23 and further guidance is expected from the DfE regarding the management of historic deficits that cannot be recovered by 2022/23.

52. The cumulative deficit of £15.1m will be carried forward to 2022/23. A HN Block Deficit Recovery Management Plan is in place with longer-term actions to recover the deficit and a task group has been set up by the Council to coordinate and monitor these actions. Some of these actions to reduce costs include developing Alternative Provision education and increasing the amount of special provision within the borough, particularly for secondary phase pupils and 16-25 year-old SEND students. A combination of these longer-term recovery actions and anticipated funding increases will reduce the deficit.

#### Housing Revenue Account (HRA)

53. The Housing Revenue Account is a ring-fenced account, which manages income and expenditure in relation to 8,138 units of Council owned housing stock. When compared to the previous year, stock levels have increased by 225 units overall, as a result of ongoing investment in the affordable housing programme.
54. The HRA reported an overspend of £1.0m for 2021/22, which is offset through the use of the HRA Operating Reserve. The overspend is due to partially funding a provision for capital works to the Granville New Homes blocks that are being transferred to the HRA from First Wave Housing on 1st April 2022. This is an accounting adjustment and there is no material impact on the HRA budgets overall as a result of this action. The HRA reserves were used to cover the timing difference and the provision will be released in 2022/23 returning the HRA reserves to their previous value. The HRA operating reserve balance now stands at £0.4m (please see Movement in Reserves Statement on page 26). Other in-year budgetary pressures were associated with repairs related payments, which were mitigated through underspends on staffing to the value of £0.2m.
55. During the year, tenants facing financial hardship were supported through Brent's Resident Support Fund, which has helped to contain the level of arrears. Tenants have also had water rates refunds applied to their rent accounts to the value of £7.1m following the High Court's decision in the case of *Jones v London Borough of Southwark Council* [2016 EWHC 457] as a number of local authorities including Brent have had similar arrangements with water companies.
56. Looking ahead, high levels of inflation, rising cost of living, a potential prolonged recession and their impact on rent and service charge collection remain key risk areas for the HRA. High levels of uncertainty around inflation pose a financial risk as this has an impact on the cost of materials and repairs, as well as the cost of new build contracts. Linked to this are also rising interest rates on borrowing for new builds. This will be continuously monitored with an updated position reported in the Medium Term Financial Strategy (MTFS).

### Capital Expenditure

57. Capital expenditure comprises the buying, constructing or improving of physical assets, such as buildings, land, vehicles and other miscellaneous property, including streetlights and road signs. It also includes grants and advances that authorities make to other bodies for capital purposes. Because of the project-based nature of capital expenditure, there can be relatively larger variance in expenditure over time compared with revenue expenditure.
58. The Council has an ambitious five-year capital investment programme totalling £710m which is financed from a combination of capital receipts, grants, contributions, reserves and external borrowing.
59. For 2021/22 the Council spent £165m which equates to 74% of the approved capital programme budget and was under spent compared to budget by £56.9m or 25% as shown in Table 2 below.

Table 2 – Capital Expenditure

Directorate	Full year Budget (£m)	Expenditure (£m)	Over / (Under) spend (£m)
Corporate Landlord	19.0	10.0	(9.0)
Regeneration	11.7	8.4	(3.3)
St. Raphael's Estate Regeneration	2.6	1.2	(1.4)
Housing Care Investment	135.0	109.7	(25.3)
Schools	10.8	7.2	(3.6)
South Kilburn	17.9	14.0	(3.9)
Public Realm	25.3	14.9	(10.4)
<b>Grand Total</b>	<b>222.3</b>	<b>165.4</b>	<b>(56.9)</b>

60. The high inflationary environment coupled with rising interest costs are both significant risks to the outcomes and deliverables of the Capital Programme. Many schemes have been affected by disruption to supply chains and availability of materials resulting in additional cost pressures and increasing uncertainty for timescales of delivery. Value engineering has allowed schemes to continue within existing budgets but this may not always be possible going forward.
61. There have been significant increases to gilt yields throughout the year which has made planning for the Capital Programme more challenging. The bank rate rose from 0.1% to 0.75% resulting in a significant shift in borrowing rates with current forecasts expecting it to peak at over 2%. As a result, the viability of schemes within the programme will be challenged and a re-assessment required once schemes are procured.

### Corporate Landlord

62. Corporate Landlord has delivered a range of programmes during the year. The Energy programme includes work on heat decarbonisation and energy efficiency measures of which



£3.8m will be spent in future years following further design and implementation plans required. The Digital Strategy programme which supports channel shift and more effective delivery of Council services has been re-prioritised driving slippage of £1m. The ICT programme has experienced slippage of £2.7m due to delays in commissioning. The Oracle Cloud programme improving the Council's finance, payroll and HR functionality has slippage of £1m as the delivery of the phase 2 projects started later than projected.

#### Regeneration

63. Regeneration has reported slippage of £3.3m across their programmes. The Morland Garden project, which will deliver affordable homes, adult education centre and affordable workspace, experienced delays in the procurement as it required a re-tender exercise resulting in a £1.1m slippage against the original project plan. The Harlesden Regeneration Heritage Action Zone project is undergoing discussions with the grant provider as required works are in excess of the grant funding resulting in a delay of delivery and a £2.2m slippage.

#### St Raphael's

64. The St Raphael's programme is developing an infill master plan for the St Raphael's estate to create more good quality affordable homes. The programme has experienced delays in the procurement of consultants resulting in slippage of £1.4m.

#### Housing, Care and Investment

65. The £25.3m slippage in Housing Care and Investment (comprising of £7.9m on Housing HRA and £17.4m on Housing GF) is due to slower than previously anticipated progress on a number of schemes. Within the HRA, £1.2m slippage in the Enfranchisement project resulted from delays in lease extensions due to ongoing negotiations. The Watling Gardens project delivering a mix of supported, affordable and shared ownership units experienced slippage of £7.2m due to project delays arising from cost increases and the related scheme viability issues. The remaining projects incurred an overspend of £0.5m which will require value engineering in future years to remain within budget.

Within the General Fund, the Stonebridge development delivering affordable rented homes has incurred slippage of £4.3m. There is £3.6m slippage for the Honey Pot Lane affordable homes development as the budget was set providing for inflation-related increases to materialise in 2021/22 which was not quite reflected in 2021/22 valuations, but will be reflected in 2022/23. The Brondesbury Road development delivering affordable rented homes has experienced slippage of £3.9m and slippage of £1.6m for the Northwick Park Infrastructure Fund due to contract negotiations taking longer than anticipated. The Private Sector Acquisition programme, which provides housing for homeless residents incurred a slower rate of properties during the year given less activity within the housing market resulting in slippage of £4.6m. The remaining programmes have an overspend of £0.6m with value engineering required to complete the projects within budget.

#### Schools

66. The Schools programme delivered a number of school condition improvement projects which maintain community school buildings and capital improvement projects. There is overall slippage of £3.6m into 2022/23, £0.6m for projects coming in under budget including £0.3m for the Council's contribution to Ark Elvin and £0.3m for phase 3 of the primary school

expansion projects; these are funded from grant so the funding will be available for other projects. There is also £2m slippage on the Dedicated Schools Facilities and School Asset Management, £0.4m on the Roe Green Kitchen S106 project , these are all is dependent on completion of assets works, which has suffered delays, owing to procurement issues and having to ensure that works cause minimum disruption.

#### South Kilburn

67. The South Kilburn programme is a 15 year programme that aims to transform the South Kilburn area into a sustainable and vibrant neighbourhood. As part of the Hereford and Exeter site, a commercial property was purchased for less than budgeted causing an underspend of £0.9m which can be used within the programme. The Design of Carlton Vale Boulevard to improve public realm and air quality has slippage of £0.4m. The programme has experienced delays in acquisitions on Austin House, Blake Court and other sites driving slippage of £2.6m due to a number of leaseholders not wishing to currently sell.

#### Public Realm

68. The highways programme has experienced significant reduction in the funding from TFL during the year which has led to significant slippage of £6.2m with the planned workstream now at risk if another funding source cannot be identified. There is a £0.8m slippage on parks, primarily due to the pitch improvements which did not spend as expected and £3.4m slippage across the other programmes including landscaping, parking & street lighting and sports, delays to delivery have resulted in spend now being projected in 22/23.

#### *Other significant financial results and information*

##### *Borrowing*

69. The Council's external borrowing increased by £31.5m to £690.6m (2020/21: £659.1m), to fund the Council's growing Capital Programme. The breakdown of the Council's borrowing is detailed below and includes borrowing from the PWLB (Public Works Loan Board), LOBO and Fixed Rate loans, and short-term loans with other councils.

**Table 3 – Borrowing**

<b>Short/Long Term</b>	<b>Loan type</b>	<b>2021/22 (£m)</b>	<b>2020/21 (£m)</b>
Long-term	PWLB	399.7	367
Long-term	LOBO	70.5	70.5
Long-term	Other Fixed Rate	95.0	95.0
Long-term	Local Authority	0.0	5.0
Long-term	Other loans	1.2	-
Short-term	PWLB	7.4	9.6
Short-term	Local Authority	112.0	112.0
Short-term	Accrued interest	3.9	-
Short-term	Other	0.9	-
<b>Short and Long-term</b>	<b>Grand Total</b>	<b>690.6</b>	<b>659.1</b>

70. The Council's external borrowing rose over the year to fund the growing capital programme not already funded through grants, contributions, receipts or reserves. This included the New Council Homes Programme which is supporting the commitment to provide 1,000 homes and works on the Borough's footways to ensure they are safe for residents.
71. The Council's MTFS provides for regular reviews of the capital financing budget and the minimum revenue provision to ensure that capital investment remains sustainable and affordable. In the past the Council has always minimised its interest costs by utilising internal cash resources over the short-term, instead of undertaking more expensive external borrowing. However due to the reduction of cash reserves combined with the need for additional borrowing to finance the Council's capital programme and the availability of cheap borrowing, new borrowing has been undertaken this financial year.

#### *Staffing*

72. During the year the number of school staff and Council officers paid over £50,000 in 2021/22 has increased by 51 compared to 2020/21. The main reason for the increase in these numbers is incremental drift compounded by the pay award. The number of schools staff has increased by 18 and council officers increased by 33 compared to 2020/21.

#### *Pension Fund*

73. The Pension Fund is a contributory defined benefit pension scheme administered by Brent Council to provide pensions and other benefits for pensionable employees of Brent Council and a range of other scheduled and admitted bodies.
74. Brent Council's net pension liability decreased by £141m on an IAS 19 basis. This is due to changes in financial assumptions, in particular the discount rate assumption has increased and consequently has decreased the liability. Investment returns being greater than expected has also contributed to the reduced net liability. These assumptions are formally reviewed at each valuation to compare expectations against actual experience and they will be reviewed as part of the 2022 triennial valuation, which will be reported next financial year.
75. The net pension liability presented in this set of accounts is calculated on an accounting basis and is significantly higher compared to the basis used in the funding valuation. The method and assumptions used in the accounting valuation are different and most of the assumptions are prescribed by the relevant accounting standard. The main reason for the increased net liability on the IAS 19 basis is the use of a lower discount rate compared to the funding basis.
76. Since March 2019, the investments of the pension fund have generated a return higher than the returns assumed by the fund actuary as part of the valuation. During 2021-22, the value of the Pension Fund's investments increased to £1,133m (2020-21 £1,032m). This is due to strong returns in some markets (particularly UK, global and private equity markets) over the last 12 months. The Fund holds a diverse portfolio, which has been invested in line with its investment strategy, therefore some assets are held defensively in order to mitigate impact of market falls.
77. Total contributions received from employers and employees was £64m for the year, an increase from the previous year. Total benefits paid to scheme beneficiaries, in the form of pensions or other benefits, was £47m, an increase on the previous year's £42m. As in

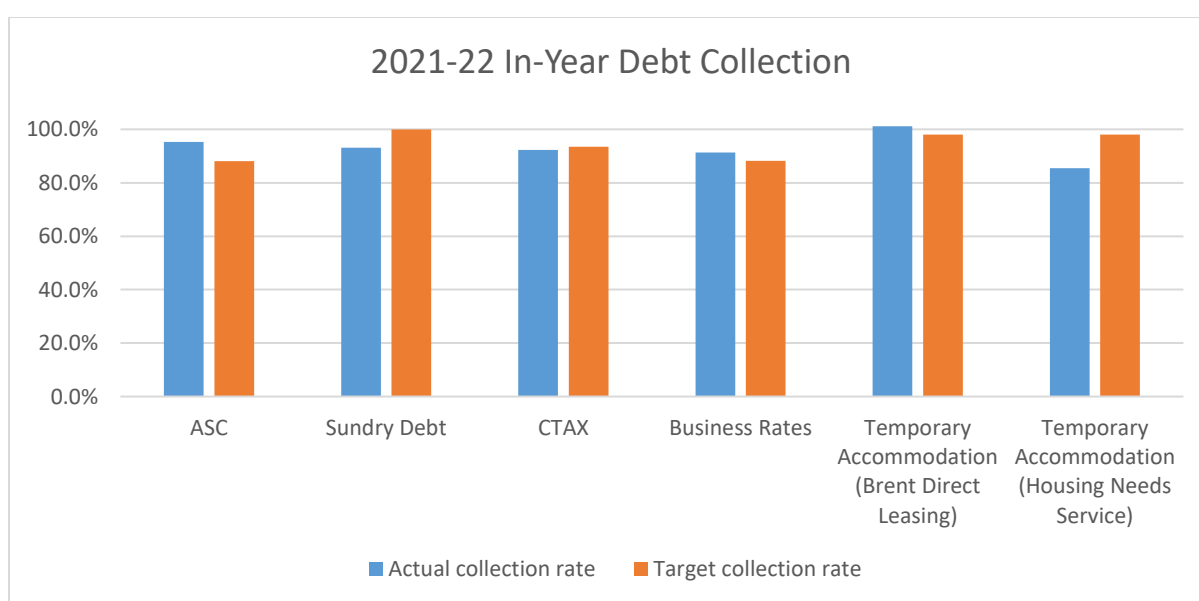
2020/21, the Pension Fund is in a positive cash-flow position because its contributions exceed its outgoings to members. This means that the Pension Fund is able to invest some of the contributions from members in order to further increase the assets available to pay future benefits. This is in contrast to some Local Government Pension Scheme funds, who have to use some of their investments each year, reducing the assets on which they can make returns.

- 78. The Brent Pension Fund is revalued every three years by an independent actuary. This is a detailed appraisal that uses economic and demographic assumptions in order to estimate future liabilities and set employer contribution rates. It was agreed in the 2019 valuation that the employer contribution rate would remain stable at 35% for the next 3 years. This is consistent with the Fund’s deficit recovery plan to clear its deficit within 19 years of the balance sheet date.
- 79. The 2019 Triennial Valuation revealed that the Fund’s assets, at 31 March 2019, were sufficient to meet 78% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. This was a significant increase on the 55% funding level as at the March 2016 valuation.

*In Year Debt Collection*

- 80. Performance in the collection of sundry debts increased to 91.3% compared to the 71.5% achieved last year. The Council collected 92.3% of the 2021/22 council tax due during the year, a 0.3% improvement in collection rate from last year.
- 81. Business rates has seen an increase to 91.3% in performance respectively compared to 87.3% collection rate last year and the target of 88.2%. Temporary Accommodation collected 101.1% on Brent Direct Leasing properties and 85.4% on Housing Needs Services against a target of 98%.

Graph 1 – Debt Collection



- 82. The table below reflects actual performance against targets set for in year collection.

Table 4 – Collection Rates

Collection Rates	ASC	Sundry Debt	CTAX	Business Rates	Temporary Accommodation (Brent Direct Leasing)	Temporary Accommodation (Housing Needs Service)
Actual collection rate	95.3%	91.3%	92.3%	91.3%	101.1%	85.4%
Target collection rate	88.1%	100.0%	93.5%	88.2%	98.0%	98.0%

*Arrears Collection*

83. Debt recorded as outstanding at year-end will be pursued until it is either collected or it becomes uncollectable, at which point consideration will be given to write it off. The movement shown in the table below represents debt outstanding at the end of the prior year that has been collected, written-off, or, where adjustments have been made to the amount due such as additional reliefs granted.

Table 5 – Outstanding Debt

Debt Categories	Debts as at 31st Mar 2021 £m	Debts as at 31st Mar 2022 £m	Increase/ (Reduction) £m
ASC	13.4	14.0	0.6
Sundry Debt	5.0	6.0	1.0
Council Tax	49.0	43.5	(5.5)
Business Rates	11.0	9.1	(1.9)
Housing Benefits overpayments	50.0	46.0	(4.0)
Temporary Accommodation	6.2	7.7	1.5

84. During the COVID pandemic, various measures were put in place, such as payment holidays, to provide support during the various lockdowns and other restrictions. These are no longer in place and it will be a while before it is possible to determine the extent of their impact on the long-term collection rates.

*Outlook*

*Current reserves position*

85. The financial outturn position 2021/22 shows a balanced position on the General Fund with a further deficit of £4.6m on the High Needs Block of DSG, which will be held in a dedicated reserve to be set against future DSG allocations. At 31 March 2022 the Council held total usable reserves of £459.1m made up of the general fund balance of £15.1m and reserves set aside for a specific purpose of £444.0m.

86. In 2021/22 the Council adopted a revised Reserves Strategy. This contains an operational framework which defines the type of reserve that the Council holds.
87. **Working Balances** – These include the General Fund balance (£15.1m), Schools balances (£16.9m) and the HRA Balance (£0.8m). The last two items can only be used to support schools and the HRA respectively. The working balances are used to cushion the impact of uneven cash flows.
88. **Contingency Reserves** (£19.2m) – these reserves exist both to cover unexpected events and forecast future expenditure requirements where the level of the expenditure is unknown. At present the Council maintains a Future Funding Risks reserve, which is earmarked to manage any unexpected disruptions to funding and service pressures as a result of changes to the local government finance system such as the Fair Funding Review and reforms to business rates and inflationary pressures expected from 2022/23.
89. **Capital Reserves** (£77.2m) - These include the Capital Receipts Reserve, the Major Repairs Reserve and the Capital Grants Unapplied reserve. These reserves can only be used to support capital expenditure.
90. **Statutory and Ring-fenced Reserves** (£243.4m) - These reserves can only be used for a specific purpose. They can be capital or revenue. This category includes the Community Infrastructure Levy (CIL) and Section 106 funds and reserves legally ring fenced for bodies such as our maintained schools, the Housing Revenue Account and Public Health.
91. **Uncertainty and Smoothing Reserves** (£60.8m) – these reserves are used to smooth out expenditure that by its nature will vary considerably from year to year and to avoid uncontrollable under and over spends, for example insurance claims, PFI contracts, redundancy and pension costs.
92. **Service Reserves** (£25.7m) – These are set aside by departments to cover specific initiatives.
93. The overall level of reserves may appear high, but an analysis of the reserves shows that £444.0m (97%) can only be used for a specific purpose, leaving only £15.1m (3%) which is generally usable for any purpose.
94. Generally usable reserves necessary for the Council to deal with unforeseen events and unexpected financial pressures in any particular year and are a key indicator of financial resilience. As part of the Reserves Strategy, the Director of Finance has assessed that the optimum level of general reserves to be held by the Council is 5% of net expenditure. As at 31 March 2022 general reserves were at 5% of the net revenue expenditure for 2021-22 of £306.4m. Overall, the Council recognises the importance of holding adequate reserves to meet the net financial impact of risks facing the Council to ensure it continues to operate in a financially resilient and sustainable manner.

#### *Projected financial position*

95. Despite the unprecedented financial situation, the Council has set a balanced budget for 2022/23. The budget included £29.1m of growth and £2.7m of efficiency savings, all of which have been identified and were subject to an extensive process of consultation, scrutiny and equality analyses. The local government sector has faced significant reductions in central government grant funding and the Council has successfully achieved budget savings of £196m since 2010, demonstrating a good track record of strong financial management.
96. The COVID pandemic has had a significant impact on the Council's finances and front line services which is expected to continue beyond the 2021/22 financial year. The progress of the savings targets along with the ongoing costs of the pandemic will be carefully monitored over the medium term financial period and reported back to Cabinet periodically. In the event that the COVID costs are not funded by Central Government, the Council has the option of utilising general reserves as a one-off measure; however, in this event, the Council would need to find additional savings in the short-term to replenish these reserves to required levels.
97. The Council has a well-established process for the development of its Capital Strategy. As with the revenue budget, it is reported to Cabinet each year along with the Treasury and Investment Strategy which ensures that the Council maintains a capital programme which is prudent, sustainable and affordable. The Council has an ambitious capital programme for 2022/23 to 2026/27 totalling £710m.

#### *The Council's balance sheet*

98. The balance sheet shows a net worth of £1,808.2m (excluding the pension liability of £722.0m). Accounting standards require the pension liability to be calculated using actuarial assumptions which will vary from year to year in line with market conditions. The actuary estimates the discounted value of benefits by making various assumptions about the future regarding investment returns, pay growth, pension increases, life expectancy and so on, based on market conditions at the accounting date. It is therefore treated as a liability in the financial statements, although this does not need to be paid immediately, nor does it affect the cash contributions paid by the Council. Therefore, excluding the pensions liability, the Council's balance sheet position remains healthy.

#### *Basis of Preparation*

##### *Going Concern*

99. As with all local authorities, the Council is required to compile its Statement of Accounts in accordance with the CIPFA Code of Practice on Local Authority Accounting for 2021-22 (The Code). In accordance with The Code the Council's Statement of Accounts is prepared on the basis that the Council will continue to operate in the foreseeable future and that it is able to do so within the current and anticipated resources available. It therefore naturally follows that the Council expects to realise its assets and settle its obligations in the normal course of business.

*Statute and regulations*

100. The Council cannot be created or dissolved without statutory prescription, it would not therefore be appropriate for local authority financial statements to be prepared on anything other than a going concern basis. It is also extremely likely that, as in the case of other councils, Central Government would step in to provide support and assistance if any council ran into financial difficulties.

*Group Accounts*

101. The council incorporates the following entities into its group accounts, for the reasons set out below:

- Investing 4 Brent – this is a wholly owned subsidiary of the council.
- Firstwave Housing – this is a wholly owned subsidiary of the council.
- Barham Park Trust – this is under the control of the council, as the council is the sole trustee.
- LGA Digital – this is owned 50% by Brent and 50% by LGA, but Brent provides the services which are the reason for the company's existence, so under IFRS rules the council treats LGA Digital as a subsidiary for accounting purposes in the group accounts.



## FINANCIAL STATEMENTS

### Core Statements

The Council's accounts are presented in 4 main statements in line with statutory requirements and supported by additional notes.

#### Balance Sheet

Balance Sheet Detail	31-Mar	*Restated	*Restated	Notes
	2022	31-Mar	1-Apr	
	£m	2021	2020	
		£m	£m	
Property, Plant & Equipment	2,186.9	2,016.2	1,907.9	1
Heritage Assets	0.5	0.5	0.5	-
Intangible Assets	19.3	14.1	6.4	1
Long Term Investments	91.8	76.3	62.4	24
Long Term Debtors	156.2	152.9	132.3	24
<b>Long Term Assets</b>	<b>2,454.7</b>	<b>2,260.0</b>	<b>2,109.5</b>	-
Short Term Investments	0.3	0.9	0.0	24
Short Term Debtors	182.7	165.7	156.8	2
Cash and Cash Equivalents	136.4	142.0	135.2	3
<b>Current Assets</b>	<b>319.4</b>	<b>308.6</b>	<b>292.0</b>	-
Short Term Borrowing	(123.3)	(125.5)	(140.9)	24
Short Term Creditors	(195.5)	(130.9)	(125.0)	7
Grant Receipts in Advance- Revenue	(9.6)	(24.6)	(8.3)	19
Provisions	(2.2)	(2.2)	(2.2)	9
<b>Current Liabilities</b>	<b>(330.6)</b>	<b>(283.2)</b>	<b>(276.4)</b>	-
Long Term Creditors	0.0	0.0	0.0	24
Provisions	(29.7)	(37.9)	(14.5)	9
Long Term Borrowing	(565.2)	(537.6)	(462.1)	24
Other Long Term Liabilities	(762.4)	(902.0)	(704.3)	8
<b>Long Term Liabilities</b>	<b>(1,357.3)</b>	<b>(1,477.5)</b>	<b>(1,180.9)</b>	-
<b>Net Assets</b>	<b>1,086.2</b>	<b>807.9</b>	<b>944.2</b>	-
Usable Reserves	(455.9)	(443.3)	(396.8)	-
Unusable Reserves	(630.3)	(364.6)	(547.4)	-
<b>Total Reserves</b>	<b>(1,086.2)</b>	<b>(807.9)</b>	<b>(944.2)</b>	-

\*Balances have been restated for prior period error relating to the revaluation of the Stonebridge Housing Private Finance Initiative (PFI). The PFI was revalued based on affordable rent rather than social rent, the restatement therefore adjusts the value to social rent. Please see page 125 for detail. There has also been a reclassification in the prior period due to a misclassification of other long term liabilities as long term creditors. Please see page 138 for detail.

## The Movement in Reserves Statement

<b>Movement in reserves 2021/22</b>	<b>General Fund Balance (£m)</b>	<b>School Balances (£m)</b>	<b>Earmarked General Fund Reserves (£m)</b>	<b>HRA (£m)</b>	<b>Earmarked HRA Reserves (£m)</b>	<b>Capital Receipts Reserve (£m)</b>	<b>Major Repairs Reserve (£m)</b>	<b>Capital Grants Unapplied (£m)</b>	<b>Total Usable Reserves (£m)</b>	<b>Unusable Reserves (£m)</b>	<b>Total Reserves (£m)</b>
<b>*Restated Balance as at 31 March 2021</b>	<b>(15.1)</b>	<b>(17.8)</b>	<b>(210.5)</b>	<b>(1.4)</b>	<b>(1.7)</b>	<b>(7.0)</b>	<b>(0.6)</b>	<b>(189.2)</b>	<b>(443.3)</b>	<b>(364.6)</b>	<b>(807.9)</b>
<b>Movement in reserves during 2021/22:</b> (Surplus) or deficit on the provision of services	(22.4)	0.0	0.0	63.8	0.0	0.0	0.0	0.0	41.4	0.0	<b>41.4</b>
Other comprehensive income & expenditure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(319.7)	(319.7)
<b>Total comprehensive income &amp; expenditure</b>	<b>(22.4)</b>	<b>0.0</b>	<b>0.0</b>	<b>63.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>41.4</b>	<b>(319.7)</b>	<b>(278.3)</b>
Adjustments between accounting basis & funding basis under regulations	40.0	0.0	0.0	(62.8)	0.0	0.0	(0.3)	(30.9)	(54.0)	54.0	<b>0.0</b>
<b>Net (increase)/decrease before transfers to earmarked reserves</b>	<b>17.6</b>	<b>0.0</b>	<b>0.0</b>	<b>1.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.3)</b>	<b>(30.9)</b>	<b>(12.6)</b>	<b>(265.7)</b>	<b>(278.3)</b>
Transfers (to)/from earmarked reserves	(17.6)	0.8	16.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
<b>(Increase)/decrease in 2021/22</b>	<b>0.0</b>	<b>0.8</b>	<b>16.8</b>	<b>1.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.3)</b>	<b>(30.9)</b>	<b>(12.6)</b>	<b>(265.7)</b>	<b>(278.3)</b>
<b>Balance as at 31 March 2022</b>	<b>(15.1)</b>	<b>(17.0)</b>	<b>(193.7)</b>	<b>(0.4)</b>	<b>(1.7)</b>	<b>(7.0)</b>	<b>(0.9)</b>	<b>(220.1)</b>	<b>(455.9)</b>	<b>(630.3)</b>	<b>(1,086.2)</b>

\*Balances have been restated for prior period errors relating to the revaluation of the Stonebridge Housing Private Finance Initiative (PFI) and the accounting for unapplied Section 106 (S106) and Community Infrastructure Levy (CIL) income. The PFI was revalued based on affordable rent rather than social rent, the restatement therefore adjusts the value to social rent. The S106 and CIL unapplied income was previously accounted for in the earmarked general fund reserves in error, the restatement accounts for this in the Capital Grants Unapplied in accordance to The Code. Please see page 125 for detail on both.

Further detail is included in Note 10 – Transfers to/from Earmarked Reserves, in the HRA statement and notes, and in the Movement in Reserves Detail in the Additional Reconciliation disclosures.

<b>*Restated Movement in reserves 2020/21</b>	<b>General Fund Balance (£m)</b>	<b>School Balances (£m)</b>	<b>Earmarked General Fund Reserves (£m)</b>	<b>HRA (£m)</b>	<b>Earmarked HRA Reserves (£m)</b>	<b>Capital Receipts Reserve (£m)</b>	<b>Major Repairs Reserve (£m)</b>	<b>Capital Grants Unapplied (£m)</b>	<b>Total Usable Reserves (£m)</b>	<b>Unusable Reserves (£m)</b>	<b>Total Reserves (£m)</b>
<b>Balance as at 31 March 2020</b>	<b>(15.1)</b>	<b>(8.5)</b>	<b>(151.9)</b>	<b>(1.4)</b>	<b>(4.4)</b>	<b>(11.6)</b>	<b>0.0</b>	<b>(203.9)</b>	<b>(396.8)</b>	<b>(547.4)</b>	<b>(944.2)</b>
<b>Movement in reserves during 2020/21:</b> (Surplus) or deficit on the provision of services	(33.7)	0.0	0.0	43.7	0.0	0.0	0.0	0.0	10.0	0.0	<b>10.0</b>
Other comprehensive income & expenditure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	126.3	<b>126.3</b>
<b>Total comprehensive income &amp; expenditure</b>	<b>(33.7)</b>	<b>0.0</b>	<b>0.0</b>	<b>43.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>10.0</b>	<b>126.3</b>	<b>136.3</b>
Adjustments between accounting basis & funding basis under regulations	(34.2)	0.0	0.0	(41.0)	0.0	4.6	(0.6)	14.7	(56.5)	56.5	<b>0.0</b>
<b>Net (increase)/decrease before transfers to earmarked reserves</b>	<b>(67.9)</b>	<b>0.0</b>	<b>0.0</b>	<b>2.7</b>	<b>0.0</b>	<b>4.6</b>	<b>(0.6)</b>	<b>14.7</b>	<b>(46.5)</b>	<b>182.8</b>	<b>136.3</b>
Transfers (to)/from earmarked reserves	67.9	(9.3)	(58.6)	(2.7)	2.7	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
<b>(Increase)/decrease in 2020/21</b>	<b>0.0</b>	<b>(9.3)</b>	<b>(58.6)</b>	<b>0.0</b>	<b>2.7</b>	<b>4.6</b>	<b>(0.6)</b>	<b>14.7</b>	<b>(46.5)</b>	<b>182.8</b>	<b>136.3</b>
<b>Balance as at 31 March 2021</b>	<b>(15.1)</b>	<b>(17.8)</b>	<b>(210.5)</b>	<b>(1.4)</b>	<b>(1.7)</b>	<b>(7.0)</b>	<b>(0.6)</b>	<b>(189.2)</b>	<b>(443.3)</b>	<b>(364.6)</b>	<b>(807.9)</b>

\* Balances have been restated for prior period errors relating to the revaluation of the Stonebridge Housing Private Finance Initiative (PFI) and the accounting for unapplied Section 106 (S106) and Community Infrastructure Levy (CIL) income. The PFI was revalued based on affordable rent rather than social rent, the restatement therefore adjusts the value to social rent. The S106 and CIL unapplied income was previously accounted for in the earmarked general fund reserves in error, the restatement accounts for this in the Capital Grants Unapplied in accordance to The Code. Please see page 125 for detail on both.

Further detail is included in Note 10 – Transfers to/from Earmarked Reserves, in the HRA statement and notes, and in the Movement in Reserves Detail in the Additional Reconciliation disclosures.

## Comprehensive Income and Expenditure Statement

Directorate	2021/22 Gross Expenditure (£m)	2021/22 Gross Income (£m)	2021/22 Net Expenditure (£m)	*Restated 2020/21 Gross Expenditure (£m)	*Restated 2020/21 Gross Income (£m)	*Restated 2020/21 Net Expenditure (£m)	Notes
Assistant Chief Executive	24.3	(2.3)	<b>22.0</b>	13.8	(1.1)	<b>12.7</b>	-
Chief Executive Department	26.1	(1.2)	<b>24.9</b>	19.4	(1.3)	<b>18.1</b>	-
Children & Young People (GF)	91.4	(24.2)	<b>67.2</b>	85.2	(32.2)	<b>53</b>	-
Children & Young People (DSG)	231.9	(221.7)	<b>10.2</b>	211.9	(211.6)	<b>0.3</b>	-
Community Wellbeing (GF)	219.9	(84.7)	<b>135.2</b>	258.9	(96.4)	<b>162.5</b>	-
Community Wellbeing (HRA)	115.2	(55.9)	<b>59.3</b>	95.1	(56.5)	<b>38.6</b>	-
Customer & Digital Services	61.2	(34.4)	<b>26.8</b>	59.6	(29.5)	<b>30.1</b>	-
Regeneration & Environment	105.3	(44.7)	<b>60.6</b>	95.7	(36.2)	<b>59.5</b>	-
Central Items	232.6	(298.7)	<b>(66.1)</b>	283.1	(330.8)	<b>(47.7)</b>	-
<b>Cost of Services</b>	<b>1,107.9</b>	<b>(767.8)</b>	<b>340.1</b>	<b>1,122.7</b>	<b>(795.6)</b>	<b>327.1</b>	-
Other operating expenditure	-	-	5.3	-	-	(3.5)	11
Financing and investment income & expenditure	-	-	33.7	-	-	30.9	12
Taxation and non-specific grant income	-	-	(337.7)	-	-	(344.5)	13
<b>(Surplus) or Deficit on Provision of Services</b>	-	-	<b>41.4</b>	-	-	<b>10.0</b>	-
(Surplus) or deficit on revaluation of Property, Plant and Equipment assets	-	-	(147.5)	-	-	(67.9)	-
Actuarial (gains)/losses on pension assets and liabilities	-	-	(172.2)	-	-	194.2	-
<b>Other Comprehensive Income and Expenditure</b>	-	-	<b>(319.7)</b>	-	-	<b>126.3</b>	-
<b>Total Comprehensive Income and Expenditure</b>	-	-	<b>(278.3)</b>	-	-	<b>136.3</b>	-

\*Balances have been restated for prior period errors relating to the revaluation of the Stonebridge Housing Private Finance Initiative (PFI). The PFI was revalued based on affordable rent rather than social rent, the restatement therefore adjusts the value to social rent. Please see page 125 for detail on both.

## Cash Flow Statement

<b>Cash Flow</b>	<b>2021/22 (£m)</b>	<b>*Restated 2020/21 (£m)</b>	<b>Notes</b>
Net surplus or (deficit) on the provision of services	(41.4)	(10.0)	-
Adjustment to surplus or deficit on the provision of services for noncash movements	151.7	120.9	4
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(95.2)	(55.9)	4
<b>Net cash inflows/(outflows) from Operating Activities</b>	<b>15.1</b>	<b>55.0</b>	-
Net cash inflows/(outflow) from Investing activities	(43.5)	(102.0)	5
Net cash inflows/(outflow) from Financing activities	22.8	53.8	6
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(5.6)</b>	<b>6.8</b>	-
Cash and cash equivalents at the beginning of the reporting period	142.0	135.2	-
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>136.4</b>	<b>142.0</b>	3

\*Balances have been restated for prior period errors relating to the revaluation of the Stonebridge Housing Private Finance Initiative (PFI). The PFI was revalued based on affordable rent rather than social rent, the restatement therefore adjusts the value to social rent. Please see page 125 for detail on both.

# Notes and Disclosures to the Core Statements

## Non-Current Assets

### Note 1a – Significant movements on balances of property, plant and equipment

Movements in 2021/22	Council Dwellings (£m)	Land & Buildings (£m)	VPF&E (£m)	Surplus Assets (£m)	Asset under Construction (£m)	Total (£m)	**PFI Assets (£m)
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#### Cost or Valuation

<b>*Restated at 1 April 2021</b>	<b>669.7</b>	<b>966.9</b>	<b>56.2</b>	<b>10.4</b>	<b>148.0</b>	<b>1,851.2</b>	<b>77.2</b>
<b>Additions</b>	26.9	12.8	1.0	0.7	69.6	<b>111.0</b>	0.9
Depreciation written out	(7.7)	(11.8)	0.0	0.0	0.0	<b>(19.5)</b>	(1.0)
Revaluation increases (decreases) in the Revaluation Reserve	103.9	43.7	0.0	0.0	0.0	<b>147.6</b>	16.1
Revaluation increases (decreases) in the Surplus / Deficit on the Provision of Services	(65.0)	(2.8)	0.0	0.0	0.0	<b>(67.8)</b>	0.0
Derecognition – Disposals	(2.6)	(6.2)	0.0	0.0	(0.1)	<b>(8.9)</b>	0.0
Reclassifications (to/from Assets Held for Sale)	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>	0.0
Other movements in Cost or Valuations	82.9	31.4	0.0	0.0	(114.3)	<b>0.0</b>	0.0
<b>At 31 March 2022</b>	<b>808.1</b>	<b>1,034.0</b>	<b>57.2</b>	<b>11.1</b>	<b>103.2</b>	<b>2,013.6</b>	<b>93.2</b>

#### Depreciation and Impairments

<b>*Restated at 1 April 2021</b>	<b>(8.0)</b>	<b>(15.5)</b>	<b>(39.4)</b>	<b>0.0</b>	<b>0.0</b>	<b>(62.9)</b>	<b>(8.1)</b>
Charge for 2021/22	(10.6)	(12.1)	(2.9)	0.0	0.0	<b>(25.6)</b>	(1.4)
Depreciation written out	7.7	11.8	0.0	0.0	0.0	<b>19.5</b>	1.0
Impairment losses (reversals) recognised in the Revaluation Reserve	(0.2)	0.0	0.0	0.0	0.0	<b>(0.2)</b>	0.0
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	(0.1)	0.0	0.0	0.0	0.0	<b>(0.1)</b>	0.0
Derecognition – Disposals	0.0	0.1	0.0	0.0	0.0	<b>0.1</b>	0.0
Reclassifications (to/from Assets Held for Sale)	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>	0.0
Other Movements in Depreciation & Impairments	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>	0.0
<b>At 31 March 2022</b>	<b>(11.2)</b>	<b>(15.7)</b>	<b>(42.3)</b>	<b>0.0</b>	<b>0.0</b>	<b>(69.2)</b>	<b>(8.5)</b>

#### Balance Sheet Net Book Values (NBV)

<b>Balance Sheet NBV at 31 March 2022</b>	<b>796.9</b>	<b>1,018.3</b>	<b>14.9</b>	<b>11.1</b>	<b>103.2</b>	<b>1,944.4</b>	<b>84.7</b>
<b>*Restated Balance Sheet NBV at 1 April 2021</b>	<b>661.7</b>	<b>951.4</b>	<b>16.8</b>	<b>10.4</b>	<b>148.0</b>	<b>1,788.3</b>	<b>69.1</b>

\*Balances have been restated for prior period errors relating to the revaluation of the Stonebridge Housing Private Finance Initiative (PFI). The PFI was revalued based on affordable rent rather than social rent, the restatement therefore adjusts the value to social rent. Please see page 125 for detail..

\*\*Note 1: PFI Assets included within Land & Buildings, VP&E, intangibles and infrastructure are presented in a separate memorandum column to show their total value within the Council's overall PP&E. Intangible assets are shown in Note 1d.

<b>*Restated Movements in 2020/21</b>	<b>Council Dwellings (£m)</b>	<b>Land &amp; Buildings (£m)</b>	<b>VPF&amp;E (£m)</b>	<b>Surplus Assets (£m)</b>	<b>Asset under Construction (£m)</b>	<b>Total (£m)</b>	<b>**PFI Assets (£m)</b>
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#### Cost or Valuation

<i>Originally stated at 1 April 2020</i>	<b>626.0</b>	<b>1,007.7</b>	<b>55.2</b>	<b>8.2</b>	<b>121.9</b>	<b>1,819.0</b>	<b>132.6</b>
<i>Restatement amount</i>	<b>0.0</b>	<b>(57.0)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(57.0)</b>	<b>(57.0)</b>
<b>*Restated at 1 April 2020</b>	<b>626.0</b>	<b>950.7</b>	<b>55.2</b>	<b>8.2</b>	<b>121.9</b>	<b>1,762.0</b>	<b>75.6</b>
<b>Additions</b>	26.0	16.6	0.9	0.0	63.0	106.5	0.9
*Restated Depreciation written out	(7.9)	(14.4)	0.0	0.0	0.0	(22.3)	(1.1)
*Restated Revaluation increases (decreases) in the Revaluation Reserve	33.8	28.2	0.0	6.3	0.0	68.3	1.8
Revaluation increases (decreases) in the Surplus / Deficit on the Provision of Services	(45.7)	(1.2)	0.0	(4.3)	0.0	(51.2)	0.0
Derecognition - Disposals	(1.9)	(2.8)	0.0	0.0	(7.4)	(12.1)	0.0
Reclassifications (to/from Assets Held for Sale)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other movements in Cost or Valuations	39.4	(10.2)	0.0	0.2	(29.5)	(0.1)	0.0
<i>Originally stated at 31 March 2021</i>	<b>669.7</b>	<b>1,027.3</b>	<b>56.1</b>	<b>10.4</b>	<b>148.0</b>	<b>1,911.5</b>	<b>137.5</b>
<i>Restatement amount</i>	<b>0.0</b>	<b>(60.4)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(60.4)</b>	<b>(60.4)</b>
<b>*Restated at 31 March 2021</b>	<b>669.7</b>	<b>966.9</b>	<b>56.1</b>	<b>10.4</b>	<b>148.0</b>	<b>1,851.1</b>	<b>77.1</b>

#### Depreciation and Impairments

<i>Originally stated at 1 April 2020</i>	<b>(7.5)</b>	<b>(18.6)</b>	<b>(36.0)</b>	<b>0.0</b>	<b>0.0</b>	<b>(62.1)</b>	<b>(8.9)</b>
<i>Restatement amount</i>	<b>0.0</b>	<b>1.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.1</b>	<b>1.1</b>
<b>*Restated at 1 April 2020</b>	<b>(7.5)</b>	<b>(17.5)</b>	<b>(36.0)</b>	<b>0.0</b>	<b>0.0</b>	<b>(61.0)</b>	<b>(7.8)</b>
*Restated Charge for 2020/21	(7.8)	(12.4)	(3.2)	0.0	0.0	(23.4)	(1.4)
*Restated Depreciation written out	7.9	14.4	0.0	0.0	0.0	22.3	1.1
Impairment losses (reversals) recognised in the Revaluation Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	(0.6)	0.0	0.0	0.0	0.0	(0.6)	0.0
Derecognition – Disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reclassifications (to/from Assets Held for Sale)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Movements in Depreciation & Impairments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Originally stated at 31 March 2021</i>	<b>(8.0)</b>	<b>(16.6)</b>	<b>(39.2)</b>	<b>0.0</b>	<b>0.0</b>	<b>(63.8)</b>	<b>(9.2)</b>
<i>Restatement amount</i>	<b>0.0</b>	<b>1.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.1</b>	<b>1.1</b>
<b>*Restated at 31 March 2021</b>	<b>(8.0)</b>	<b>(15.5)</b>	<b>(39.2)</b>	<b>0.0</b>	<b>0.0</b>	<b>(62.7)</b>	<b>(8.1)</b>

#### Balance Sheet Net Book Values (NBV)

<i>Originally stated Balance Sheet NBV at 31 March 2021</i>	<b>661.7</b>	<b>1,010.7</b>	<b>16.9</b>	<b>10.4</b>	<b>148.0</b>	<b>1,847.7</b>	<b>128.3</b>
<i>Restatement amount</i>	<b>0.0</b>	<b>(59.3)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(59.3)</b>	<b>(59.3)</b>

<b>*Restated Balance Sheet NBV at 31 March 2021</b>	<b>661.7</b>	<b>951.4</b>	<b>16.9</b>	<b>10.4</b>	<b>148.0</b>	<b>1,788.4</b>	<b>69.0</b>
<i>Originally stated Balance Sheet NBV at 1 April 2020</i>	<i>618.5</i>	<i>989.1</i>	<i>19.2</i>	<i>8.2</i>	<i>121.9</i>	<i>1,756.9</i>	<i>123.7</i>
<i>Restatement amount</i>	<i>0.0</i>	<i>(55.9)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>(55.9)</i>	<i>(55.9)</i>
<b>*Restated Balance Sheet NBV at 1 April 2020</b>	<b>618.5</b>	<b>933.2</b>	<b>19.2</b>	<b>8.2</b>	<b>121.9</b>	<b>1,701.0</b>	<b>67.8</b>

\*Balances have been restated for prior period errors relating to the revaluation of the Stonebridge Housing Private Finance Initiative (PFI). The PFI was revalued based on affordable rent rather than social rent, the restatement therefore adjusts the value to social rent. Please see page 125 for detail..

\*\*Note 1: PFI Assets included within Land & Buildings, VP&E, intangibles and infrastructure are presented in a separate memorandum column to show their total value within the Council's overall PP&E. Intangible assets are shown in Note 1d.

The Council carries out a rolling programme that ensures that all property, plant and equipment required to be measured at current value is revalued every five years. Revaluation is carried out externally as at 1st April 2021. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Yearly desktop revaluation based on index rates provided by external valuers are applied by the Council as at 31st March 2022.

#### Note 1b- Highways Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

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

<b>Infrastructure Assets</b>	<b>2021/22 £m</b>	<b>2020/21 £m</b>
Net Book Value at 1 April	<b>227.9</b>	<b>206.9</b>
Additions	21.2	28.0
Derecognition	0.0	0.0
Depreciation	(6.6)	(7.0)
Impairment	0.0	0.0
Other movements in cost	0.0	0.0
<b>Net Book Value at 1 April</b>	<b>242.5</b>	<b>227.9</b>



### Infrastructure reconciliation

	<b>31 March 2022</b> £m	<b>*Restated</b> <b>31 March 2021</b> £m
Infrastructure assets	242.5	227.9
Other PPE assets	1,944.4	1,788.3
<b>Total PPE assets</b>	<b>2,186.9</b>	<b>2,016.2</b>

\*Balances have been restated for prior period errors relating to the revaluation of the Stonebridge Housing Private Finance Initiative (PFI). The PFI was revalued based on affordable rent rather than social rent, the restatement therefore adjusts the value to social rent. Please see page 125 for detail.

### Note 1c- Capital Commitment

At 31 March 2022, the authority has entered into a number of contracts for the construction or enhancement of property, plant and equipment.

<b>Capital Commitment</b>	<b>31/03/2022</b> £m
Masons Court, Kings Drive, Hindhurst	3.1
Gloucester & Durham	6.7
Gloucester Close & Frontenac	0.1
Grand Union	3.0
Honeypot Lane	5.6
Stonebridge	8.7
Aneurin Bevan	2.0
Pharamond	2.4
Northwick Park Spine Access Road	6.0
<b>Total</b>	<b>37.6</b>

### Note 1d- Valuation breakdown

<b>Valuation of Assets</b>	<b>Council Dwellings</b> £m	<b>Land and Building*</b> £m	<b>Surplus Assets</b> £m
Valuation in 2021/22	796.9	357.9	0.0
Valuation in 2020/21	0.0	121.0	6.4
Valuation in 2019/20	0.0	305.0	1.3
Valuation in 2018/19	0.0	174.4	0.2
Valuation in 2017/18	0.0	59.2	3.2
<b>Total:</b>	<b>796.9</b>	<b>1,017.5</b>	<b>11.1</b>

\*Land and building under Note 1- significant movements on balances of property, plant and equipment contains £0.8m of Community assets which is excluded from this table as Community assets are held at depreciated historical cost.

Note 1e- Intangible Assets

Movements	2021/22 (£m)	2020/21 (£m)
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<b>Cost or Valuation at 1 April</b>	<b>21.7</b>	<b>12.9</b>
<b>Additions</b>	7.4	8.8
Depreciation written out	0.0	0.0
Revaluation increases (decreases) in the Revaluation Reserve	0.0	0.0
Revaluation increases (decreases) in the Surplus / Deficit on the Provision of Services	0.0	0.0
Derecognition - Disposals	0.0	0.0
Reclassifications (to/from Assets Held for Sale)	0.0	0.0
Other movements in Cost or Valuations	0.0	0.0
<b>Cost or Valuation at 31 March</b>	<b>29.1</b>	<b>21.7</b>

<b>Amortisation and Impairments at 1 April</b>	<b>(7.6)</b>	<b>(6.4)</b>
Charge for the year	(2.2)	(1.2)
Amortisation written out	0.0	0.0
Impairment losses (reversals) recognised in the Revaluation Reserve	0.0	0.0
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	0.0	0.0
Derecognition – Disposals	0.0	0.0
Reclassifications (to/from Assets Held for Sale)	0.0	0.0
Other Movements in Amortisation & Impairments	0.0	0.0
<b>Amortisation and Impairments at 31 March</b>	<b>(9.8)</b>	<b>(7.6)</b>

**Balance Sheet Net Book Values (NBV)**

<b>Balance Sheet NBV at 31 March</b>	<b>19.3</b>	<b>14.1</b>
<b>Balance Sheet NBV at 1 April</b>	<b>14.1</b>	<b>6.5</b>

Current Assets

Note 2 – Debtors

<b>Short Term Debtors</b>	<b>31-Mar-2022</b>	<b>31-Mar-2021</b>
	<b>£m</b>	<b>£m</b>
Trade receivables Outstanding	93.7	77.2
Less impairments	(26.4)	(23.3)
<b>Net Trade receivables</b>	<b>67.3</b>	<b>53.9</b>
<b>Prepayments</b>	<b>4.1</b>	<b>3.8</b>
Local Taxation receivables Outstanding	55.1	51.4
Less impairments	(32.3)	(25.8)
<b>Net Local Taxation receivables</b>	<b>22.8</b>	<b>25.6</b>
Other receivables amounts Outstanding	124.3	121.6
Less impairments	(35.8)	(39.2)
<b>Net Other receivable amounts</b>	<b>88.5</b>	<b>82.4</b>
<b>Total</b>	<b>182.7</b>	<b>165.7</b>

*Breakdown of net local taxation receivables*

Local Taxation receivable amounts Outstanding	<b>31-Mar-2022</b>	<b>31-Mar-2021</b>
	<b>£m</b>	<b>£m</b>
Due in less than three months	1.4	1.0
Three to six months	1.7	1.1
Six months to one year	3.9	2.7
More than one year	15.8	20.8
<b>Total</b>	<b>22.8</b>	<b>25.6</b>

Note 3 – Cash and Cash Equivalents

<b>Cash and Cash Equivalents</b>	<b>31-Mar-2022</b>	<b>31-Mar-2021</b>
	<b>£m</b>	<b>£m</b>
Bank current accounts	13.5	14.0
School bank accounts	24.3	25.4
Short-term deposits	98.6	102.6
<b>Total</b>	<b>136.4</b>	<b>142.0</b>

## Cash Flow Notes

### Note 4 – Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

Cash Flow Item	2021/22 £m	2020/21 £m
Interest received-cash inflow	7.3	7.2
Interest paid-cash (outflow)	(23.6)	(23.0)

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

Cash Flow Item	2021/22 £m	*Restated 2020/21
Depreciation	32.4	30.4
Impairment and downward valuations	67.8	51.7
Amortisation	2.2	1.1
Increase/(decrease) in creditors	53.6	23.9
(Increase)/decrease in debtors	(42.5)	(50.7)
(Increase)/decrease in impairment for bad debts	6.2	11.6
Movement in pension liability	31.2	8.7
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	8.8	12.1
Other non-cash items charged to the net surplus or deficit on the provision of services	(8.0)	32.1
<b>Total</b>	<b>151.7</b>	<b>120.9</b>

\*Balances have been restated for prior period errors relating to the revaluation of the Stonebridge Housing Private Finance Initiative (PFI). The PFI was revalued based on affordable rent rather than social rent, the restatement therefore adjusts the value to social rent. Please see page 123 for detail on both.

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

Cash Flow Item	2021/22 £m	2020/21 £m
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0.0	0.0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(7.8)	(20.1)
Any other items for which the cash effects are investing or financing cash flows	(87.4)	(35.8)
<b>Total</b>	<b>(95.2)</b>	<b>(55.9)</b>

Note 5 – Cash Flow Statement - Investing Activities

Cash Flow Item	2021/22 £m	2020/21 £m
Purchase of property, plant and equipment, investment property and intangible assets	(139.6)	(143.5)
Purchase of short-term and long-term investments	0.6	(14.4)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	7.8	20.1
Proceeds of sale of short and long term investments	0.0	0.0
Other receipts from investing activities	87.7	35.8
<b>Net cash flows from investing activities</b>	<b>(43.5)</b>	<b>(102.0)</b>

Note 6 – Cash Flow Statement - Financing Activities

Cash Flow Item	2021/22 £m	2020/21 £m
Cash receipts of short and long term borrowing	147.0	64.0
Cash inflow/(outflow) relating to Private Finance Initiative schemes	(2.6)	(2.3)
Repayments of short and long term borrowing	(121.6)	(7.9)
<b>Total</b>	<b>22.8</b>	<b>53.8</b>

Liabilities

Note 7 – Short Term Creditors

Short Term Creditors Item	31-Mar-2022 £m	31-Mar-2021 £m
Trade payables	(112.9)	(72.6)
Other payables	(82.6)	(58.3)
<b>Total</b>	<b>(195.5)</b>	<b>(130.9)</b>

Note 8 – Long-Term Liabilities

Long Term Liabilities Item	31-Mar-2022	*Restated 31-Mar-2021
	£m	£m
Pension Fund Liability	(722.0)	(863.0)
Deferred Income	(10.1)	(12.1)
PFI Liability	(20.5)	(22.6)
Finance Leases	(7.7)	(1.2)
Other Liabilities	(2.1)	(3.1)
<b>Total</b>	<b>(762.4)</b>	<b>(902.0)</b>

\*Balances have been reclassified for the misclassification of other long term liabilities as long term creditors, please see page 138 for detail.

Note 9 – Provisions

Short Term Provisions Detail:

Short Term Provisions	Outstanding Legal Cases	Compensation Claims	Other Provisions	Total
<b>Balance at 1 April 2021</b>	<b>0</b>	<b>(2.2)</b>	<b>0</b>	<b>(2.2)</b>
Net (additions) reductions to provisions made in 2021/22	0	0	0	<b>0</b>
<b>Balance at 31 March 2022</b>	<b>0</b>	<b>(2.2)</b>	<b>0</b>	<b>(2.2)</b>

Long Term Provisions Detail:

Long Term Provisions	Outstanding Legal Cases	Compensation Claims	Other Provisions	Total
<b>Balance at 1 April 2021</b>	<b>(2.6)</b>	<b>(3.7)</b>	<b>(31.6)</b>	<b>(37.9)</b>
Net (additions) reductions to provisions made in 2021/22	1.7	0	6.5	<b>8.2</b>
<b>Balance at 31 March 2022</b>	<b>(0.9)</b>	<b>(3.7)</b>	<b>(25.1)</b>	<b>(29.7)</b>

Provisions over both short and long term have been made based on estimations for:

- Outstanding legal claims such as disrepair cases for Council tenants and leased properties;
- Compensation claims for uninsured losses that are reviewed annually; and
- Other provisions for items such as leased equipment, NDR appeals and Income shortfalls on PFI contracts.

The £8.2m decrease in long term other provision is largely attributable to:

- £7.2m decrease was estimated financial exposure associated with the HRA water rates refund. The provision has been reduced to £0 because the £7.2m has been fully utilised for the water refund and applied to customer accounts.
- £1.2m net reduction on the Housing PFI provisions. As anticipated, there was an in-year difference in 21-22 on the Brent Co-Efficient PFI between the rent collected and the government PFI grant received, versus the unitary payments and base revenue costs. The difference amounted to £2.7m, which was released from the provision set aside for this purpose (a reduction in the provision). Additionally, there was an indication that a provision required for the end of 28/29 contract life needs to be increased by £1.5m.
- £4.2m net reduction in the NDR provision for alteration of lists and appeals following a reduction in the number of outstanding cases.
- £6m increase in provision relating to the shortfall of the HRA works cost compared to the post works asset value of the Granville New Homes assets. These are assets to be transferred from First Wave Housing.

## Earmarked Reserves

Note 10 – Transfers to/from Earmarked Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and below.

### Capital and other statutorily ring-fenced reserves

Reserve Type	Reserve	*Restated Balance at 31-03-2021 £m	Transfer to/from reserves £m	Balance at 31-03-2022 £m
Ring-fenced	HMO Licensing	(2.3)	(0.3)	(2.6)
Ring-fenced	Housing Revenue Account	(1.7)	(0.0)	(1.7)
Ring-fenced	Regeneration & Environment	0.0	(2.7)	(2.7)
Ring-fenced	Public Health	(4.3)	(3.8)	(8.1)
Ring-fenced	Schools and other DSG	(17.8)	0.9	(16.9)
Ring-fenced	Migration related	(0.4)	0.0	(0.4)
Ring-fenced	Edward Harvist Trust	(0.2)	0.1	(0.1)
	<b>Ring-fenced Total</b>	<b>(26.7)</b>	<b>(5.8)</b>	<b>(32.5)</b>
Capital Finance Related	South Kilburn	(5.4)	(0.1)	(5.5)
Capital Finance Related	Community Well Being	(0.1)	0.0	(0.1)
Capital Finance Related	General Fund Capital funding	(49.2)	(6.6)	(55.8)
Capital Finance Related	Investment Reserve	(11.4)	0.0	(11.4)
	<b>Capital Finance Related Total</b>	<b>(66.1)</b>	<b>(6.7)</b>	<b>(72.8)</b>
	<b>Capital and other statutorily ring-fenced reserves Overall Total</b>	<b>(92.8)</b>	<b>(12.5)</b>	<b>(105.3)</b>

### Committed reserves

Reserve Type	Reserve	Balance at 31-03-2021 £m	Transfer to/from reserves £m	Balance at 31-03-2022 £m
Sinking fund and other smoothing reserves	PFI	(5.3)	0.0	(5.3)
Sinking fund and other smoothing reserves	Universal Credit staffing	(1.5)	0.1	(1.4)
Sinking fund and other smoothing reserves	Redundancy	(3.2)	0.0	(3.2)
Sinking fund and other smoothing reserves	Insurance	(5.6)	0.3	(5.3)
Sinking fund and other smoothing reserves	Pensions	(7.3)	7.3	0.0
Sinking fund and other smoothing reserves	Children & Young People	(0.2)	0.0	(0.2)
Sinking fund and other smoothing reserves	Other Central	(51.2)	26.7	(24.5)
Sinking fund and other smoothing reserves	Temporary Accommodation Housing Benefits	(5.6)	0.0	(5.6)
<b>Sinking fund and other smoothing reserves</b>	<b>Total</b>	<b>(79.9)</b>	<b>34.4</b>	<b>(45.5)</b>

### Other Earmarked reserves

Reserve Type	Reserve	Balance at 31-03-2021 £m	Transfer to/from reserves £m	Balance at 31-03-2022 £m
Service reserves	Community Well Being	(10.1)	0.7	(9.4)
Service reserves	Children & Young People	(1.3)	0.6	(0.7)
Service reserves	Regeneration & Environment	(8.9)	0.3	(8.6)
Service reserves	Customer & Digital Services	(1.0)	0.0	(1.0)
Service reserves	Assistant Chief Executive	(1.2)	(0.1)	(1.3)
Service reserves	Legal, Human Resources, Audit & Investigation	(0.7)	(0.3)	(1.0)
<b>Service reserves</b>	<b>Total</b>	<b>(23.2)</b>	<b>1.2</b>	<b>(22.0)</b>
Transformation/Service Pressures Reserves	Service pressures	(2.0)	2.0	0.0



Reserve Type	Reserve	Balance at 31-03-2021 £m	Transfer to/from reserves £m	Balance at 31-03-2022 £m
Transformation/Service Pressures Reserves	Future funding risks	(9.4)	(9.8)	(19.2)
<b>Transformation/Service Pressures Reserves</b>	<b>Total</b>	<b>(11.4)</b>	<b>(7.8)</b>	<b>(19.2)</b>
<b>COVID-19 reserves</b>	<b>Total</b>	<b>(22.7)</b>	<b>2.3</b>	<b>(20.4)</b>
<b>Other Earmarked reserves</b>	<b>Overall Total</b>	<b>(57.3)</b>	<b>(4.6)</b>	<b>(61.6)</b>

Reserve	Balance at 31-03-2021 £m	Transfer to/from reserves £m	Balance at 31-03-2022 £m
<b>Grand Total</b>	<b>(230.0)</b>	<b>17.6</b>	<b>(212.4)**</b>

\* Balances have been restated for prior period error relating to the accounting for unapplied Section 106 (S106) and Community Infrastructure Levy (CIL) income. The S106 and CIL unapplied income was previously accounted for in the earmarked general fund reserves in error, the restatement accounts for this in the Capital Grants Unapplied in accordance to The Code. Please see page 123 for detail.

\*\*This consist of the Schools Balance, Earmarked General Fund Reserves and HRA Earmarked Reserve from the Movement in Reserves Statement.

#### Descriptions of Earmarked Reserves

- **Capital and other statutory ring-fenced reserves** -These are monies received under specific powers, such as Section 106 of the Town and Country Planning Act 1990 and Community Infrastructure levy, for ring-fenced activities, such as the Dedicated Schools Grant, the Housing Revenue Account and the Public Health grant, and funds identified to smooth the impact of capital financing costs and represents revenue contributions set aside to meet commitments included in the Capital Programme.
- **Committed reserves** - These reserves are held to cover specific known or predicted financial liabilities. They mainly arise as a result of differences in timing between the reserve being established and the expenditure being incurred and are therefore, in effect, committed reserves. Most of these are long term and spread costs over a number of years, such as the PFI sinking fund that equalises the costs of the annual unitary charge over the 25 years of the contract. This also includes the insurance fund, redundancy and pension costs. There is also a reserve to manage volatility in business rates income. These reserves “smooth” expenditure that by its nature will vary considerably year to year, avoiding uncontrollable under and over spends.
- **Other Earmarked Reserves** - This contains reserves managed by departments, for example unspent government grants with ring fenced commitments set aside to meet expenditure pressures. It also includes reserves that are earmarked to manage any unexpected service pressures, unforeseen emergencies or future funding risks. This is primarily in place to manage any unexpected disruptions to funding as a result of changes to the local government finance system such as the Fair Funding

Review and reforms to business rates. In addition, this includes reserves to manage the financial impact of COVID-19 that are made up of emergency COVID-19 government grants received in 2019/20 and 2020/21.

Movement in the unusable reserves are detailed in Note 39 Note to Movement in Reserves statement

## Comprehensive Income and Expenditure Notes

### Note 11 – Other Operating Expenditure

Other Operating Expenditure	2021/22 £m	2020/21 £m
Levies	3.0	3.0
Payments to the Government Housing Capital Receipts Pool	1.3	1.5
(Gains)/losses on the disposal of non-current assets	1.0	(8.0)
<b>Total</b>	<b>5.3</b>	<b>(3.5)</b>

### Note 12 – Financing and Investment Income and Expenditure

Financing and Investment Income and Expenditure	2021/22 £m	2020/21 £m
Interest payable and similar charges	23.6	23.0
Pensions interest cost and expected return on pensions assets	17.4	15.1
Interest receivable and similar income	(7.3)	(7.2)
<b>Total</b>	<b>33.7</b>	<b>30.9</b>

### Note 13 – Taxation and non-Specific Grant Incomes

Taxation and non- Specific Grant Incomes	2021/22 £m	2020/21 £m
Council tax income	(124.6)	(121.1)
Business Rates	(74.4)	(65.9)
Other government grants & taxation	(51.3)	(121.7)
Capital grants and contributions	(87.4)	(35.8)
<b>Total</b>	<b>(337.7)</b>	<b>(344.5)</b>

## Expenditure and Funding Analysis Notes

### Note 14 – Expenditure and Funding Analysis

The expenditure and funding analysis shows how annual expenditure is used and funded from resources 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. Income and expenditure accounted for under generally accepted accounting practices are presented more fully in the Comprehensive Income and Expenditure Statement.

#### Expenditure and Funding Analysis for 2021-22

Directorate	Total expenditure (£m)	Total income (£m)	Below cost of services on CIES (£m)	Subtotal (Surplus) or Deficit on Provision of Services (£m)	Adjustments for capital purposes (£m)	Net change for Pension Adjustments (£m)	Other Statutory Adjustments (£m)	Transfers to/from reserves (£m)	Subtotal Movement in Reserve (£m)	Position on HRA and General Fund* (£m)
<b>(DSG) Children And Young People</b>	231.9	(221.7)	4.0	14.2	(7.6)	(0.5)	(4.4)	(1.7)	(14.2)	<b>0.0</b>
<b>(GF) Children And Young People</b>	91.4	(24.2)	0.0	67.2	(4.4)	(2.0)	0.0	1.5	(4.9)	<b>62.3</b>
<b>(GF) Community Wellbeing</b>	219.9	(84.7)	3.8	139.0	(9.3)	(2.4)	0.0	6.0	(5.7)	<b>133.3</b>
<b>(HRA) Community Wellbeing</b>	115.2	(55.9)	4.5	63.8	(62.2)	(0.6)	0.0	0.0	(62.8)	<b>1.0</b>
<b>Assistant Chief Executive</b>	24.3	(2.3)	(0.2)	21.8	(2.8)	(4.7)	0.0	(4.1)	(11.6)	<b>10.2</b>
<b>Central Items</b>	232.6	(298.7)	(267.7)	(333.8)	56.6	(17.8)	15.8	(27.3)	27.3	<b>(306.5)</b>
<b>Customer And Digital Services</b>	61.2	(34.4)	0.0	26.8	0.0	0.0	0.0	1.5	1.5	<b>28.3</b>
<b>Chief Executive's Department</b>	26.1	(1.2)	0.0	24.9	0.0	(1.0)	0.0	(2.3)	(3.3)	<b>21.6</b>
<b>Regeneration &amp; Environment</b>	105.3	(44.7)	(43.1)	17.5	26.6	(2.1)	0.0	8.8	33.3	<b>50.8</b>
<b>Total</b>	<b>1,107.9</b>	<b>(767.8)</b>	<b>(298.7)</b>	<b>41.4</b>	<b>(3.1)</b>	<b>(31.1)</b>	<b>11.4</b>	<b>(17.6)</b>	<b>(40.4)</b>	<b>1.0</b>

\*This is also the position on GF and HRA as per Table 1 Outturn position 2021/22 on the Narrative Statement

Restated Expenditure and Funding Analysis for 2020-2021

Directorate	*Restated Total expenditure (£m)	Total income (£m)	Below cost of services on CIES (£m)	*Restated Subtotal (Surplus) or Deficit on Provision of Services (£m)	*Restated Adjustments for capital purposes (£m)	Net change for Pension Adjustments (£m)	Other Statutory Adjustments (£m)	*Restated Transfers to/from reserves (£m)	*Restated Subtotal Movement in Reserve (£m)	*Restated Position on HRA and General Fund (£m)
<b>(DSG) Children And Young People</b>	211.9	(211.6)	0.0	0.3	(3.6)	1.7	(7.7)	9.3	(0.3)	(0.0)
<b>(GF) Children And Young People</b>	85.2	(32.2)	0.0	53.0	(0.7)	1.5	0.0	0.2	1.0	54.0
<b>(GF) Community Wellbeing</b>	258.9	(96.4)	12.2	174.7	(23.5)	1.1	0.0	(2.6)	(25.0)	149.7
<b>(HRA) Community Wellbeing</b>	95.1	(56.5)	5.1	43.7	(40.4)	0.3	(0.9)	(2.7)	(43.7)	(0.0)
<b>Assistant Chief Executive</b>	13.8	(1.1)	0.0	12.7	(1.2)	0.9	0.0	(3.3)	(3.6)	9.1
<b>Central Items</b>	283.1	(330.8)	(311.8)	(359.5)	43.5	(15.5)	(31.2)	54.1	50.9	(308.6)
<b>Customer And Digital Services</b>	59.6	(29.5)	0.0	30.1	0.0	0.0	0.0	0.5	0.5	30.6
<b>Chief Executive's Department</b>	19.4	(1.3)	0.0	18.1	(0.9)	0.4	0.0	(0.4)	(0.9)	17.2
<b>Regeneration &amp; Environment</b>	95.7	(36.2)	(22.6)	36.9	0.1	0.9	0.0	10.1	11.1	48.0
<b>Total</b>	<b>1,122.7</b>	<b>(795.6)</b>	<b>(317.1)</b>	<b>10.0</b>	<b>(26.7)</b>	<b>(8.7)</b>	<b>(39.8)</b>	<b>65.2</b>	<b>(10.0)</b>	<b>0.0</b>

\*Balances have been restated for prior period errors relating to the revaluation of the Stonebridge Housing Private Finance Initiative (PFI) and the accounting for unapplied Section 106 (S106) and Community Infrastructure Levy (CIL) income. The PFI was revalued based on affordable rent rather than social rent, the restatement therefore adjusts the value to social rent. The S106 and CIL unapplied income was previously accounted for in the earmarked general fund reserves in error, the restatement accounts for this in the Capital Grants Unapplied in accordance to The Code. Please see page 125 for detail on both.

In Year Movements on Housing Revenue Account and General Fund Balances:

*Restated Opening Balance 2020-21 (£m)	*Restated Transfers to/from Earmarked Reserves (£m)	*Restated Movement on HRA and General Fund after transfers to/from Earmarked Reserves (£m)	*Restated Closing Balance 2020-21 (£m)	Balance	*Restated Opening Balance 2021-22 (£m)	Transfers to/from Earmarked Reserves (£m)	Movement on HRA and General Fund after transfers to/from Earmarked Reserves (£m)	Closing Balance 2021-22 (£m)
(1.4)	0.0	0.0	(1.4)	Housing Revenue Account	(1.4)	0.0	1.0	(0.4)
(4.4)	2.7	0.0	(1.7)	Housing Revenue Account Earmarked Reserves	(1.7)	0.0	0.0	(1.7)
<b>(5.8)</b>	<b>2.7</b>	<b>0.0</b>	<b>(3.1)</b>	<b>HRA Subtotal</b>	<b>(3.1)</b>	<b>0.0</b>	<b>1.0</b>	<b>(2.1)</b>
(15.1)	0.0	0.0	(15.1)	General Fund	(15.1)	(17.6)	17.6	(15.1)
(160.4)	(67.9)	0.0	(228.3)	General Fund Earmarked Reserves and Schools Balances	(228.3)	17.6	0.0	(210.7)
<b>(175.5)</b>	<b>(67.9)</b>	<b>0.0</b>	<b>(243.4)</b>	<b>General Fund Subtotal</b>	<b>(243.4)</b>	<b>0.0</b>	<b>17.6</b>	<b>(225.8)</b>
<b>(181.3)</b>	<b>(65.2)</b>	<b>0.0</b>	<b>(246.5)</b>	<b>TOTAL HRA and General Fund</b>	<b>(246.5)</b>	<b>0.0</b>	<b>18.6</b>	<b>(227.9)</b>

\* Balances have been restated for prior period error relating to the accounting for unapplied Section 106 (S106) and Community Infrastructure Levy (CIL) income. The S106 and CIL unapplied income was previously accounted for in the earmarked general fund reserves in error, the restatement accounts for this in the Capital Grants Unapplied in accordance to The Code. Please see page 125 for detail.

## Additional Disclosures

### Note 15 – Pooled Budgets

The Council has entered into two partnership agreements under Section 31 of the Health Act 1999, one with NHS Brent CCG for provision of occupational therapy equipment and the other with the Central and North West London NHS Foundation Trust (CNWLNFT) for provision of mental health services. The mental health services however came to an end of 2020/21 and no contributions were therefore made by either CNWLNFT or LB of Brent in 2021/22.

Additionally there is a pooled fund agreement under section 75 of the National Health Service Act 2006 between the Council and the CCG to administer the Government's Better Care Fund to support the integration of health and social care.

Partnership income and expenditure for 2021/22 is shown in the table below:

<b>Funding</b>	<b>Occupational Therapy £m</b>	<b>The Better Care Fund £m</b>	<b>Integrated Rehabilitation &amp; Reablement Service £m</b>
LB of Brent	(0.4)	(18.3)	0.0
NHS Brent CCG	(0.7)	(24.5)	0.0
LNWUNT	0.0	0.0	0.0
CNWLNFT	0.0	0.0	0.0
<b>Total Funding</b>	<b>(1.1)</b>	<b>(42.8)</b>	<b>0.0</b>
Expenditure	1.5	42.8	0.0
<b>2021/22 Net Overspend/(Underspend)</b>	<b>0.4</b>	<b>0.0</b>	<b>0.0</b>
<b>2020/21 Net Overspend/(Underspend)</b>	<b>0.3</b>	<b>0.0</b>	<b>(0.3)</b>

For 2021/22, for Occupational Therapy, the share of overspend attributed to Brent CCG is £0.2m (£0.2m in 2020/21) and £0.1m to Brent Council (£0.1m in 2020/21).

In 2020/21 the Integrated Rehabilitation & Reablement Service pooled budget arrangement ended, so for 2021/22 there was no pooled budget as per the formal closedown and transfer of the community services to Central London Community Healthcare (CLCH).

### Note 16 – Members' Allowances

Total payments including National Insurance costs in 2021/22 were £1.2m (£1.2m in 2020/21). Details of the Members' Allowances scheme are available on Brent's website.

Note 17 – External Audit Costs

The Council's external auditor for 2021/22 and 2020/21 is Grant Thornton.

<b>Detail</b>	<b>2021/22 £'000</b>	<b>2020/21 £'000</b>
External audit services for in-year	237.2	227.2
Certification of grant claims and returns for in- year	30.5	27.0
<b>Total</b>	<b>267.7</b>	<b>254.2</b>

Note 18 – Contingent Liabilities

The Council has a number of contingent liabilities.

The best estimate of the liability for all the issues is in the region of £4.6m (estimated at £3.1m in 2020/21), but due to the nature of the contingent liabilities this is subject to significant change.

Figures are not shown against contingent liabilities where there are legal proceedings or the disclosure would adversely affect the outcome.

Note 19 – Grant Income – Applied

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement either as part of the services direct gross income or within the Council's Taxation and non-specific grant income:

<b>Revenue Grants: Housing Benefit</b>	<b>2021/22 £m</b>	<b>2020/21 £m</b>
Mandatory Rent Allowances: subsidy	(201.3)	(226.3)
Mandatory Rent Rebates outside HRA	(13.4)	(15.8)
Rent Rebates Granted to HRA Tenants: subsidy	(19.8)	(21.4)
Housing Benefit Administration	(1.6)	(1.7)
<b>Total</b>	<b>(236.1)</b>	<b>(265.2)</b>

<b>Revenue Grants: Schools</b>	<b>2021/22 £m</b>	<b>2020/21 £m</b>
Dedicated Schools Grant (DSG)	(202.4)	(193.5)
Pupil Premium Grants	(5.4)	(5.5)
Sixth forms funding from Learning and Skills Council (LSC)	(3.9)	(3.8)
Universal Infant School Meal	(2.8)	(3.0)
Teachers' Pension Employer Contribution Grant	(0.5)	(5.0)
Teachers' Pay grant	(0.2)	(1.6)
Other Schools	(0.5)	0.0
<b>Total</b>	<b>(215.7)</b>	<b>(212.4)</b>

<b>Revenue Grants: Other</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>£m</b>	<b>£m</b>
COVID-19 Grants	(32.7)	(84.0)
Discretionary Housing payments	(2.3)	(2.8)
Private Finance Initiative	(5.5)	(5.5)
Public Health	(22.3)	(21.8)
Troubled Families	0.0	(0.4)
Revenue Support Grant	(25.0)	(24.9)
Section 31	(2.2)	(37.3)
New Homes Bonus	(3.8)	(7.4)
Asylum Leaving Care (Post 18) Grant	(2.9)	(3.2)
Adults Social Care Support Grant	(10.1)	(8.1)
Adults Social Care Improved Better Care Fund	(13.0)	(11.6)
Flexible Homeless Grant	(8.5)	(5.2)
Winter Pressure	(0.1)	(1.3)
Homelessness Reduction Grant	0.0	(1.2)
Rough Sleeping Initiative Grant	(1.4)	(0.9)
Adult Education	(3.3)	(3.0)
Supporting Families Grant	(1.2)	0.0
Household Support Grant	(2.9)	0.0
New Burdens Grant	(1.0)	0.0
Workplace Capacity Grant	(2.6)	0.0
Other Miscellaneous Grants & Contributions	(15.5)	(12.5)
<b>Total</b>	<b>(156.3)</b>	<b>(231.1)</b>

<b>Revenue Grants</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>£m</b>	<b>£m</b>
<b>Total Revenue Grants</b>	<b>(608.1)</b>	<b>(708.7)</b>

<b>Capital Grants &amp; Contributions</b>	<b>2021/22</b>	<b>2020/21</b>
<b>Grants:</b>	<b>£m</b>	<b>£m</b>
Department for Business Energy and Industrial Strategy	(3.2)	0.0
School Condition Grant	(2.6)	(2.8)
Transport for London	(2.5)	(3.2)
Disabled Facilities	(5.3)	(5.4)
Other Grants	(0.8)	(1.0)
Education Funding- includes High and Basic Needs	(11.2)	(0.6)
Greater London Authority - Outer London Fund	(14.2)	(0.3)
South Kilburn Housing Infrastructure Fund	(4.3)	0.0
Section 106 & Construction Infrastructure Levy	(43.2)	(22.6)
<b>Total</b>	<b>(87.3)</b>	<b>(35.9)</b>

The Authority has received a grant that have yet to be recognized as income as they have conditions attached to them that will require the monies to be returned to the giver. The balance at the year-end are as follows:



<b>Current Liabilities: Grant receipts in advance (Revenue grant):</b>	<b>2021/22 £m</b>	<b>2020/21 £m</b>
Council Tax Energy Bill Rebate	(9.6)	0.0
Local Restrictions Support Grant (LRSB)	0.0	(24.6)
<b>Total</b>	<b>(9.6)</b>	<b>(24.6)</b>

Note 20 – Capital Grants Unapplied

<b>Capital Grants Unapplied</b>	<b>2021/22 £m</b>	<b>*Restated 2020/21 £m</b>
Section 106 & Community Infrastructure Levy	<b>(150.5)</b>	<b>(128.2)</b>
Basic Needs- Primary schools	(38.5)	(32.2)
School Condition Grant	(3.5)	(4.4)
Greater London Authority - Outer London Fund	(2.0)	(3.9)
Disabled Facilities	(1.8)	(2.0)
Transport for London	(0.9)	(0.2)
Adult Personal Social Services	(3.7)	(3.6)
Early Education	(1.6)	(1.6)
Devolved Formula Capital	(0.4)	(0.7)
Other Education grant	(5.4)	(5.4)
Other Grant	(9.2)	(7.0)
Department for Business Energy and Industrial Strategy	(2.6)	0.0
<b>Total</b>	<b>(220.1)</b>	<b>(189.2)</b>

\* Balances have been restated for prior period error relating to the accounting for unapplied Section 106 (S106) and Community Infrastructure Levy (CIL) income. The S106 and CIL unapplied income was previously accounted for in the earmarked general fund reserves in error, the restatement accounts for this in the Capital Grants Unapplied in accordance to The Code. Please see page 125 for detail.

Note 21 – Deployment of Dedicated Schools Grant

Primarily the Dedicated Schools Grant (DSG) from the Department for Education (DfE) funds the Council's expenditure on schools. The DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2011 and deployed in accordance with the requirements of the Accounts and Audit Regulations 2015, as amended (Regulation 7 (4)). In 2021/22 as in previous years, an element of the DSG was recouped by the DfE to fund Academy schools in the Borough.

The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual School Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG received for 2021/22 are as follows:

<b>Dedicated Schools Grant (DSG)</b>	<b>Central Expenditure £m</b>	<b>Schools Budget £m</b>	<b>Total £m</b>
Final DSG for 2021-22 before academy recoupment	-	-	339.1
Academy recoupment figure for 2021-22	-	-	(136.6)
Total DSG after recoupment for 2021-22	-	-	<b>202.5</b>
Plus Brought Forward from 2020-21	-	-	
Less Carry Forward to 2022-23 agreed in advance	-	-	0.0
<b>Agreed initial budgeted distribution in 2021-22</b>	<b>48.5</b>	<b>154.0</b>	<b>202.5</b>
In year adjustments	-	-	-
<b>Final budgeted distribution for 2021-22</b>	<b>48.5</b>	<b>154.0</b>	<b>202.5</b>
Less Actual Central Expenditure	(49.9)	-	(49.9)
Less Actual ISB deployed to schools	-	(157.2)	(157.2)
In-year carry forward to 2022-23	(1.4)	(3.2)	(4.6)
Plus carry forward to 2022/23 agreed in advance			
Carry forward to 2022/23			(4.6)
DSG unusable reserve at the end of 2020/21			(10.5)
Addition to DSG unusable reserve at the end of 2021/22			(4.6)
<b>Total DSG unusable reserve at the end of 2021/22</b>			<b>(15.1)</b>

At the end of 2021/22, the DSG has a deficit of £15.1m, which will be carried forward into 2022/23 in line with the Department for Education (DfE) regulations (The School and Early Years Finance (England) Regulations 2021). The regulations requires that where the DSG is in deficit at the end of the preceding year, an authority must carry forward the deficit into the next funding period.

Details of the deployment of DSG received for 2020/21 are as follows:

<b>Dedicated Schools Grant (DSG)</b>	<b>Central Expenditure £m</b>	<b>Schools Budget £m</b>	<b>Total £m</b>
Final DSG for 2020-21 before academy recoupment	n/a	n/a	320.4
Academy recoupment figure for 2020-21	n/a	n/a	(126.9)
Total DSG after recoupment for 2020-21	n/a	n/a	193.5
Plus Brought Forward from 2019-20	n/a	n/a	(4.9)
Less Carry Forward to 2020-21 agreed in advance	n/a	n/a	0.0
<b>Agreed initial budgeted distribution in 2020-21</b>	<b>41.3</b>	<b>147.3</b>	<b>188.6</b>
In year adjustments	0.0	0.0	0.0
<b>Final budgeted distribution for 2020-21</b>	<b>41.3</b>	<b>147.3</b>	<b>188.6</b>
Less Actual Central Expenditure	(51.0)	0.0	(51.0)
Less Actual ISB deployed to schools	0.0	(148.1)	(148.1)
Plus Local Authority contribution for 2020-21	0.0	0.0	0.0
<b>Carry Forward to 2021-22</b>	<b>(9.7)</b>	<b>(0.8)</b>	<b>(10.5)</b>

## Note 22 – Related Party Transactions

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

Councillors and Chief Officers complete related party transaction forms each year.

A number of voluntary organisations which received grants from the London Borough of Brent in 2021/22 have Brent Members as Directors, Trustees or employees.

There were no material transactions disclosed in the Declarations of Related Party Transactions for 2021/22 obtained from Chief Officers. Councillor Krupesh Hirani is an elected Member of the Council and a trustee of Metroland Cultures. Metroland Cultures, which is a charity that was set up as a result of Brent's year as London Borough of Culture, received a £0.4m grant funding during the financial year.

London Borough of Brent Pension Fund - administrative support is provided to the Fund. The Pension Fund's accounts are shown separately in this document. The Council charged the Pension Fund £1.24m for administering the fund in 2021/22 (£1.12m was charged in 2020/21).

Pooled Budgets - Details of partnerships with NHS Brent CCG and the North West London Mental Health Trust are shown in Note 15 to the Core Financial Statements.

Subsidiary Companies - Brent has a number of subsidiaries including First Wave Housing (FWH) (formerly Brent Housing Partnership (BHP)), LGA Digital and I4B Holdings Limited (formerly Investing 4 Brent Limited (I4B)).

### **FWH**

First Wave Housing (FWH) is a registered provider of housing in Brent and is wholly owned by Brent Council. FWH was set up to manage properties previously owned by Brent Housing Partnership (BHP). Total expenditure transactions with the Council this year were £3.3m, of which £0.6m was charged as part of the current SLA agreement and £1.1m for costs paid by the Council on behalf of FWH and recharged back. The Council also received £1.1m in interest for loans to FWH in 2021/22 (£1.1m in 2020/21). As of 31st March 2022, there were outstanding loans to Brent Council totalling £35.1m (£36.0m in 2020/21), which are secured against the company's 329 properties. The board of directors for FWH housing include the Strategic Director for Children and Young People, Strategic Director for Customer and Digital Services and Councillor Saqib Butt.

### **I4B**

I4B Holdings Limited is a company wholly owned by Brent Council that was incorporated on the 16 December 2016. The primary purpose of the company is to deliver the housing options defined in the Temporary Accommodation reform plan. Total expenditure transactions with the Council amounted to £6m in 2021/22, of which £4.0m related to interest on loans to I4B. As of 31<sup>st</sup> March 2022, Brent Council had provided loans totalling £142.1m to I4B (£126.0m in 2020/21), which are secured against the company's 523 properties. The board of directors for I4B includes the Strategic Director for Children and Young People and the Strategic Director for Customer and Digital Services as well as Councillor Saqib Butt.

### **LGA digital**

The Council entered into an agreement to partner with the Local Government Association for the provision of ICT services, including the implementation of new infrastructure for their offices, the hosting of their ICT services at the Brent Data Centres, and the ongoing provision of ICT support services on the 27 January 2016.

The Council established a company that is 50% owned by the Council and 50% by the Local Government Association to facilitate this arrangement. The board of directors for this organisation includes the Strategic Director for Customer and Digital Services and the Head of Finance for Community Wellbeing.

### **Barham Park**

Barham Park Trust is a charity that is controlled by the Council as a result of the Council appointing all the trustees and is included in Brent's Group accounts as a subsidiary. Brent held £0.6m on behalf of the Barham Park Trust.

The Group Accounts can be found later in this document and combine the accounts of Brent, FWH, I4B, Barham Park Trust and LGA Digital Services.

### **Locata**

Brent, in partnership with other London boroughs and Housing Associations, is operating a joint lettings scheme for housing tenants. A company called Locata (Housing Services) Limited has been set up for this purpose.

Brent is liable to contribute to the debts and liabilities of Locata up to £10, if it was wound up.

Locata's accounts have not been consolidated into Brent's group accounts because the sums involved are not material to the Council's accounts and because Brent has limited influence on the company (less than 20% voting rights).

A copy of Locata's accounts can be obtained from Companies House: [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk).

### **Capital Letters**

Brent, in partnership with 15 other London boroughs, is a member of Capital Letters. This is a non-profit company, which secures accommodation to alleviate homelessness by financially incentivising landlords to rent their properties to eligible tenants suggested by the members.

The Board is accountable to a Borough Representative Body, comprised of a representative from each member council.

Capital Letters is a company limited by guarantee, not having share capital. Consequentially the liability of members is limited and upon a winding up would not exceed £1.

Capital Letters' accounts have not been consolidated into Brent's group accounts because Brent has limited influence on the company (less than 20% voting rights).

Note 23 – Capital Expenditure and Capital Financing

2020/21	2020/21	2020/21	Capital Investment	2021/22	2021/22	2021/22
£m	£m	£m		£m	£m	£m
HRA	GF	Total		HRA	GF	Total
59.8	82.8	142.6	Property, Plant & Equipment	50.6	89.0	139.6
0.0	7.3	7.3	REFCUS	0.0	6.7	6.7
0.0	0.9	0.9	Non-Enhancing	0.0	0.0	0.0
0.0	20.9	20.9	Loans to Third Parties	0.0	20.1	20.1
<b>59.8</b>	<b>111.9</b>	<b>171.7</b>	<b>Total</b>	<b>50.6</b>	<b>115.8</b>	<b>166.4</b>

2020/21	2020/21	2020/21	Capital Financing	2021/22	2021/22	2021/22
£m	£m	£m		£m	£m	£m
HRA	GF	Total		HRA	GF	Total
0.0	(10.3)	(10.3)	Minimum Revenue Provision	0.0	(12.3)	(12.3)

2020/21	2020/21	2020/21	Sources of Finance	2021/22	2021/22	2021/22
£m	£m	£m		£m	£m	£m
HRA	GF	Total		HRA	GF	Total
(8.5)	(0.9)	(9.4)	Capital Receipts	(5.4)	(1.4)	(6.8)
(0.7)	(27.0)	(27.7)	Grants	(9.5)	(26.0)	(35.5)
(0.8)	(10.1)	(10.9)	S106 & CIL	(0.0)	(14.0)	(14.0)
0.0	(4.3)	(4.3)	Direct Revenue Contribution	0.0	(2.3)	(2.3)
(10.4)	0.0	(10.4)	Major Repairs Reserve	(10.6)	0.0	(10.6)
(4.5)	(1.6)	(6.1)	Earmarked Reserves	0.0	(2.6)	(2.6)
(21.5)	21.5	0.0	Appropriation between General Fund and HRA	0.0	0.0	0.0
<b>(46.4)</b>	<b>(22.4)</b>	<b>(67.9)</b>	<b>Total</b>	<b>(25.5)</b>	<b>(46.3)</b>	<b>(71.8)</b>

2020/21	2020/21	2020/21	Explanation for Movements	2021/22	2021/22	2021/22
£m	£m	£m		£m	£m	£m
HRA	GF	Total		HRA	GF	Total
230.1	628.5	858.6	Opening Capital Financing Requirement	243.5	707.7	951.2
13.4	79.2	92.6	(Decrease) / Increase in the underlying need to borrow	25.1	57.2	82.3
243.5	707.7	951.2	Closing Capital Financing Requirement	268.6	764.9	1,033.5

## Financial Instruments

### Note 24 – Financial Instruments Categories

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes, benefits and government grants, do not give rise to financial instruments. Fair value is defined as 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 of a financial asset is the price that would be received if it were sold.

### Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

The majority of the Council's financial liabilities held during the year are measured at amortised cost and comprised:

- Long-term loans from the Public Works Loan Board and commercial lenders;
- Short-term loans from other local authorities;
- Lease payables detailed in note 27;
- Private Finance Initiative contracts detailed in note 28; and
- Trade payables for goods and services received.

### Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are accounted for under the following classifications under the Code of Practice:

- Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flows) comprising:
  - cash in hand;
  - bank current and deposit accounts with NatWest bank;
  - loans to small companies and housing associations;
  - lease receivables detailed in note 27; and
  - Trade receivables for goods and services provided.
- Fair value through other comprehensive income (where cash flows are solely payments of principal and interest and the Council's business model is to both collect those cash flows and sell the instrument; and equity investments that the Council has elected into this category). The Council does not currently hold any financial assets with this category.
  - Trade receivables for goods and services provided that may be sold to a debt collection agency.
- Fair value through profit and loss (all other financial assets) comprising:
  - Money market funds

Financial Liabilities - The financial liabilities disclosed on the balance sheet are analysed across the following categories:

<b>Financial Liabilities</b>	Non-Current: Borrowings 31 March 2022 £m	Non-Current: Borrowings 31 March 2021 £m	Non-Current: Liabilities 31 March 2022 £m	Non-Current: Liabilities 31 March 2021 £m	**Current: Borrowings 31 March 2022 £m	Current: Borrowings 31 March 2021 £m	Current: Liabilities 31 March 2022 £m	*Restated Current: Liabilities 31 March 2021 £m	Total 31 March 2022 £m	*Restated Total 31 March 2021 £m
Fair value through profit or loss	-	-	-	-	-	-	-	-	-	-
Amortised cost	565.2	537.6	30.3	26.9	123.3	125.5	116.8	80.1	835.6	770.1
<b>Total financial liabilities</b>	<b>565.2</b>	<b>537.6</b>	<b>30.3</b>	<b>26.9</b>	<b>123.3</b>	<b>125.5</b>	<b>116.8</b>	<b>80.1</b>	<b>835.6</b>	<b>770.1</b>
Liabilities not defined as financial instruments	-	-	-	-	-	-	78.7	50.8	78.6	50.8
<b>Total</b>	<b>565.2</b>	<b>537.6</b>	<b>30.3</b>	<b>26.9</b>	<b>123.3</b>	<b>125.5</b>	<b>195.5</b>	<b>130.9</b>	<b>914.2</b>	<b>820.9</b>

\*In the 2020/21 Statement of Account all current liabilities were included as financial liabilities, however not all balances within current liabilities met the definition of financial instrument as per The Code.

This has been restated to separate the current liabilities between financial instrument and liabilities not defined as financial instruments.

The prior year financial liabilities balance has been restated for the misclassification error of cash in transit (within cash and cash equivalent) as financial liabilities. The restatement offsets this against cash in hand within financial assets.

Please see page 125 for detail on both.

\*\* The total short-term borrowing includes £2.4m (2020/21: £13.5m) representing accrued interest and principal repayments due within 12 months on long-term borrowing.



Financial Assets – The financial assets disclosed on the balance sheet are analysed across the following categories:

<b>Financial Assets</b>	Non-Current: Investments 31 March 2022 £m	Non-Current: Investments 31 March 2021 £m	Non-Current: Debtors 31 March 2022 £m	Non-Current: Debtors 31 March 2021 £m	Current: Investments 31 March 2022 £m	*Restated Current: Investments 31 March 2021 £m	Current: Debtors 31 March 2022 £m	*Restated Current: Debtors 31 March 2021 £m	Total 31 March 2022 £m	*Restated Total 31 March 2021 £m
Fair Value through profit or loss (FVTPL)	-	-	-	-	98.6	82.6	-	-	98.6	82.6
Amortised cost - soft loans	91.5	76.0	120.7	117.4	0.3	0.3	5.0	3.7	217.5	197.4
Amortised cost - other	0.3	0.3	35.5	35.5	37.8	59.4	83.2	32.5	156.8	127.7
Fair value through other comprehensive income (FVOCI) - designated equity instruments	-	-	-	-	-	-	-	-	-	-
Fair value through other comprehensive income (FVOCI) - other	-	-	-	-	-	-	-	-	-	-
<b>Total financial assets defined as financial instruments</b>	<b>91.8</b>	<b>76.3</b>	<b>156.2</b>	<b>152.9</b>	<b>136.7</b>	<b>142.3</b>	<b>88.2</b>	<b>36.2</b>	<b>472.9</b>	<b>407.7</b>
Assets not defined as financial instruments	-	-	-	-	-	-	94.5	129.5	94.5	129.5
<b>Total</b>	<b>91.8</b>	<b>76.3</b>	<b>156.2</b>	<b>152.9</b>	<b>136.7</b>	<b>142.3</b>	<b>182.7</b>	<b>165.7</b>	<b>567.4</b>	<b>537.2</b>

\* In the 2020/21 Statement of Account all current debtors were included as financial assets, however not all balances within current debtors met the definition of financial instrument as per The Code. This has been restated to separate the current debtors between financial instrument and assets not defined as financial instruments.

The prior year current investment balance has been restated for the misclassification error of cash in transit (within cash and cash equivalent) as financial liabilities. The restatement offsets this against cash in hand within financial assets.

Please see page 125 for detail on both.

Note 25 - Material Soft Loans made by the Council

Soft loans are those advanced at below market rates in support of the Council's service priorities.

In 2021/22 the Council recognised a soft loan to FWH, formerly known as BHP after a change to the loan terms. FWH is registered provider of social housing (RP) and its primary purpose is to manage, maintain and improve its stock and contribute to Brent's Housing Strategy. During the year the loan to FWH was restructured, ensuring the continued long term affordability of the loan to the subsidiary. The movements on material soft loan balance for FWH are as follows:

Movements	2021/22 £m	2020/21 £m
<b>Opening balance</b>	<b>30.3</b>	<b>0.0</b>
Nominal value of new loans granted in the year	35.1	30.9
Fair value adjustment on initial recognition	(13.6)	0.0
Loans repaid	(30.3)	(0.6)
Impairment losses	0.0	0.0
Increase in discounted Amount	0.0	0.0
Other changes	0.0	0.0
<b>Closing balance at end of year</b>	<b>21.5</b>	<b>30.3</b>
Nominal value at 31 March	35.1	36.0

Types of FWH Funding for 2021/22 and 2020/21

Type of Funding Provided	2021/22 £m	2020/21 £m
Soft Loan	21.5	30.3
Soft Loan Investment	13.6	5.7
Soft Loan Total	<b>35.1</b>	<b>36.0</b>
Cash Equity	-	-
Equity Total	-	-
<b>Overall Total</b>	<b>35.1</b>	<b>36.0</b>

The loan to I4B to acquire properties to support the Council's homelessness agenda is deemed a material soft loan.

The movements on material soft loan balance for I4B are as follows:

Movements	2021/22 £m	2020/21 £m
<b>Opening balance</b>	<b>87.8</b>	<b>75.2</b>
Nominal value of new loans granted in the year	16.1	18.7
Fair value adjustment on initial recognition	(6.2)	(7.1)
Loans repaid	0.0	0.0
Impairment losses	0.0	0.0
Increase in discounted Amount	0.0	0.0

Movements	2021/22 £m	2020/21 £m
Other changes	1.0	1.0
<b>Closing balance at end of year</b>	<b>98.7</b>	<b>87.8</b>
Nominal value at 31 March	142.1	126.0

I4B Holdings Limited is a company wholly owned by Brent Council that was incorporated on the 16 December 2016. The primary purpose of the company is to deliver the housing options defined in the Temporary Accommodation reform plan. As at 31st March 2022, Brent Council had provided funding of £178.5m to I4B (£158.3m in 2020/21), comprised of a number of soft loans\* and equity. The loans are secured against the company's 523 properties.

Types of I4B Funding for 2021/22 and 2020/21:

Type of Funding Provided	2021/22 £m	2020/21 £m
Soft Loan	98.7	87.8
Soft Loan Investment	43.4	38.2
<b>Soft Loan Total</b>	<b>142.1</b>	<b>126.00</b>
Cash Equity	36.4	32.3
<b>Equity Total</b>	<b>36.4</b>	<b>32.3</b>
<b>Overall Total</b>	<b>178.5</b>	<b>158.3</b>

The board of directors for I4B includes the Strategic Director for Children and Young People and the Strategic Director for Customer and Digital Services as well as Councillor Saqib Butt.

\*The loan to I4B is classed as a soft loan as it is set at a below-market rate of interest. As this loan is made to a company that is a subsidiary for group account purposes, the loss represented by the undercharge of interest remains in the group and the Council is deemed to be making an additional investment in the subsidiary. The loss on the initial investment of the loan is posted to the balance sheet as an investment, then over the life of the loan the Comprehensive Income and Expenditure Statement (CI&ES) is credited with the contractual interest receivable for the year, with the difference between that amount and the market rate used to write down the investment.

The interest rate used to calculate the fair value of the soft loan is with reference to the methodology laid out in the EU document - Communication from the Commission on the revision of the method for setting the reference and discount rates (2008/C14/02).

#### Offsetting Financial Assets and Liabilities

Financial assets and liabilities are set off against each other where the Council has a legally enforceable right to sell off and it intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

The Council had no other financial assets or liabilities subject to an enforceable master netting arrangement or similar agreement.

Table – Gains and Losses of Financial Instruments

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

	2021/22 Financial Liabilities: Amortised Cost £m	2021/22 Financial Assets: Amortised Cost £m	2021/22 Financial Assets: Fair Value through Profit & Loss £m	<b>2021/22 Total (£m)</b>	2020/21 Financial Liabilities: Amortised Cost £m	2020/21 Financial Assets: Amortised Cost £m	2020/21 Financial Assets: Fair Value through Profit & Loss £m	<b>2020/21 Total (£m)</b>
Interest Expense	23.6	-	-	23.6	23.0	-	-	23.0
<b>Interest payable and similar charges</b>	<b>23.6</b>	-	-	<b>23.6</b>	<b>23.0</b>	-	-	<b>23.0</b>
Interest income	-	(7.3)	-	(7.3)	-	(7.0)	-	(7.0)
Dividend income	-	-	(0.1)	(0.1)	-	-	0.0	0.0
<b>Interest &amp; Investment Income</b>	-	<b>(7.3)</b>	<b>(0.1)</b>	<b>(7.4)</b>	-	<b>(7.0)</b>	<b>0.0</b>	<b>(7.0)</b>
<b>Net Impact on surplus/deficit on provision on services</b>	<b>23.6</b>	<b>(7.3)</b>	<b>(0.1)</b>	<b>16.2</b>	<b>23.0</b>	<b>(7.0)</b>	<b>0.0</b>	<b>16.0</b>
<b>Impact on other comprehensive income</b>	-	-	-	-	-	-	-	-
<b>Net (Gain)/loss for the year</b>	<b>23.6</b>	<b>(7.3)</b>	<b>(0.1)</b>	<b>16.2</b>	<b>23.0</b>	<b>(7.0)</b>	<b>0.0</b>	<b>16.0</b>

## Note 26 – Fair Values of Assets and Liabilities

The fair value of a financial instrument is the price that would be received when selling an asset, or the price that would be paid when transferring a liability, to another market participant in an arms'-length transaction. Where liabilities are held as an asset by another party, such as the Council's borrowing, the fair value is estimated from the holder's perspective.

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including shares in money market funds, the fair value is taken from the market price.

Financial instruments classified at amortised cost are carried in the Balance Sheet at their amortised cost. Their fair values disclosed below have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2022, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- Discount rates for "Lender's Option Borrower's Option" (LOBO) loans have been reduced to reflect the value of the embedded options. The size of the reduction has been calculated using proprietary software.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March.
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate rate, 2% in relation to Alperton and 2.53% in relation to PFI liabilities.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low interest rate environment.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

## Financial Liabilities – Fair Value

<b>Financial Liabilities - Fair Value Note</b>	Fair Value Level	Balance sheet 31/03/2022 £m	Fair Value 31/03/2022 £m	*Restated Balance Sheet 31/03/2021 £m	*Restated Fair Value 31/03/2021 £m
<b>Financial Liabilities held at fair value through profit and loss</b>		0.0	0.0	0.0	0.0
<b>Financial Liabilities held at amortised cost:</b>					
Loans from the PWLB	2	410.1	526.2	376.6	563.3
LOBO loans	2	70.5	119.4	70.5	132.8
Other loans	2	97.2	90.9	95.0	102.4
Loans from Local Authorities	2	112.8	112.8	112.0	112.0
Lease payables and PFI liabilities	2	28.1	27.2	26.0	26.0
Short term creditors		116.8	116.8	80.1	80.1
<b>Total liabilities defined as financial instruments</b>		<b>835.5</b>	<b>993.3</b>	<b>760.2</b>	<b>1,016.6</b>
<b>Liabilities not defined as financial instruments:</b>					
Short-term creditors	N/A	78.7	78.7	50.8	50.8
<b>Grand Total</b>		<b>914.2</b>	<b>1,072.0</b>	<b>811.0</b>	<b>1,067.4</b>

\* In the 2020/21 Statement of Account all short-term creditors were included as financial liabilities, however not all balances within short-term creditors met the definition of financial instrument as per The Code. This has been restated to separate the short-term creditors between financial instrument and liabilities not defined as financial instruments. The total short-term creditors have also been restated, in the 2020/21 Financial liabilities fair value table the short-term creditors balance was not updated and therefore does not reconcile to the current liabilities balance on the Financial liabilities note and the Balance Sheet. This is an immaterial difference but have been restated to ensure consistency across the account. Please refer to page 125 for detail.

The fair value of financial liabilities is higher than the carrying amount because the Authority's portfolio of loans includes a number of loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date.

Financial Assets – Fair Value:

<b>Financial Assets - Fair Value</b>	<b>Fair Value Level</b>	<b>Balance sheet 31/03/2022</b>	<b>Fair Value 31/03/2022</b>	<b>*Restated Balance Sheet 31/03/2021</b>	<b>*Restated Fair Value 31/03/2021</b>
<b>Financial Assets held at Fair Value through profit or loss</b>					
Money Market Funds	1	98.6	98.6	82.6	82.6
<b>Financial Assets held at amortised cost:</b>					
Lease receivables	2	0.0	0.0	0.0	0.0
Long-term investments	2	91.8	57.2	76.3	49.8
Long-term debtors	2	156.2	93.7	152.9	104.5
Short-term deposits with Local Authorities	2	0.0	0.0	20.0	20.0
Short-term investments	3	0.3	0.3	0.3	0.3
Short-term debtors	3	88.2	88.2	36.2	36.2
Cash and cash equivalents	2	37.8	37.8	39.4	39.4
<b>Total Assets defined as Financial Instruments</b>		<b>472.8</b>	<b>375.8</b>	<b>407.7</b>	<b>332.8</b>
<b>Assets not defined as Financial Instruments</b>		<b>94.5</b>	<b>94.5</b>	<b>129.5</b>	<b>129.5</b>
<b>Total</b>		<b>567.4</b>	<b>470.3</b>	<b>537.2</b>	<b>462.3</b>

\* In the 2020/21 Statement of Account all short-term debtors were included as financial assets, however not all balances within short-term debtors met the definition of financial instrument as per The Code. This has been restated to separate the short-term debtors between financial instrument and assets not defined as financial instruments. The total short-term debtors have also been restated, in the 2020/21 Financial assets fair value table the short-term debtors balance was not updated and therefore does not reconcile to the current debtors balance on the Financial Assets note and the Balance Sheet. This is an immaterial difference but have been restated to ensure consistency across the account.

There is a further restatement on the fair value amounts for long- term investments and long- term debtors. In the 2020/21 Statement of Account these were showing the balance sheet value rather than the fair values.

Please refer to page 125 for detail.

The fair value of short-term financial assets held at amortised cost, including trade receivables, is assumed to approximate to the carrying amount.

## Risks

The Council complies with CIPFA's Code of Practice on Treasury Management and the Prudential Code for Capital Finance in Local Authorities, both revised in December 2021.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Investment Strategy in compliance with the Ministry for Housing, Communities and Local Government Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

The main risks covered are:

- **Credit Risk:** The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council.
- **Liquidity Risk:** The possibility that the Council might not have the cash available to make contracted payments on time.
- **Market Risk:** The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

### Credit Risk: Treasury Investments

The Council manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK Government, other local authorities, housing associations and organisations without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

- Up to £20m can be invested with a single pre-selected UK banking group (or individually rated banks within that group).
- Up to £20m can be invested with pre-selected overseas banks.
- Up to £20m can be invested with money market funds with a minimum long-term credit rating of A-.
- Up to £20m can be invested with other individual local authorities, housing associations or UK Government bodies.
- The Council's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of non-recoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2022 that this was likely to crystallise. The Council's direct exposure to banks and building societies on 31 March 2022 was limited to a marginal net amount with the Royal Bank of Scotland.



The table below summarises the credit risk exposures of the Council’s treasury investment portfolio by credit rating and remaining time to maturity.

Money Market Funds and Short Term Deposits Credit Rating:

<b>Credit Rating</b>	<b>31/03/2022 £m</b>	<b>31/03/2021 £m</b>
AAA	0.0	0.0
AA-	0.0	20.0
A+	84.8	62.6
A	13.8	0.1
Unrated Local Authorities	0.0	20.0
<b>Total Investments</b>	<b>98.6</b>	<b>102.7</b>

As at 31 March 2022, the portfolio above relates to money market funds which are categorised under Cash and Cash Equivalents on the Balance Sheet. In the prior year, £82.7m of the balance was classified under Cash & Cash Equivalents. Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council’s customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the Approved List for Investments, which governs lending to banks and financial institutions, including building societies, Government authorities and supranational institutions. The Council combines long-term, short-term and individual ratings to reduce the risk of default. To further reduce risk, the Council only makes new investments with financial institutions through marketable instruments which could be sold at short notice to minimise prospective losses.

Loss allowance on treasury investments have been calculated by reference to historic default data published by credit ratings. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by [three] or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating. They are determined to be credit-impaired when awarded a “D” credit rating or equivalent. The Council does not expect any losses from non-performance by other counterparties.

Credit Risk: Trade Receivables

Trade debtors are general debtors to the Council, and do not include Government departments, other local authorities or housing rents. The Council does not generally allow credit for its trade debtors. During the reporting period the Council held no collateral as security.

The following analysis summarises the Council’s potential maximum exposure to credit risk. 72.4% is the element which has not been provided for, based on historical experience of default.

Potential Maximum Exposure to Credit Risk:

<b>Type</b>	<b>Amount at 31 March 2022 £m</b>	<b>Historical experience of default %</b>	<b>Estimated exposure to default £m</b>
Deposits with banks and financial institutions	0.0	0.0	<b>0.0</b>
Trade receivables	88.2	30.0%	<b>61.7</b>
<b>Total</b>	<b>88.2</b>	<b>30.0%</b>	<b>61.7</b>

The Council's credit risk on lease receivables is mitigated by its legal ownership of the assets leased, which can be repossessed if the debtor defaults on the lease contract. Loss allowances for receivables have been calculated based on historic information. Debts are deemed to be overdue when they are at least 30 days past their due date.

#### Liquidity Risk

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities and private investors, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans and ensuring loans mature at different times.

The Maturity Analysis of Principal Sums Borrowed:

<b>Principal Sums Borrowing Lengths</b>	<b>£m</b>
Less than one year	124.2
Between one and two years	8.1
Between two and five years	20.7
Between five and ten years	34.5
Between ten and twenty years	117.0
Between 20 and 30 years	101.9
Between 30 and 40 years	223.7
More than 40 years	60.5
<b>Total</b>	<b>690.6</b>

The Council has £70.5m (2020/21: £70.5m) of "Lender's option, borrower's option" (LOBO) loans where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. Due to the higher interest rate environment, the Council has based the maturity date upon the next option date rather than the final maturity date.

#### Market Risks: Interest Rate Risk

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

- borrowings at variable rates – the interest expense will rise
- borrowings at fixed rates – the fair value of the liabilities will fall
- investments at variable rates – the interest income will rise

- investments at fixed rates – the fair value of the assets will fall

100% of the Council’s long term borrowing is at fixed rates so the risk would arise when the need to refinance arises or on occasions when short term borrowing is required, which are small in relation to the Council’s scale of operation. A rise in interest rates would lead to a fall in the fair value of borrowings but this would have no impact on the Income and Expenditure Account.

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. 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.

The Treasury Management Strategy aims to mitigate these risks by setting an upper limit of £5m on the 12-month revenue impact of a 1% fall and rise in interest rates. If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

Impact of Interest Rates being 1% Higher:

<b>Impact</b>	<b>£m</b>
Increase in interest receivable on variable rate investments	(0.9)
Impact on Comprehensive Income and Expenditure	(0.9)
Decrease in fair value of fixed rate borrowings / liabilities*	<b>104.1</b>

\*No impact on Comprehensive Income and Expenditure.

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. However, it would lead to a negative interest rate on our investments. The Council has £70.5m (2020/21: £70.5m) of “Lender’s option, borrower’s option” (LOBO) loans with maturity dates between 2048 and 2077 where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. In the current low interest rate environment, the likelihood of the lender increasing the rate is low; however, the likelihood will increase in later years should market interest rates rise.

#### Note 27 – Leases

A lease is an agreement whereby the lessor (person giving the asset) conveys to the lessee (person taking the asset), in return for a payment or series of payments for an agreed period of time, examples include, leasing of vehicles for waste services, property rentals, rental of equipment (i.e. photocopiers, machinery).

#### Authority as Lessee

##### Finance Leases

Leases are classified as finance leases where the terms of the agreement transfer substantially all the risks and rewards of ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, present value of the minimum lease payments in relation to the asset’s fair value and whether the Council obtains ownership of the asset at the end of the lease term.

The current lease for Brent Council’s waste collection services with an external contractor began in 2018/19, with assets worth £5.7m. Public Realm Service (PRS) oversees the commercial waste collection, household and

recycling collection and cleaning services for the Council. Brent Council has recognised this as a Finance lease under IAS 17. The waste service assets are included under Plant, Vehicle and Equipment in the balance sheet.

On 8th March 2022, the London Borough of Brent Council signed (as lessee) a lease of property at 330 Ealing Road, Alperton, formerly the location of Alperton Bus Garage. The site will be developed into 155 units of affordable housing at the expense of the lessor, which the Council will then let to tenants. There are no lease payments during the first three years so will begin in 2025/26. The Council received a payment of £7.6m at the start of the lease which has been recorded as a long-term lease liability.

Balance Sheet Extract of Plant, Furniture, Vehicles and Equipment:

<b>31-Mar-21</b> <b>£m</b>	<b>Detail</b>	<b>31-Mar-22</b> <b>£m</b>
2.3	Plant, Furniture, Vehicles and Equipment	1.1

The Council is committed to making minimum payments comprising repayment of the outstanding liability and interest upon the outstanding liabilities. The minimum lease payments are made of the following amounts:

Minimum Finance Lease Payments:

<b>31-Mar-21</b> <b>£m</b>	<b>Finance Lease Liabilities Details</b>	<b>31-Mar-22</b> <b>£m</b>
1.3	Current	1.3
1.3	Non-current	7.7
0.0	Finance costs payable in future years	0.0
<b>2.6</b>	<b>Minimum lease payments</b>	<b>9.0</b>

These minimum lease payments are payable over the following periods:

Total Minimum Lease Payments:

<b>Payment Period</b>	<b>2020-21</b> <b>£m</b>	<b>2021-22</b> <b>£m</b>
Not Later than one year	1.3	1.3
Later than one year and not later than five years	1.3	7.7
Later than five years	0.0	0.0
<b>Total</b>	<b>2.6</b>	<b>9.0</b>

Present Value of Minimum Lease Payments Repayable

<b>Payment Period</b>	<b>2020-21</b> <b>£m</b>	<b>2021-22</b> <b>£m</b>
Not Later than one year	1.2	1.2
Later than one year and not later than five years	1.2	7.2
Later than five years	0.0	0.0

Payment Period	2020-21	2021-22
	£m	£m
<b>Total</b>	<b>2.4</b>	<b>8.4</b>

### Operating Leases (Authority as Lessee)

An operating lease is an agreement to use and operate an asset without ownership. Brent Council leases Land & Buildings, Office Equipment, vehicles, and telecommunications Equipment in order to provide its services.

The Future Minimum Payments under these Leases in Future Years:

2020-21 £m	Payment Period	2021-22 £m
1.5	Not later than one year	2.8
5.4	Later than one year and not later than five years	10.7
10.7	Later than five years	1.8
<b>17.6</b>	<b>Total</b>	<b>15.3</b>

The Following Future sublease payments are receivable:

2020-21 £m	Detail	2021-22 £m
4.8	Future Minimum Sublease Payments Receivable	4.7

The Expenditure charged to Comprehensive Income and Expenditure Statement for these Leases:

2020-21 £m	Comprehensive Income and Expenditure Detail	2021-22 £m
0.6	Minimum Lease payments	0.6
(0.2)	(Sublease payments receivable)	(0.2)
<b>0.4</b>	<b>Total</b>	<b>0.4</b>

### Authority as Lessor

#### Finance Leases

Brent Council leases Northwick Park Golf course to a commercial operator on a finance lease with a remaining term of 84 years. In addition, there are five residential properties leases with an average minimum contractual duration of 999 years.

During 2020/21, the Council entered into a lease agreement for the phase 2 & 3 development of the Peel site within the South Kilburn redevelopment. This stage of the project will involve the construction of 68 affordable homes.

The Authority has a gross investment in the properties, which is the present value of future lease payments receivable under the contract. The gross investment is made up of the following amounts:

<b>31-Mar-21 £m</b>	<b>Finance Lease Debtor Detail</b>	<b>31-Mar-22 £m</b>
17.9	Non-Current	18.4
<b>17.9</b>	<b>Gross Investment in Lease</b>	<b>18.4</b>

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

Gross Investment in the Lease:

<b>Periods</b>	<b>2020-21 £m</b>	<b>2021-22 £m</b>
Later than one year and not later than five years	14.7	14.7
Later than five years	3.2	3.7
<b>Total</b>	<b>17.9</b>	<b>18.4</b>

Present Value of Minimum Lease Payments:

<b>Period</b>	<b>2020-21 £m</b>	<b>2021-22 £m</b>
Later than one year and not later than five years	14.7	14.7
Later than five years	3.2	3.7
<b>Total</b>	<b>17.9</b>	<b>18.4</b>

In addition to the payments made by the commercial operator shown above, the Council receives contingent rent based on the turnover of the golf course.

#### **Operating Leases (Authority as Lessor)**

The Council leases out a number of its properties for both commercial use and service provision.

Future minimum lease payments expected under these contracts are:

<b>2020-21 £m</b>	<b>Period</b>	<b>2021-22 £m</b>
1.5	Not later than one year	1.4
5.2	Later than one year and not later than five years	4.3
42.3	Later than five years	41.3
<b>49.0</b>	<b>Total</b>	<b>47.0</b>

The Council receives additional contingent rent for one of its properties based on the turnover of the lessee's business.

#### **Note 28 – Private Finance Initiative (PFI) and Service Concessions**

The Council has entered into three PFI projects which have generated assets to be used by the Council, these are:

- In 2006/07 a 25 year project to provide, operate and maintain a new sports centre and related facilities in Willesden; legal title to this sports centre transfers to Brent at the end of the contract.
- In 2008/09 the Council entered into phase 1 of a 20 year project to provide and maintain social housing, and replacement residential facilities for people with learning disabilities. Phase 2 of this contract was signed in 2010-11. Legal title to the residential facilities for people with learning disabilities transfers to Brent. Brent controls the residual value of 158 units of the housing stock at the end of the contract by a combination of restrictions on the sale and use of the social housing built and guaranteed nomination rights to 158 of the properties built. The complexities of this contract are further detailed below.

The Council has reviewed its contracts and identified the following agreements that meet the definition of a Service Concession:

- In 2005/06 a 32 year agreement was made to provide and maintain social housing within Stonebridge. Whether or not a block of flats or house paid for by this contract appears on Brent's balance sheet was determined by a tenant's vote at the start of the contract. The PFI operator manages and maintains these properties on behalf of Brent.

A provision of £5.7m is maintained to reflect changes in the PFI schemes agreed in prior years. An additional provision of £13.1m has been added, relating to the conversion of tenancies to Discounted Market Rent units. Please refer to note 9.

The assets that have been recognised on the balance sheet funded by PFIs and service concessions are shown in Note 1 on Plant, Property, and Equipment.

These assets are funded by the following liabilities which are repaid over the course of the contract to recompense the PFI operator for the capital expenditure they have incurred.

Movement in PFI Balance Outstanding:

<b>2020-21 £m</b>	<b>PFI Detail</b>	<b>2021-22 £m</b>
24.7	Balance outstanding at start of year	23.5
(1.2)	Payments during the year	(1.4)
<b>23.5</b>	<b>Balance outstanding at end of year</b>	<b>22.1</b>

The Following Future Payments Expected to be Made on the PFIs and Service Concessions:

<b>Time Period Payable</b>	<b>Payment for Services £m</b>	<b>Reimbursement of Capital Expenditure £m</b>	<b>Interest £m</b>	<b>Total £m</b>
Payable in 2022/23	3.1	0.9	2.5	<b>6.6</b>
Payable with two to five years	15.1	5.0	8.7	<b>28.8</b>
Payable within 6 to 10 years	18.9	7.3	8.4	<b>34.6</b>
Payable within 11 to 15 years	7.1	4.9	6.5	<b>18.5</b>

<b>Time Period Payable</b>	<b>Payment for Services £m</b>	<b>Reimbursement of Capital Expenditure £m</b>	<b>Interest £m</b>	<b>Total £m</b>
Payable within 16 to 20 years	1.4	1.0	1.2	3.6
<b>Total</b>	<b>45.7</b>	<b>19.2</b>	<b>27.3</b>	<b>92.2</b>

Where a PFI asset is paid for by third party payments, it is a requirement to recognise the deferred income: this recognises the expected future third party payments.

Deferred Income Recognised on the Balance Sheet:

<b>2020-21 £m</b>	<b>Deferred Income Detail</b>	<b>2021-22 £m</b>
(14.1)	Deferred Income opening balance	(12.1)
2.0	Amortisation	2.0
<b>(12.1)</b>	<b>Deferred Income closing balance</b>	<b>(10.1)</b>

Further details of the Housing and Adult Social Care PFI: assessed under IFRS this contract has three distinct elements:

1. Residential facilities for people with learning disabilities – Legal title to 20 units of residential facilities for people with learning disabilities transfers to Brent. This element of the PFI is accounted for using the service concession rules for IFRIC 12.
2. Residential social housing with guaranteed nomination rights Brent controls the residual value of this Social Housing stock at the end of the contract by a combination of restrictions on the sale and use of the social housing built and nomination rights to some of the properties built. Brent will be granted at least 158 nomination rights. This element of the PFI is accounted for using the service concession rules for IFRIC 12.
3. Residential social housing without guaranteed nomination rights – This is residual stock after Brent is granted at least 158 nomination rights. This will be at most 206 units. These units can be sold by the PFI Operator to other Registered Social Landlords under the conditions of the contract. This element is therefore considered to be temporary housing stock, and is accounted for using the embedded lease rules for IFRIC 4.

The Assets and Liabilities for element 2 of the PFI have been calculated using the ratio of 158:364, which is the ratio of guaranteed nomination rights to total social housing properties.

The payments for element 3 are the residual payments once elements 2 and 3 are accounted for.

There are a number of uncertainties about this contract where the Council's assets and liabilities may be affected by uncertain future events:

- The number of nomination rights is governed by House Price inflation: the higher house price inflation is the greater the number of nomination rights.
- The PFI Operator is allowed to sell a number of properties to equal in value to the principal amount of senior debt for the PFI. The principal amount of senior debt will be affected by future



social housing rents. It is also possible that refinancing of the contract could lower the principal amount of senior debt.

- At this stage, it is not possible to state to which 158 properties the Council will get permanent nomination rights. This will be determined over the course of the contract by the granting of long-term tenancies to residents of the properties. This may result in the Council's assets and liabilities being higher or lower than currently projected.

These features of the contract are an important part of the Council's risk control for this contract. The contract is fixed in price; it is the apportionment of this fixed payment between the permanent and temporary elements which is uncertain. In substance, the risks principally affect the future benefits the Council will receive at the end of the contract in the form of nomination rights.

## Employee Benefits

### Note 29 – Senior Employees' Remuneration

Senior employees are Brent's Chief Executive and direct reports (other than administration staff) and statutory chief officers. No compensation payments for loss of office were made in 2021/22. No bonuses were paid during 2021/22.

Salary and Pension Contributions for Senior Employees for 2021-22:

<b>Employee</b>	<b>Salary (including fees and allowances)</b> £	<b>Employers pension contributions</b> £	<b>Total remuneration including pension contributions</b> £
Chief Executive – Carolyn Downs*	211,586	-	<b>211,586</b>
Assistant Chief Executive - Shazia Hussain	108,038	37,813	<b>145,851</b>
Strategic Director Children and Young People- Gail Tolley	160,533	56,187	<b>216,720</b>
Strategic Director of Community Wellbeing- Philip Porter	159,033	56,187	<b>215,220</b>
Strategic Director Regeneration & Environment- Alan Lunt	159,533	56,187	<b>215,720</b>
Strategic Director Customer and Digital services- Peter Gadsdon	154,360	54,026	<b>208,386</b>
Director of Finance (section 151 officer)- Minesh Patel	112,993	40,068	<b>153,061</b>
Director of Public Health- Melanie Smith	128,155	43,221	<b>171,375</b>
Director of Legal, HR and Audit- Debra Norman	135,047	47,266	<b>182,313</b>
<b>Total</b>	<b>1,329,278</b>	<b>390,955</b>	<b>1,720,232</b>

\*Within this salary there is £1,500 relating to Returning Officer fees which the Chief Executive has redistributed to other staff who helped with the elections.

Salary and Pension Contributions for Senior Employees for 2020-21:

<b>Employee</b>	<b>Salary (including fees and allowances)</b> <b>£</b>	<b>Employers pension contributions</b> <b>£</b>	<b>Total remuneration including pension contributions</b> <b>£</b>
Chief Executive – Carolyn Downs	208,459	-	<b>208,459</b>
Assistant Chief Executive - Shazia Hussain	126,465	44,239	<b>170,704</b>
Strategic Director Children and Young People- Gail Tolley	158,160	55,356	<b>213,516</b>
Strategic Director of Community Wellbeing- Philip Porter	158,144	55,356	<b>213,500</b>
Strategic Director Regeneration & Environment- Amar Dave (Left 30th Sep 2020)	118,620	27,678	<b>146,298</b>
Strategic Director Regeneration & Environment- Alan Lunt (Started on 3rd Aug 2020)	104,590	36,606	<b>141,196</b>
Strategic Director Customer and Digital services- Peter Gadsdon	146,060	51,098	<b>197,158</b>
Director of Finance (section 151 officer)- Minesh Patel	105,041	37,285	<b>142,326</b>
Director of Public Health- Melanie Smith	126,272	42,582	<b>168,854</b>
Director of Legal, HR and Audit- Debra Norman	133,118	46,568	<b>179,686</b>
<b>Total</b>	<b>1,384,929</b>	<b>396,768</b>	<b>1,781,697</b>

Note 30 – Officers' Remuneration

The number of employees whose remuneration in 2021/22 and 2020/21, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

2020-21 Schools Staff	*Restated 2020-21 Officers	*Restated 2020-21 Total	Remuneration Band £	2021-22 Schools Staff	2021-22 Officers	2021-22 Total
129	99	228	50,000 - 54,999	159	114	273
84	91	175	55,000 - 59,999	66	105	171
52	49	101	60,000 - 64,999	64	53	117
36	21	57	65,000 - 69,999	36	22	58
20	11	31	70,000 - 74,999	19	11	30
18	12	30	75,000 - 79,999	12	7	19
11	6	17	80,000 - 84,999	10	11	21
11	5	16	85,000 - 89,999	11	5	16
6	5	11	90,000 - 94,999	9	1	10
5	14	19	95,000 - 99,999	5	17	22
4	3	7	100,000 - 104,999	2	3	5
1	1	2	105,000 - 109,999	0	0	0
0	0	0	110,000 - 114,999	1	3	4
1	0	1	115,000 - 119,999	2	1	3
1	3	4	120,000 - 124,999	0	2	2
0	1	1	125,000 - 129,999	0	0	0
0	2	2	130,000 - 134,999	0	1	1
0	0	0	135,000 - 139,999	0	1	1
1	0	1	140,000 - 144,999	1	0	1
0	0	0	145,000 - 149,999	0	0	0
0	0	0	150,000 - 154,999	0	0	0
0	0	0	155,000 - 159,999	0	0	0
0	0	0	160,000 - 164,999	0	0	0
0	0	0	165,000 – 169,999	1	0	1
<b>380</b>	<b>323</b>	<b>703</b>	<b>Total</b>	<b>398</b>	<b>357</b>	<b>755</b>

This note reports the number of school staff and council officers paid over £50,000 in 2021/22. The number of schools staff has increased by 18 and council officers increased by 34 compared to 2020/21. During the year the number of school staff and Council officers paid over £50,000 in 2021/22 has increased by 51 compared to 2020/21. The main reason for the increase in these numbers is incremental drift compounded by the pay award.

\*Balances have been restated for prior period errors relating to the inclusion of senior employee's remuneration in this note, please see page 125 for detail.

### Note 31 – Exit Packages

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

#### Exit Package Cost for 2021-22:

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 £'000
£0 - £20,000	21	21	42	298
£20,001 - £40,000	1	4	5	135
£40,001 - £60,000	0	2	2	92
£60,001 - £80,000	0	0	0	0
£80,001- £100,000	0	0	0	0
£100,00+	0	1	1	122
<b>Total cost included in bandings</b>	<b>22</b>	<b>28</b>	<b>50</b>	<b>646</b>
<b>ADD:</b> amounts provided for in CIES not included in bandings	-	-	-	<b>0.0</b>
<b>TOTAL cost included in CIES</b>	-	-	-	<b>646</b>
<b>Average cost of exit packages</b>	-	-	-	<b>£13</b>

The number of exit packages decreased from 105 in 2020/21 at a cost of £4.6m, to 50 in 2021/22 at cost of £0.6m. The average cost of exit package has reduced from £44k to £13k mainly because of significantly less redundancies in £80k+ band.

#### Exit Package Cost for 2020-21:

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 £'000
£0 - £20,000	7	32	39	356
£20,001 - £40,000	2	25	27	765
£40,001 - £60,000	3	12	15	744
£60,001 - £80,000	1	7	8	589
£80,001- £100,000	0	6	6	554
£100,00+	2	8	10	1,638
<b>Total cost included in bandings</b>	<b>15</b>	<b>90</b>	<b>105</b>	<b>4,645</b>
<b>ADD:</b> amounts provided for in CIES not included in bandings	-	-	-	<b>0</b>
<b>TOTAL cost included in CIES</b>	-	-	-	<b>4,645</b>
<b>Average cost of exit packages</b>	-	-	-	<b>£44</b>

## Pension Notes

### Note 32 – Pension Schemes Accounted for as Defined Contribution Schemes

In 2021/22, the Council paid £11.5m to Teachers' Pensions (£11.3m - 2020/21) in respect of teachers' retirement benefits, representing 23.69% in 2021/22 (23.68% - 2020/21) of pensionable pay. The Authority is responsible for the cost of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme.

### Note 33 – Defined Benefit Pension Schemes

#### Participation in Pension Schemes

The Council participates in the Local Government Pension Scheme, this is a funded defined benefit scheme. The Council and employees pay contributions into the fund, this is calculated at a level intended to balance the pensions liabilities with investment assets.

#### Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by the employees, rather than when the benefits are paid in due course as pensions. Actuarial gains and losses on pension assets and liabilities are recorded as other comprehensive income and expenditure. The charge which Council is required to make against council tax is based on the cash payable in the year, therefore the real cost of post-employment/retirement benefits is reversed out of the general fund through the movement in the 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:

Extract from Comprehensive Income and Expenditure Statement showing Transactions Relating to Post-Employment Benefits Charged to the Surplus or Deficit on the Provision of Services:

<b>31 March 2021 £m</b>	<b>Comprehensive Income and Expenditure Statement Detail</b>	<b>31 March 2022 £m</b>
37.2	Current service cost (Cost of Services)	60.8
1.0	Past service costs (including curtailments) (Cost of Services)	0.3
0	Effects of business combinations and disposals (Cost of Services)	0
31.8	Interest cost (Financing and Investment Income and Expenditure)	35.2
(16.7)	Expected return on Scheme assets (Financing and Investment Income and Expenditure)	(17.8)
<b>53.3</b>	<b>Total Post-Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>78.5</b>

Extract from Comprehensive Income and Expenditure Statement showing Transactions Relating to Post-Employment Benefits:

<b>31 March 2021 £m</b>	<b>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>31 March 2022 £m</b>
18.9	Changes in demographic assumptions	(9.2)
332.5	Changes in financial assumptions	(110.6)
(14.7)	Other experience	3.3
(142.5)	Return on assets excluding amounts in net interest	(55.7)
53.3	Post-Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	78.5
<b>247.5</b>	<b>Total Post-Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(93.7)</b>

Extract from the Movement in Reserves Statement Relating to Post-Employment Benefits:

<b>31 March 2021 £m</b>	<b>Movement in Reserves Statement Detail</b>	<b>31 March 2022 £m</b>
40.5	Employers' contributions payable to the Scheme	43.2
4.2	Contributions in respect of unfunded benefits	4.0
44.7	Actual amount charged against the General Fund Balance for pensions in the year	47.2
(53.3)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(78.5)
<b>(8.6)</b>	<b>Total Post-Employment Benefit Charged to the Movement in Reserves Statement</b>	<b>(31.2)</b>

#### Statements Pensions Assets and Liabilities Recognised in the Balance Sheet

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

<b>31 March 2021 £m</b>	<b>Balance Sheet Detail</b>	<b>31 March 2022 £m</b>
(1,751)	Present value of the defined benefit obligation	(1,690)
888	Fair value of plan assets	968
<b>(863)</b>	<b>Net liability arising from defined benefit obligation</b>	<b>(722)</b>

Note 34 – Reconciliation of Assets and Liabilities in Relation to Post-Employment Benefits

Reconciliation of Assets and Liabilities in Relation to Post-Employment Benefits:

Scheme Assets 2020/21 £m	Pensions Obligations 2020/21 £m	Net Pensions Liability 2020/21 £m	Detail	Scheme Assets 2021/22 £m	Pensions Obligations 2021/22 £m	Net Pensions Liability 2021/22 £m
723.4	(1,383.5)	(660.1)	<b>Opening Balance at 1 April</b>	887.6	(1,750.6)	(863.0)
-	-	-	<b>Service Costs</b>	-	-	-
0.0	(37.2)	(37.2)	Current Service Cost	0.0	(60.8)	(60.8)
0.0	(1.0)	(1.0)	Past Service cost and gains/losses on curtailments	0.0	(0.3)	(0.3)
16.7	(31.8)	(15.1)	Interest Income and Expense	17.8	(35.2)	(17.4)
-	-	-	<b>Re-measurements</b>	-	-	-
142.5	14.7	157.2	Return on Plan Assets	55.7	(3.3)	52.4
0.0	(18.9)	(18.9)	Actuarial Gains and Losses arising from changes in demographic assumptions	0.0	9.2	9.2
0.0	(332.5)	(332.5)	Actuarial Gains and Losses from changes in Financial Assumptions	0.0	110.6	110.6
-	-	-	<b>Contributions</b>	-	-	-
44.6	0.0	44.6	The Council	47.3	0.0	47.3
7.3	(7.3)	0.0	Employees	7.6	(7.6)	0.0
-	-	-	<b>Payments</b>	-	-	-
(46.9)	46.9	0.0	Retirement Grants and Pensions	(48.3)	48.3	0.0
0.0	0.0	0.0	Effects of business combinations and disposals	0.0	0.0	0.0
<b>887.6</b>	<b>(1,750.6)</b>	<b>(863.0)</b>	<b>Closing Balance at 31 March</b>	<b>967.7</b>	<b>(1,689.7)</b>	<b>(722.0)</b>



Note 35 – Sensitivity Analysis

Change in Assumptions and Subsequent Effect on Employer Liability:

<b>Change in assumptions at 31 March 2022</b>	<b>Approximate % increase to Employer Liability</b>	<b>Approximate monetary amount £m</b>
0.1% decrease in Real Discount Rate	2	30.2
1 year increase in member life expectancy	4	67.6
0.1% increase in the Salary Increase Rate	0	1.5
0.1% increase in the Pension Increase Rate	2	28.6

Note 36 – Explanation of Change in Net Pension Liability

The Net Pension Liability has decreased by £141.0m (Increased by £202.8m in 2020/21).

The discount rate has increased from 2.0% to 2.7% leading to increase in the net interest on the net defined benefit pension liability. There are also risks attached to the maturity of the members, as it can be seen that 34.5% of the liability related to pensioners.

Following the 2019 Triennial valuation, The Employer's contributions for the period to 31 March 2023 are estimated to be approximately £39.4m. The deficit recovery period is 19 years. Contributions will remain at 35.0% of pensionable pay in 2022/23.

Type of Pension Liability Members:

<b>Type of Member</b>	<b>Liability split (£m) as at 31 March 2022</b>	<b>Liability split (%) as at 31 March 2022</b>
Active Members	547.3	33.3
Deferred Members	530.2	32.2
Pensioner Members	566.8	34.5
<b>Total Members</b>	<b>1,644.3</b>	<b>100%</b>

### Note 37 – Basis for Estimating Assets and Liabilities

The latest full actuarial valuation of the London Borough of Brent's liabilities took place as at 31 March 2019. The principal assumptions used by the independent qualified actuaries in updating the latest valuation of the Fund and assessing discretionary benefit liabilities are set out below:

#### Principal Assumptions Used in Updating Latest Valuation of the Fund:

2020-21	Actuarial Assumptions:	2021-22
22.3	Longevity at 65 for current pensioners: Men	22.1
24.7	Longevity at 65 for current pensioners: Women	24.5
23.5	Longevity at 65 for future pensioners: Men	23.2
26.2	Longevity at 65 for future pensioners: Women	26.0
3.2%	Rate of increase in salaries	3.5%
2.9%	Rate of increase in pensions	3.2%
2.0%	Rate for discounting Scheme liabilities	2.7%
50.0%	Take-up of option to convert annual pension into retirement lump sum (pre-April 2008 service)	50.0%
75.0%	Take-up of option to convert annual pension into retirement lump sum (post-April 2008 service)	75.0%

#### Derivation of financial assumptions

##### Discount rate

The Accounting Standards state that the discount rate used to place a value on the obligations should be determined by reference to market yields on high quality corporate bonds at the reporting date. The currency and term of the high quality corporate bonds used to set the discount rate should be consistent with the currency and term of the obligations.

##### Corporate bond yield curve

Updated Government bond yield curves are available on a daily basis from the Bank of England so we can easily identify a spot yield on Government bonds at any duration and at any date. However, a similarly accessible yield curve for corporate bonds is not so readily available. To set the discount rate, we construct a "Hymans Robertson" corporate bond yield curve based on the constituents of the iBoxx AA corporate bond index.

##### Weighted average duration

The discount rate should reflect the 'term' of the benefit obligation. We interpret 'term' to be the weighted average duration of the benefit obligation. We calculate the weighted average duration for each employer and categorise each employer's duration. We set assumptions based on duration category as below:

Weighted Average Duration of the Benefit Obligation:

Weighted average duration at most recent actuarial valuation	Duration category
Less than 17 years	Short
Between 17 and 23 years	Medium
More than 23 years	Long

Retail Price Inflation (RPI)

We use a market implied inflation curve over a range of maturities, derived from yields available on fixed interest and index linked government bonds to be consistent with the derivation of the discount rate. For each duration category we derive a cashflow weighted single RPI rate from this market implied inflation curve. Our RPI assumption allows for an Inflation Risk Premium (IRP) of 0bps pre-2030 and a post-2030 IRP of 30bps, giving an average IRP of 15bps over short durations; and 20bps over medium and long durations.

Consumer Price Inflation (CPI) – Pension Increases

We set the pension increases assumption in line with our default Consumer Prices Index (CPI) assumption. As a market in CPI linked bonds does not exist, we need to estimate the long-term wedge between RPI and CPI to derive a CPI assumption for accounting purposes. Our estimate is based on analysis of past and emerging future trends in the gap between these indices. Our CPI assumption allows for a wedge of 100bps pre-2030 and a wedge of 10bps post-2030 relative to RPI. The former reflects differences between RPI and CPI and the latter reflects differences between CPI and CPIH. The resulting average RPI/CPI gap is 0.55% over short durations, 0.45% over medium durations and 0.40% over long durations.

Salary Increases

We set our standard assumption for salary growth relative to CPI, using the same methodology as the Fund's most recent funding valuation. See the Fund's formal valuation report for further details on the salary growth assumption.

Proposed financial assumptions for the Accounting Date

We use financial assumptions from the beginning of the accounting period to calculate the service cost and net interest components of the pension expense. We propose the following standard assumptions at the Accounting Date.

Weighted average duration at most recent Actuarial Valuation:

Accounting Date 31 March 2022	Short %p.a.	Medium %p.a.	Long %p.a.
Discount Rate	2.70	2.70	2.75
Retail Price Inflation (RPI)	3.85	3.65	3.55
Consumer Price Inflation (CPI) – Pension Increase Rate	3.30	3.20	3.15

## Demographic assumptions

### Longevity

We use baseline longevity assumptions consistent with the assumptions used at the latest funding valuation. We use future longevity improvements assumptions in line with the latest Continuous Mortality Investigation (CMI) results, namely the CMI 2021 model with a 0% weighting of 2021 (and 2020) data, smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of 1.5% p.a. for both females and males.

### Other demographic assumptions

We use other demographic assumptions (e.g. commutation, withdrawal, ill-health early retirements etc) which are the same as those used for the latest funding valuation. These were considered to be best estimate. Further details of these assumptions are set out in the Fund's formal valuation report.

### Reasonableness of assumptions

There is a range of actuarial assumptions which are acceptable under the requirements of the Accounting Standard. We consider that the assumptions above are within the acceptable range. Where the Employer has requested different assumptions, we have shown these in the Results Schedule and noted whether these fall outside our standard acceptable range.

### Sensitivity to assumptions

"We have included details of the effect on the obligations of changes to the key assumptions in the Sensitivity Analysis section of the Results Schedule. The net discount rate is the difference between the discount rate and the assumed rates of increase of salaries/deferred pension revaluation/pension increases in payment. Changes in market conditions that affect the net discount rate can have a significant effect on the value of the obligations reported.

- A reduction in the net discount rate will increase the assessed value of obligations, as a higher value is placed on benefits paid in the future.
- A rise in the net discount rate will have an opposite effect of similar magnitude."

### Risks and uncertainties in relation to the assumptions

We have adopted assumptions which are in effect projections of future investment returns and demographic experience many years into the future. There is inevitably a great deal of uncertainty in what constitutes 'best estimate' with such projections. It is important to note that the Accounting Standard requires the discount rate to be set with reference to the yields on high quality corporate bonds irrespective of the Fund's actual investment strategy. As such, the figures in the Results Schedule are not likely to reflect the actual cost of providing the benefits. Similarly, the Results Schedule is not used in any way to calculate or certify employer cash contributions.

### Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 19 years from April 2019. Funding levels are monitored on an annual basis.

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

2014 (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.

Note 38 – Fair value of employers assets (bid value)

Brent's share of the Pension Fund Assets as estimated within the statutory IAS 19 report is shown below: -

Quoted prices in active markets 31-Mar-21 £m	Quoted prices not in active markets 31-Mar-21 £m	Total 31-Mar-21 £m	Percentage of Total Assets 31-Mar-21 £m	Asset Category	Quoted prices in active markets 31-Mar-22 £m	Quoted prices not in active markets 31-Mar-22 £m	Total 31-Mar-22 £m	Percentage of Total Assets 31-Mar-22 %
-	-	-	-	<b>Private Equity</b>	-	-	-	-
0	35.3	35.3	4.0%	All	0	26.3	26.3	2.7%
-	-	-	-	<b>Real Estate</b>	-	-	-	-
0	0	0	0.0%	UK Property	12.6	0.0	12.6	1.3%
0	0	0	0.0%	Overseas Property	0.0	0.0	0.0	0.0%
-	-	-	-	<b>Investment Funds &amp; Unit Trusts</b>	-	-	-	-
478.7	0	478.7	53.9%	Equities	544.1	0.0	544.1	56.2%
120.1	0	120.1	13.5%	Bonds	111.0	0.0	111.0	11.5%
0	35.3	35.3	4.0%	Infrastructure	0.0	41.4	41.4	4.3%
176.7	0	176.7	19.9%	Other	198.6	13.3	211.9	21.9%
-	-	-	-	<b>Cash and cash equivalents</b>	-	-	-	-
41.5	0	41.5	4.7%	All	20.4	0.0	20.4	2.1%
<b>817.0</b>	<b>70.6</b>	<b>887.6</b>	<b>100.0%</b>	<b>Totals</b>	<b>886.6</b>	<b>81.1</b>	<b>967.7</b>	<b>100.0%</b>

## Note to Movement in Reserves Statement

### Note 39 – Note to Movement in Reserves Statement 2021/22

Movement in Reserves Detail	Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	*Restated Usable Reserve: Earmarked Reserves Balance (£m)**	Usable Reserve: Capital Receipts Reserve (£m)	*Restated Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	*Restated Unusable Reserve: Revaluation Reserve (£m)	Unusable Reserve: Capital Adjustment Account (£m)	Unusable Reserve: Deferred Capital Receipts (£m)	Unusable Reserve: Financial Instruments ADJ A/C (£m)	*Restated Unusable Reserve: Pensions Reserve (£m)	Unusable Reserve: Short Term Accumulating Compensated Absences Reserve (£m)	*Restated Unusable Reserve: Collection Fund ADJ A/C (£m)	*Restated Unusable Reserve: Dedicated Schools Grant Adjustment Account (£m)	*Restated Total
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### Comprehensive income & expenditure

(Surplus) or deficit on the provision of services	(22.4)	63.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	41.4
Surplus or deficit on revaluation of Property, Plant and Equipment assets	0.0	0.0	0.0	0.0	0.0	0.0	(147.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(147.5)
Actuarial gains/losses on pension assets and liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(172.2)	0.0	0.0	0.0	(172.2)
<b>Total comprehensive income &amp; expenditure (a)</b>	<b>(22.4)</b>	<b>63.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(147.5)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(172.2)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(278.3)</b>

Movement in Reserves Detail	Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	*Restated Usable Reserve: Earmarked Reserves Balance (£m)**	Usable Reserve: Capital Receipts Reserve (£m)	*Restated Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	*Restated Unusable Reserve: Revaluation Reserve (£m)	Unusable Reserve: Capital Adjustment Account (£m)	Unusable Reserve: Deferred Capital Receipts (£m)	Unusable Reserve: Financial Instruments ADJ A/C (£m)	*Restated Unusable Reserve: Pensions Reserve (£m)	Unusable Reserve: Short Term Accumulating Compensated Absences Reserve (£m)	*Restated Unusable Reserve: Collection Fund ADJ A/C (£m)	*Restated Unusable Reserve: Dedicated Schools Grant Adjustment Account (£m)	*Restated Total
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**Adjustments between accounting basis & funding basis under regulations**

Charges for depreciation and impairment of non-current assets	(21.6)	(10.9)	0.0	0.0	0.0	0.0	8.9	23.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revaluation losses on Property Plant and Equipment	(2.8)	(65.0)	0.0	0.0	0.0	0.0	0.0	67.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	(2.1)	(0.1)	0.0	0.0	0.0	0.0	0.0	2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue expenditure funded from capital under statute	(6.7)	0.0	0.0	0.0	0.0	0.0	0.0	6.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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	(6.1)	(2.7)	0.0	0.0	0.0	0.0	5.5	3.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0



Movement in Reserves Detail	Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	*Restated Usable Reserve: Earmarked Reserves Balance (£m)**	Usable Reserve: Capital Receipts Reserve (£m)	*Restated Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	*Restated Unusable Reserve: Revaluation Reserve (£m)	Unusable Reserve: Capital Adjustment Account (£m)	Unusable Reserve: Deferred Capital Receipts (£m)	Unusable Reserve: Financial Instruments ADJ A/C (£m)	*Restated Unusable Reserve: Pensions Reserve (£m)	Unusable Reserve: Short Term Accumulating Compensated Absences Reserve (£m)	*Restated Unusable Reserve: Collection Fund ADJ A/C (£m)	*Restated Unusable Reserve: Dedicated Schools Grant Adjustment Account (£m)	*Restated Total
Statutory provision for the financing of capital investment	12.3	0.0	0.0	0.0	0.0	0.0	0.0	(12.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital expenditure charged against the General Fund and HRA balances	4.9	0.0	0.0	0.0	0.0	0.0	0.0	(4.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	80.4	0.0	0.0	0.0	(80.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Application of grants to capital financing transferred to the Capital Adjustment Account	0.0	0.0	0.0	0.0	49.5	0.0	0.0	(49.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Movement in Reserves Detail	Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	*Restated Usable Reserve: Earmarked Reserves Balance (£m)**	Usable Reserve: Capital Receipts Reserve (£m)	*Restated Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	*Restated Unusable Reserve: Revaluation Reserve (£m)	Unusable Reserve: Capital Adjustment Account (£m)	Unusable Reserve: Deferred Capital Receipts (£m)	Unusable Reserve: Financial Instruments ADJ A/C (£m)	*Restated Unusable Reserve: Pensions Reserve (£m)	Unusable Reserve: Short Term Accumulating Absences Reserve (£m)	*Restated Unusable Reserve: Collection Fund ADJ A/C (£m)	*Restated Unusable Reserve: Dedicated Schools Grant Adjustment Account (£m)	*Restated Total
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0.9	7.0	0.0	(7.4)	0.0	0.0	0.0	0.0	(0.5)	0.0	0.0	0.0	0.0	0.0	0.0
Use of the Capital Receipts Reserve to finance new capital expenditure	0.0	0.0	0.0	6.0	0.0	0.0	0.0	(6.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	(0.1)	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Movement in Reserves Detail	Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	*Restated Usable Reserve: Earmarked Reserves Balance (£m)**	Usable Reserve: Capital Receipts Reserve (£m)	*Restated Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	*Restated Unusable Reserve: Revaluation Reserve (£m)	Unusable Reserve: Capital Adjustment Account (£m)	Unusable Reserve: Deferred Capital Receipts (£m)	Unusable Reserve: Financial Instruments ADJ A/C (£m)	*Restated Unusable Reserve: Pensions Reserve (£m)	Unusable Reserve: Short Term Accumulating Compensated Absences Reserve (£m)	*Restated Unusable Reserve: Collection Fund ADJ A/C (£m)	*Restated Unusable Reserve: Dedicated Schools Grant Adjustment Account (£m)	*Restated Total
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	0.0	(1.3)	0.0	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reversal of Major Repairs Allowance credited to the HRA	0.0	10.9	0.0	0.0	0.0	(10.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Use of the Major Repairs Reserve to finance new capital expenditure	0.0	0.0	0.0	0.0	0.0	10.6	0.0	(10.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Movement in Reserves Detail	Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	*Restated Usable Reserve: Earmarked Reserves Balance (£m)**	Usable Reserve: Capital Receipts Reserve (£m)	*Restated Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	*Restated Unusable Reserve: Revaluation Reserve (£m)	Unusable Reserve: Capital Adjustment Account (£m)	Unusable Reserve: Deferred Capital Receipts (£m)	Unusable Reserve: Financial Instruments ADJ A/C (£m)	*Restated Unusable Reserve: Pensions Reserve (£m)	Unusable Reserve: Short Term Accumulating Compensated Absences Reserve (£m)	*Restated Unusable Reserve: Collection Fund ADJ A/C (£m)	*Restated Unusable Reserve: Dedicated Schools Grant Adjustment Account (£m)	*Restated Total
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	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.7)	0.0	0.0	0.0	0.0	0.0
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(75.5)	(3.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	78.5	0.0	0.0	0.0	0.0

Movement in Reserves Detail	Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	*Restated Usable Reserve: Earmarked Reserves Balance (£m)**	Usable Reserve: Capital Receipts Reserve (£m)	*Restated Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	*Restated Unusable Reserve: Revaluation Reserve (£m)	Unusable Reserve: Capital Adjustment Account (£m)	Unusable Reserve: Deferred Capital Receipts (£m)	Unusable Reserve: Financial Instruments ADJ A/C (£m)	*Restated Unusable Reserve: Pensions Reserve (£m)	Unusable Reserve: Short Term Accumulating Compensated Absences Reserve (£m)	*Restated Unusable Reserve: Collection Fund ADJ A/C (£m)	*Restated Unusable Reserve: Dedicated Schools Grant Adjustment Account (£m)	*Restated Total
Employer's pensions contributions and direct payments to pensioners payable in the year	44.9	2.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(47.2)	0.0	0.0	0.0	0.0
Amount by which officer remuneration charges to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.2)	0.0	0.0	0.0

Movement in Reserves Detail	Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	*Restated Usable Reserve: Earmarked Reserves Balance (£m)**	Usable Reserve: Capital Receipts Reserve (£m)	*Restated Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	*Restated Unusable Reserve: Revaluation Reserve (£m)	Unusable Reserve: Capital Adjustment Account (£m)	Unusable Reserve: Deferred Capital Receipts (£m)	Unusable Reserve: Financial Instruments ADJ A/C (£m)	*Restated Unusable Reserve: Pensions Reserve (£m)	Unusable Reserve: Short Term Accumulating Compensated Absences Reserve (£m)	*Restated Unusable Reserve: Collection Fund ADJ A/C (£m)	*Restated Unusable Reserve: Dedicated Schools Grant Adjustment Account (£m)	*Restated Total
Amount by which council tax and NDR income credited to the CIES is different from council tax and NDR income calculated in accordance with statutory requirements	15.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(15.3)	0.0	0.0
Statutory transfer of Dedicated Schools Grant deficit to Dedicated Schools Grant Adjustment Account	(4.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.7	0.0
<b>Total adjustments between accounting basis &amp; funding basis under regulations (b)</b>	<b>40.0</b>	<b>(62.8)</b>	<b>0.0</b>	<b>0.0</b>	<b>(30.9)</b>	<b>(0.3)</b>	<b>14.4</b>	<b>20.3</b>	<b>(0.5)</b>	<b>(0.7)</b>	<b>31.3</b>	<b>(0.2)</b>	<b>(15.3)</b>	<b>4.7</b>	<b>0.0</b>

Movement in Reserves Detail	Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	*Restated Usable Reserve: Earmarked Reserves Balance (£m)**	Usable Reserve: Capital Receipts Reserve (£m)	*Restated Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	*Restated Unusable Reserve: Revaluation Reserve (£m)	Unusable Reserve: Capital Adjustment Account (£m)	Unusable Reserve: Deferred Capital Receipts (£m)	Unusable Reserve: Financial Instruments ADJ A/C (£m)	*Restated Unusable Reserve: Pensions Reserve (£m)	Unusable Reserve: Short Term Accumulating Absences Reserve (£m)	*Restated Unusable Reserve: Collection Fund ADJ A/C (£m)	*Restated Unusable Reserve: Dedicated Schools Grant Adjustment Account (£m)	*Restated Total
Earmarked reserve transfers (c)	(17.6)	0.0	17.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(Increase)/decrease in 2021/22 (a) + (b) +(c)	0.0	1.0	17.6	0.0	(30.9)	(0.3)	(133.1)	20.3	(0.5)	(0.7)	(140.9)	(0.2)	(15.3)	4.7	(278.3)
*Restated Opening balance 2021/22	(15.1)	(1.4)	(230.0)	(7.0)	(189.2)	(0.6)	(596.3)	(678.0)	(17.9)	15.3	863.0	4.1	34.7	10.5	(807.9)
Closing balance 2021/22	(15.1)	(0.4)	(212.4)	(7.0)	(220.1)	(0.9)	(729.4)	(657.7)	(18.4)	14.6	722.1	3.9	19.4	15.2	(1,086.2)

\* Balances have been restated for prior period errors relating to the revaluation of the Stonebridge Housing Private Finance Initiative (PFI) and the accounting for unapplied Section 106 (S106) and Community Infrastructure Levy (CIL) income. The PFI was revalued based on affordable rent rather than social rent, the restatement therefore adjusts the value to social rent. The S106 and CIL unapplied income was previously accounted for in the earmarked general fund reserves in error, the restatement accounts for this in the Capital Grants Unapplied in accordance to The Code. Please see page 125 for detail on both.

\*\*Earmarked Reserves are analysed in Note 10

\*Restated Note to Movement in Reserves Statement 2020/21

	*Restated Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	*Restated Usable Reserve: Earmarked Reserves Balance** (£m)	Usable Reserve: Capital Receipts Reserve (£m)	*Restated Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	*Restated Unusable Reserves: Revaluation Reserve (£m)	Unusable Reserves: Capital Adjustment Account (£m)	Unusable Reserves: Deferred Capital Receipts (£m)	Unusable Reserves: Financial Instruments Adjustments Account (£m)	*Restated Unusable Reserves: Pensions Reserve (£m)	Unusable Reserves: Short Term Accumulating Compensated Absences Reserve (£m)	*Restated Unusable Reserves: Collection Fund Adjustment Account (£m)	*Restated Unusable Reserves: Dedicated Schools Grant Adjustment Account (£m)	*Restated Total (£m)
<b>Comprehensive income &amp; expenditure</b>															
(Surplus) or deficit on the provision of services	(33.7)	43.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.0
Surplus or deficit on revaluation of Property, Plant and Equipment assets	0.0	0.0	0.0	0.0	0.0	0.0	(67.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(67.9)
Actuarial gains/losses on pension assets and liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	194.2	0.0	0.0	0.0	194.2
<b>Total Comprehensive income &amp; expenditure (a)</b>	<b>(33.7)</b>	<b>43.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(67.9)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>194.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>136.3</b>



	*Restated Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	*Restated Usable Reserve: Earmarked Reserves Balance** (£m)	Usable Reserve: Capital Receipts Reserve (£m)	*Restated Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	*Restated Unusable Reserves: Revaluation Reserve (£m)	Unusable Reserves: Capital Adjustment Account (£m)	Unusable Reserves: Deferred Capital Receipts (£m)	Unusable Reserves: Financial Instruments Adjustments Account (£m)	*Restated Unusable Reserves: Pensions Reserve (£m)	Unusable Reserves: Short Term Accumulating Compensated Absences Reserve (£m)	*Restated Unusable Reserves: Collection Fund Adjustment Account (£m)	*Restated Unusable Reserves: Dedicated Schools Grant Adjustment Account (£m)	*Restated Total (£m)
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**Adjustments between accounting basis & funding basis under regulations**

Charges for depreciation and impairment of non-current assets	(22.3)	(8.7)	0.0	0.0	0.0	0.0	6.0	25.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revaluation losses on Property Plant and Equipment	(5.6)	(45.6)	0.0	0.0	0.0	0.0	0.0	51.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	(1.1)	0.0	0.0	0.0	0.0	0.0	0.0	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue expenditure funded from capital under statute	(7.2)	0.0	0.0	0.0	0.0	0.0	0.0	7.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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	(10.2)	(1.9)	0.0	0.0	0.0	0.0	1.0	11.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Statutory provision for the financing of capital investment	10.3	0.0	0.0	0.0	0.0	0.0	0.0	(10.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	*Restated Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	*Restated Usable Reserve: Earmarked Reserves Balance** (£m)	Usable Reserve: Capital Receipts Reserve (£m)	*Restated Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	*Restated Unusable Reserves: Revaluation Reserve (£m)	Unusable Reserves: Capital Adjustment Account (£m)	Unusable Reserves: Deferred Capital Receipts (£m)	Unusable Reserves: Financial Instruments Adjustments Account (£m)	*Restated Unusable Reserves: Pensions Reserve (£m)	Unusable Reserves: Short Term Accumulating Compensated Absences Reserve (£m)	*Restated Unusable Reserves: Collection Fund Adjustment Account (£m)	*Restated Unusable Reserves: Dedicated Schools Grant Adjustment Account (£m)	*Restated Total (£m)
Capital expenditure charged against the General Fund and HRA balances	10.5	0.0	0.0	0.0	0.0	0.0	0.0	(10.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	24.4	0.0	0.0	0.0	(24.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Application of grants to capital financing transferred to the Capital Adjustment Account	0.0	0.0	0.0	0.0	39.1	0.0	0.0	(39.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	14.9	5.3	0.0	(5.4)	0.0	0.0	0.0	0.0	(14.8)	0.0	0.0	0.0	0.0	0.0	0.0
Use of the Capital Receipts Reserve to finance new capital expenditure	0.0	0.0	0.0	8.5	0.0	0.0	0.0	(8.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	*Restated Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	*Restated Usable Reserve: Earmarked Reserves Balance** (£m)	Usable Reserve: Capital Receipts Reserve (£m)	*Restated Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	*Restated Unusable Reserves: Revaluation Reserve (£m)	Unusable Reserves: Capital Adjustment Account (£m)	Unusable Reserves: Deferred Capital Receipts (£m)	Unusable Reserves: Financial Instruments Adjustments Account (£m)	*Restated Unusable Reserves: Pensions Reserve (£m)	Unusable Reserves: Short Term Accumulating Compensated Absences Reserve (£m)	*Restated Unusable Reserves: Collection Fund Adjustment Account (£m)	*Restated Unusable Reserves: Dedicated Schools Grant Adjustment Account (£m)	*Restated Total (£m)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0.0	(0.1)	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	0.0	(1.5)	0.0	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reversal of Major Repairs Allowance credited to the HRA	0.0	11.0	0.0	0.0	0.0	(11.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Use of the Major Repairs Reserve to finance new capital expenditure	0.0	0.0	0.0	0.0	0.0	10.4	0.0	(10.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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	0.7	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.9)	0.0	0.0	0.0	0.0	0.0

	*Restated Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	*Restated Usable Reserve: Earmarked Reserves Balance** (£m)	Usable Reserve: Capital Receipts Reserve (£m)	*Restated Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	*Restated Unusable Reserves: Revaluation Reserve (£m)	Unusable Reserves: Capital Adjustment Account (£m)	Unusable Reserves: Deferred Capital Receipts (£m)	Unusable Reserves: Financial Instruments Adjustments Account (£m)	*Restated Unusable Reserves: Pensions Reserve (£m)	Unusable Reserves: Short Term Accumulating Compensated Absences Reserve (£m)	*Restated Unusable Reserves: Collection Fund Adjustment Account (£m)	*Restated Unusable Reserves: Dedicated Schools Grant Adjustment Account (£m)	*Restated Total (£m)
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(51.8)	(1.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	53.2	0.0	0.0	0.0	0.0
Employer's pensions contributions and direct payments to pensioners payable in the year	42.9	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(44.6)	0.0	0.0	0.0	0.0
Amount by which officer remuneration charges to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	2.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(2.3)	0.0	0.0	0.0

	*Restated Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	*Restated Usable Reserve: Earmarked Reserves Balance** (£m)	Usable Reserve: Capital Receipts Reserve (£m)	*Restated Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	*Restated Unusable Reserves: Revaluation Reserve (£m)	Unusable Reserves: Capital Adjustment Account (£m)	Unusable Reserves: Deferred Capital Receipts (£m)	Unusable Reserves: Financial Instruments Adjustments Account (£m)	*Restated Unusable Reserves: Pensions Reserve (£m)	Unusable Reserves: Short Term Accumulating Compensated Absences Reserve (£m)	*Restated Unusable Reserves: Collection Fund Adjustment Account (£m)	*Restated Unusable Reserves: Dedicated Schools Grant Adjustment Account (£m)	*Restated Total (£m)
Amount by which council tax and NDR income credited to the CIES is different from council tax and NDR income calculated in accordance with statutory requirements	(31.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	31.5	0.0	0.0
Statutory transfer of Dedicated Schools Grant deficit to Dedicated Schools Grant Adjustment Account	(10.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.5	0.0
<b>Total adjustments between accounting basis &amp; funding basis under regulations (b)</b>	<b>(34.2)</b>	<b>(41.0)</b>	<b>0.0</b>	<b>4.7</b>	<b>14.7</b>	<b>(0.6)</b>	<b>7.0</b>	<b>16.8</b>	<b>(14.8)</b>	<b>(0.9)</b>	<b>8.6</b>	<b>(2.3)</b>	<b>31.5</b>	<b>10.5</b>	<b>0.0</b>

	*Restated Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	*Restated Usable Reserve: Earmarked Reserves Balance** (£m)	Usable Reserve: Capital Receipts Reserve (£m)	*Restated Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	*Restated Unusable Reserves: Revaluation Reserve (£m)	Unusable Reserves: Capital Adjustment Account (£m)	Unusable Reserves: Deferred Capital Receipts (£m)	Unusable Reserves: Financial Instruments Adjustments Account (£m)	*Restated Unusable Reserves: Pensions Reserve (£m)	Unusable Reserves: Short Term Accumulating Compensated Absences Reserve (£m)	*Restated Unusable Reserves: Collection Fund Adjustment Account (£m)	*Restated Unusable Reserves: Dedicated Schools Grant Adjustment Account (£m)	*Restated Total (£m)
<b>Earmarked reserve transfers (c)</b>	<b>67.9</b>	<b>(2.7)</b>	<b>(65.2)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>(Increase)/decrease in 2020/21 (a) + (b) + (c)</b>	<b>0.0</b>	<b>0.0</b>	<b>(65.2)</b>	<b>4.7</b>	<b>14.7</b>	<b>(0.6)</b>	<b>(60.9)</b>	<b>16.8</b>	<b>(14.8)</b>	<b>(0.9)</b>	<b>202.8</b>	<b>(2.3)</b>	<b>31.5</b>	<b>10.5</b>	<b>136.3</b>
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<i>Originally Stated Opening Balance 2020/21</i>	<i>(15.1)</i>	<i>(1.4)</i>	<i>(293.3)</i>	<i>(11.6)</i>	<i>(75.4)</i>	<i>0.0</i>	<i>(591.4)</i>	<i>(694.7)</i>	<i>(3.2)</i>	<i>16.2</i>	<i>660.2</i>	<i>6.4</i>	<i>3.2</i>	<i>0.0</i>	<i>(1,000.1)</i>
<i>Restatement Amount</i>	<i>0.0</i>	<i>0.0</i>	<i>128.5</i>	<i>0.0</i>	<i>(128.5)</i>	<i>0.0</i>	<i>55.9</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>55.9</i>
<b>*Restated Opening balance 2020/21</b>	<b>(15.1)</b>	<b>(1.4)</b>	<b>(164.8)</b>	<b>(11.6)</b>	<b>(203.9)</b>	<b>0.0</b>	<b>(535.5)</b>	<b>(694.7)</b>	<b>(3.2)</b>	<b>16.2</b>	<b>660.2</b>	<b>6.4</b>	<b>3.2</b>	<b>0.0</b>	<b>(944.2)</b>
<b>Originally Stated Closing Balance 2020/21</b>	<b>(15.1)</b>	<b>(1.4)</b>	<b>(358.3)</b>	<b>(6.9)</b>	<b>(60.9)</b>	<b>(0.6)</b>	<b>(655.7)</b>	<b>(677.9)</b>	<b>(18.0)</b>	<b>15.3</b>	<b>863.0</b>	<b>4.1</b>	<b>13.7</b>	<b>31.5</b>	<b>(867.2)</b>

	*Restated Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	*Restated Usable Reserve: Earmarked Reserves Balance** (£m)	Usable Reserve: Capital Receipts Reserve (£m)	*Restated Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	*Restated Unusable Reserves: Revaluation Reserve (£m)	Unusable Reserves: Capital Adjustment Account (£m)	Unusable Reserves: Deferred Capital Receipts (£m)	Unusable Reserves: Financial Instruments Adjustments Account (£m)	*Restated Unusable Reserves: Pensions Reserve (£m)	Unusable Reserves: Short Term Accumulating Compensated Absences Reserve (£m)	*Restated Unusable Reserves: Collection Fund Adjustment Account (£m)	*Restated Unusable Reserves: Dedicated Schools Grant Adjustment Account (£m)	*Restated Total (£m)
<b>Restatement Amount</b>	<b>(15.1)</b>	<b>(1.4)</b>	<b>128.3</b>	<b>0.0</b>	<b>(128.3)</b>	<b>0.0</b>	<b>59.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(21.0)</b>	<b>59.3</b>
<b>*Restated Closing balance 2020/21</b>	<b>(15.1)</b>	<b>(1.4)</b>	<b>(230.0)</b>	<b>(6.9)</b>	<b>(189.2)</b>	<b>(0.6)</b>	<b>(596.4)</b>	<b>(677.9)</b>	<b>(18.0)</b>	<b>15.3</b>	<b>863.0</b>	<b>4.1</b>	<b>34.7</b>	<b>10.5</b>	<b>(807.9)</b>

\* Balances have been restated for prior period errors relating to the revaluation of the Stonebridge Housing Private Finance Initiative (PFI) and the accounting for unapplied Section 106 (S106) and Community Infrastructure Levy (CIL) income. The PFI was revalued based on affordable rent rather than social rent, the restatement therefore adjusts the value to social rent. The S106 and CIL unapplied income was previously accounted for in the earmarked general fund reserves in error, the restatement accounts for this in the Capital Grants Unapplied in accordance to The Code. Please see page 125 for detail on both.

\*\*Earmarked Reserves are analysed in Note 10

## Statement of Accounting Policies

### 1. Code of Practice

The general policies adopted in preparing these accounts are in accordance with the current Code of Practice on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance Accountants (CIPFA), henceforth referred to as the “Code of Practice”. This Code of Practice is based upon International Financial Reporting Standards (IFRS), with some adoptions from International Public Sector Accounting Standards (IPSAS).

Accounts drawn up under the Code assume that a local authority’s services will continue to operate for the foreseeable future. This assumption is made because 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).

#### 1.1 Materiality

The Council has presented information in the accounts to provide a full picture of its performance and financial health, any of which, if omitted, might influence decisions made on the basis of these accounts. Information about transactions and balances of low financial value and which are non-influential for decision-makers (immaterial) have been omitted where possible to improve the readability of the statements.

#### 1.2 Rounding

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

#### 1.3 Schools

The CIPFA Code of Practice on Local Authority Accounting confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code of Practice also stipulates that those schools’ assets, liabilities, reserves and cash flows are recognised in the local authority financial statements (and not the group accounts). Therefore schools’ transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

### 2. Comprehensive Income and Expenditure Statement

#### 2.1 Accruals of Expenditure and Income

The Statement of Accounts is prepared on an accruals basis with the effects of transactions and other events being recognised when they occur, and recorded in the accounting records and reported in the financial statements of the periods to which they relate. This means that:



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

The exception to this is the Cash Flow Statement which is prepared in accordance with International Accounting Standard (IAS) 7.

## **2.2 VAT**

Income and expenditure accounts are VAT exclusive, unless VAT is irrecoverable, in which case it is included.

## **2.3 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 authority when there is reasonable assurance that:

- the authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the capital grants unapplied reserve. Where it has been applied, it is posted to the capital adjustment account. Amounts in the capital grants unapplied reserve are transferred to the capital adjustment account once they have been applied to fund capital expenditure.

The authority has elected to charge a community infrastructure levy (CIL). The levy is charged on new builds (chargeable developments for the authority) 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 (these include transport, flood defences and schools) to support the development of the area.

The 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 set out above. CIL charges will be largely used to fund capital. However, a proportion of the charges may be used to fund revenue expenditure.

## **2.4 Charges to Revenue**

Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) 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.

The provision for depreciation is charged to the surplus or deficit on provision of services section of the Comprehensive Income and Expenditure Statement to the relevant service.

This results in a charge to the General Fund for depreciation for all General Fund fixed assets used in the provision of services. The charge is allocated to each individual service on the basis of the capital employed in its provision. Depreciation charges are reversed out of the General Fund in the Movement in Reserves Statement.

Depreciation is a bottom line charge to the HRA. An amount equal to depreciation is credited to the Major Repairs Reserve via the Movement on the HRA statement, and the impact of this is offset by crediting the Movement on the HRA statement with the same amount from the Capital Adjustment Account.

Amounts set aside from revenue for the repayment of external loans, to finance capital expenditure or as transfers to earmarked reserves are disclosed in the Movement in Reserves Statement and the notes to this statement.

## **2.5 Council Tax and Non Domestic Rates (NDR)**

Council Tax included in the Comprehensive Income and Expenditure Statement (CIES) account is Brent's accrued income for the year including its share of the surplus or deficit arising. The collection of Council Tax on behalf of the Greater London Authority (GLA) is in substance an agency arrangement so these amounts are not shown in the surplus or deficit on provision of services section of the Comprehensive Income and

Expenditure Statement. There will be a debtor / creditor position between Brent and the GLA to be recognised in Brent's balance sheet if the net cash paid to the GLA is not exactly its share of cash collected from Council Taxpayers. In this case, Brent's accrued income will be shown in the taxation and non-specific grant section of the Comprehensive Income and Expenditure Statement. The 'Operating Activities' section of the cash flow statement only includes Brent's share of Council Tax cash collected during the year.

The income collected from NDR is shared between the Council, Central Government and the Greater London Authority (GLA) rather than being paid over to Government and redistributed, and so is now acting as a principal and an agent. Apart from its own share of NDR transactions, Brent accounts only for the effects of timing differences between the collection of NDR attributable to major precepting authorities and Central Government and paying it across.

## **2.6 Foreign Currency Transactions**

Transactions in foreign currencies are accounted for in Sterling at the rate ruling on the date of the transactions. The Pension Fund accounting policies deal with the only foreign currency de-nominated assets disclosed on the balance sheet.

## **2.7 Jointly Controlled Operations**

The Council has jointly controlled operations in the form of pooled budgets in conjunction with Brent Clinical Commissioning Group (CCG) and the Central and North West London NHS Foundation Trust (CNWLNFT). The Council's joint operations with Brent CCG relate to the Better Care Fund and the Brent Integrated Community Equipment Service. The Council's joint operation with CNWLNFT relate to the management of the joint Mental Health Service in Brent. The Authority recognises the income that it gains and expenditure that it incurs on the Comprehensive Income and Expenditure Statement. The Balance sheet recognises any assets and liabilities resulting to the Council from the pooled budget.

## **3. Balance sheet – Non Current Assets**

### **3.1 Plant, Property 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 (PPE).

All expenditure on the acquisition, creation or enhancement of PPE above the Council's de minimis of £5,000 is capitalised on an accruals basis in the accounts. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. most repairs and maintenance) is charged as an expense when it is incurred.

Property, Plant and Equipment are initially measured and subsequently valued on the basis required by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institute of Chartered Surveyors (RICS). This is performed by the Council's In-house Valuer and its appointed Valuers, Wilkes Head and Eve LLP. Property, Plant and Equipment are classified into the groupings required by the Code of Practice.

Individual categories of assets are valued on the following basis:

- Council dwellings are valued using a beacon principle (i.e. using sample dwellings) based on their Open Market Value (OMV) but adjusted to reflect their value as social housing. Currently this means that they are valued at 25% of their OMV and this is reflected in both the Council's accounts and the Housing Revenue Accounts
- Other Land and Buildings are included in the balance sheet at their OMV. The exceptions to this are school buildings and Social Services establishments that are included at their Depreciated Replacement Cost (DRC).
- Surplus assets are included in the balance sheet at their OMV.
- Community assets are included in the balance sheet at depreciated historic cost where appropriate otherwise they are included at a nominal value.
- Infrastructure assets, vehicles, plant, furniture and equipment have been valued at depreciated historic cost.
- Assets under construction are held at their historic cost on an accruals basis

Revaluations of Property, Plant and Equipment are planned on a five year cycle with a proportion of the asset base being revalued each year. Material changes to asset valuations resulting from works or similar investment outside of the agreed revaluation of the asset's cycle will be adjusted in the period as they occur.

### 3.1.1 Depreciation and Amortisation

Depreciation is the measurement of the cost or revalued amount of the economic benefits of the tangible non-current assets that have been consumed during the financial year.

Amortisation is the measurement of the cost or revalued amount of the economic benefits of the intangible non-current assets that have been consumed during the financial year.

Consumption includes the wearing out, using up or other reduction in the useful economic life of a non-current asset whether arising from use, passing of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

Depreciation is calculated on all building assets using the straight line method as set out below. Land Assets are not depreciated.

#### Straight Line Depreciation Method per Asset Class

<b>Asset Class</b>	<b>Depreciation Method (Straight Line)</b>
Buildings (including HRA)	5 – 60 years as determined by the Valuer
Infrastructure	50 years
Plant, Vehicles, Equipment & Machinery	Up to 10 years
Community Assets	Not depreciated where held at nominal value

Housing Revenue Account dwellings are depreciated by an estimate of the consumption of economic benefits.

Where buildings assets are revalued, the accumulated depreciation at the beginning of the year is written down to the revaluation reserve.

### **3.1.2 Component Accounting**

Local authorities are required to value the components of major assets, where the components are of material value and have a significantly different economic life to the asset itself.

Componentisation will be undertaken where the value of the individual component is over £2m and the value of that component is in excess of 20% of the total gross carrying value of the building and will be undertaken when buildings are valued or re-valued, or enhancement expenditure of £0.25m is incurred.

Where componentisation applies, the assets will be broken down into the following broad categories;

- Building main structure - including foundations, structure, doors, windows and internal finishes - Design life 60 years.
- Heating systems - boilers, hot water systems, piping, air ventilation, pumps - Design life 25 years.
- Electricals - fixed wiring, lighting - Design life 30 years.
- Mechanical plant - lifts - Design life 30 years.
- Roof structure - Design life 50 years.
- Externals - drains, service mains, car parks, play areas, landscaping - Design life 60 years.

The estimated life of the individual categories may vary and the above is intended as a guide. In some circumstances further break down to additional components maybe justified for unusual or specialist building elements.

The remaining life of each of the elements is given, then the blended remaining useful life is calculated and applied to the overall asset.

### **3.2 Investment Properties**

Investment properties are properties held solely for capital appreciation or rental income. The Code of Practice requires that investment properties are not depreciated, but instead held at fair value, in this case OMV, and their book value is adjusted annually where there has been a material change in value.

### **3.3 Heritage Assets**

Heritage Assets are defined as:

A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture, or an intangible asset with cultural, environmental or historical significance.

Heritage assets are carried at valuation rather than fair value, reflecting the fact that exchanges of heritage assets are uncommon. The Council's valuation is as per an insurance valuation. Revaluations will be carried out as and when the insurance valuation is updated.

### 3.4 Intangible Assets

Intangible assets are identifiable non-monetary assets without physical substance. Expenditure on purchasing intangible fixed assets such as computer software has been capitalised at cost when it is probable that future economic benefit or service potential will flow to the Authority.

Amortisation is the equivalent of depreciation for intangible assets and is calculated using the straight line method based on estimated economic life of between 5 to 7 years.

### 3.5 Highways Network Infrastructure Assets

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

#### Recognition

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

#### Measurement

Highways network infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost - opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

#### Depreciation

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Annual depreciation is the depreciation amount allocated each year. Useful lives of the various parts of the highways network are assessed by the Highways department using industry standards where applicable as follows. These numbers were used together with estimated gross replacement cost data from 2018 to calculate a weighted average for the entire network of 50 years.

Part of the highways network	Useful economic life
Carriageway	46
Footways + cycle tracks	59
Structures	120
Lighting	40
Traffic management	20
Street furniture	40

## **Disposals and derecognition**

When a component of the Network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (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 (ie netted off against the carrying value of the asset at the time of disposal).

The written-off amounts 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 transferred to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Where a part of the network is replaced, an adaptation provided in a separate update to the Code assumes that from the introduction of the IFRS based Code when parts of an asset are replaced or restored the carrying amount of the derecognised part will be zero because parts of infrastructure assets are rarely replaced before the part has been fully consumed.

## **3.6 Impairment**

Impairment reviews on groups of assets are undertaken on an annual basis by the valuer. Impairment is recognised where the asset's carrying value is greater than its net recoverable value in use or through sale, and the loss is specific to the asset, or a small group of assets. Losses not specific to the asset or a small group of assets, such as a general fall in market prices will be treated as revaluation losses.

Impairment losses are recognised against historic cost, and revalued net book value (for revalued assets). Losses for revalued assets will be recognised against the revaluation reserve to the limit of the credit balance for that asset in the revaluation reserve, and thereafter in surplus or deficit on provision of services in the Comprehensive Income and Expenditure Statement. Losses for non-revalued assets will be recognised in surplus or deficit on provision of services in the Comprehensive Income and Expenditure Statement.

The impairment review includes an annual assessment of whether there is indication that the recoverable value of any impaired assets has increased, reversing part or all of the impairment.

For Plant, Property and Equipment, and Intangible Assets, if there is indication that the recoverable value has increased, the Valuer will reassess the economic life of the asset for the purposes of determining depreciation. The impairment will be reversed to the extent that up to the carrying value of the asset had there been no impairment. This reversal will in the first instance be used to reverse any charge made to the surplus or deficit on provision of services in the Comprehensive Income and Expenditure Statement, and then to the revaluation reserve.

## **4. Balance sheet – Current Assets**

### **4.1 Inventories and Long Term Contracts**

Inventories are valued at the lower of cost and net realisable value. The Council only obtains inventories through exchange transactions.

### **4.2 Cash and Cash Equivalents**

IAS 7 defines cash and cash equivalents as cash, bank balances, and very short-term investments used for cash management purposes. The Council uses bank overdrafts as part of its cash management strategy, therefore these are disclosed as part of cash and cash equivalents in line with IAS 7. Short-term investments invested for three months or less with a known maturity value and date are included in cash and cash equivalents; the Council uses money market funds as an integral part of its cash management, so these investments are also disclosed as part of cash and cash equivalents.

**4.3 Work in Progress (Construction contract)** In accordance with IFRS 15 Revenue from Contracts with Customers where there is a contract the Code requires revenue to be recognised in a way that reflects the pattern in which goods or services are transferred to service recipients. It requires revenue to be transferred at an amount that reflects the consideration that are expected in exchanged for those goods or services.

As such the Council recognises its construction contracts by identifying performance obligations in a contract and determining the transaction price of each performance obligations, which is then allocated to each performance obligations. The Council recognises the transaction price when the relevant performance obligation has been met.

## **5. Balance sheet - Liabilities**

### **5.1 Provisions, Contingent Liabilities, and Contingent Assets**

The Council makes a provision in compliance with IAS 37 where there is a present obligation as a result of a past event where it is probable that the Council will incur expenditure to settle the obligation and where a reasonable estimate can be made of the amount involved.

In addition to the provisions listed in note 9 to the Core Financial Statements, there is a provision for unrecovered debts, this has been netted off against the debtors figure on the balance sheet (see note 2 to the Core Financial Statements).

The Code of Practice requires provisions to be split into current provisions (within a year) and long term provisions. The current provision for insurance is estimated by on the basis of professional advice provided on the insurance fund.

The Council makes provision for the outcome of Non-domestic ratepayers' appeals cases, the outcome of which is decided by the Valuation Office Agency. Appeals can be backdated by five years and so a calculation



is done to estimate potential losses in each year taking in to account the relevant multiplier in that particular year and the success rate of previous appeals.

A contingent liability is disclosed in the notes to the accounts where there is either a possible obligation as a result of a past event where it is possible that the Council will incur expenditure to settle the obligation; or a present obligation as a result of a past event where it is either not probable that the Council will incur expenditure to settle the obligation, or where a reasonable estimate of the future obligation cannot be made.

A contingent asset is disclosed in the notes to the accounts where a possible asset arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council.

## 5.2 Employee benefits

The Council recognises a provision for the entitlement of its employees to benefits within the reported financial year. This provision is estimated based on the entitlement of the Council's employees to leave as at the 1 April for the previous financial year.

Regulations prohibit Council tax payers from being charged for this provision, so any movement in this provision is transferred to the Accumulated Absences Account.

The Council accounts for employee benefits in accordance with the Code which is based on IAS 19. The underlying principle of IAS 19 is that an organisation should account for employment and post-employment benefits when employees earn them and the Authority is committed to providing them, even if the actual provision might be many years into the future.

## 5.3 Reserves

Reserves are divided into usable and unusable reserves. Within the usable reserves there are amounts set aside for earmarked purposes out of the balances on the Council's funds.

## 6 Balance Sheet - Financial Instruments

### 6.1 Financial Assets

IFRS 9 requires three different models to be applied to the classification and measurement of financial assets, based on the business model used:

Model Number	Asset Classification	Measurement of Financial Asset
1.	Assets held to collect contractual cash flows	Held at amortised cost
2.	Assets held to collect contractual cash flows and sell	Held at Fair value through other comprehensive income
3.	Other, not 1 or 2	Held at Fair value through profit and loss

The Council currently only has significant financial assets that meet criteria 1, so these are held at amortised cost. This means that interest receivable is recorded through profit and loss using the effective interest rate, and any impairment is also recorded through profit and loss.

Impairment of financial assets is applied based on a three stage model:

1. Performing
2. Under-performing
3. Non-performing

The stage used for financial assets depends upon the credit quality of the assets, which is assessed each year. For this Statement of Accounts, all financial assets have been assessed as performing. Performing financial assets are impaired on the basis of 12 month expected losses and gross interest is applied. For trade receivables with no significant financing component, the Council uses the simplified model permitted by IFRS, which is to impair on the basis of lifetime expected losses.

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

For the Council's soft loans, the interest rate at which the fair value of the soft loan has been arrived at with reference to the methodology laid out in the EU document -Communication from the Commission on the revision of the method for setting the reference and discount rates (2008/C14/02).

## **6.2 Premature Redemption of Debt**

The practice for the Comprehensive Income and Expenditure Statement is to amortise premia and discounts over a period which reflects the life of the loans with which they are refinanced determined as described below. This will not be followed in the following situations:

- Where it is permissible and advantageous to capitalise premia (in which case the question of amortisation will not arise)
- Where the loans redeemed are not refinanced (when premia and discounts will be taken directly to the Revenue Account)
- Where discounts and premia are amortised over a broadly similar period, for convenience they will be shown as a net figure.

The practice for the HRA is different. In this case, discounts and premia are amortised, individually, over the remaining life of the loan repaid or ten years, whichever is the shorter.

## **6.3 Financial Liabilities**

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to 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. For most of the borrowings that

the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

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

Where premia and discounts have been charged to the surplus or deficit on the provision of services section in 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 / loss over the term of the replacement loan, at present up to a maximum of thirty years. The reconciliation of amounts charged to the surplus or deficit on the provision of services section in 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.

## **7 Capital Financing**

### **7.1 Capital Expenditure**

Capital expenditure on building assets is added to the value of the asset and depreciated over the remaining useful life.

Capital expenditure on HRA dwellings is added to the value of fixed assets.

Revenue expenditure funded from capital under statute (REFCUS) represents expenditure that may be capitalised under statutory provisions but does not result in the creation of tangible assets owned by the Council. Such revenue expenditure incurred during the year has been written off as expenditure to the relevant service revenue account in the year.

### **7.2 Leasing**

The Council has acquired a number of assets, mainly vehicles, plant and computer equipment, by means of leases. The Council assesses whether or not leases have to be disclosed on the balance sheet in line with IAS 17, using guidance from the Royal Institute of Chartered Surveyors as directed by CIPFA. Where the terms of the lease transfer substantially all the risks and rewards incidental to ownership, leases are recorded on balance sheet as finance leases under the other long term liabilities category. Other leases not reported on the balance sheet are known as operating leases.

Finance leases are initially recognised on the balance sheet with assets and liabilities equal to the net present value of the minimum lease payments. Where a contract does not detail an interest rate for a specific asset, or provide sufficient information for its calculation, the interest rate implicit in the lease will in the first instance be estimated based on interest rates for other assets within the lease. If there is no interest rate detailed in the lease then a suitable interest rate is applied.

Assets financed by finance leases are treated as having an economic life equal to the minimum length of the contract and are depreciated over this period.

Finance lease repayments and interest payments are calculated using the actuarial method (allocating interest to the period it relates to) and assumes that a single payment is made at the end of the contract year. Where a contract starts part way through a single financial year payments will be apportioned to that financial year based on the number of days of the contract year within the reported financial year.

Rentals payable under operating leases are charged to revenue in the year in which they are paid and no provision is made for outstanding lease commitments.

Two interpretations of the International Financial Reporting Standards apply to contracts and series of transactions where the substance of the contract or transactions may be a lease under International Financial Reporting Standards. The Council first assesses whether or not contracts contain a service concession under IFRS Interpretations Committee (IFRIC) 12, and then whether or not there is an embedded lease under IFRIC 4. The disclosure of service concessions is complex and dealt with in further detail below. Embedded leases are disclosed as set out in IFRIC 4, accounting policies for major embedded finance leases are set out below.

Implementation of IFRS 16 Leases for Local Government has been delayed until 1<sup>st</sup> April 2024, as such there are no changes to current year's accounting policy.

From 2024/25 IFRS 16 removes the previous lease classifications of operating and finance leases for lessees, instead it requires that a lessee recognises right of use of asset with a corresponding lease liability representing the lesser obligation to make lease payments for the asset. Any lease that does not fit the right of use classification will be an operating lease.

For Lessors, the finance and operating lease classification have been retained and the provision for lessors are substantially unchanged, although there are some changes in relation to sale and lease back transactions and the accounting for the structure of sub- leases.

The Council has reviewed the impact of this change and concluded it is likely to be immaterial.

### **7.2.1 Service Concessions and the Private Finance Initiative (PFI)**

Contracts and other arrangements that have been determined as "service concessions" are accounted for under IFRIC 12, the Code of Practice and the additional provisions of IPSAS 32 Service Concession Arrangements: Grantor.

Where new assets are identified these assets are recognised at fair value being the relevant elements of the capital cost in the PFI operators' financial model.

Where the PFI operator's right to third party income is recognised in reductions to the unitary payment, a proportion of the finance lease liability is re-allocated to a deferred income balance based on the proportion of fixed payments (if any) from the Council and expected third party payments. The deferred income balance is amortised to the Comprehensive Income and Expenditure Statement on a straight line basis over the life of the PFI scheme.

The Council's ongoing liabilities for these service concessions are recognised on the balance sheet. This has been done by recognising a finance lease liability and written down accordingly.

The assets acquired with these service concessions will be depreciated over the useful estimated economic life of the assets; with the exception of the assets generated by a Social Housing PFI. Legal title to the majority of assets from the Social Housing PFI will remain with the PFI operator, so these assets will be depreciated over the life of the contract, not their useful economic life.

Lifecycle costs will be capitalised in line with the directions of the Code of Practice on capitalising expenditure for these service concessions. All lifecycle costs for the Street lighting PFI are treated as revenue maintenance expenditure due to the nature of maintaining street lighting.

### **7.3 Minimum Revenue Provision**

The Minimum Revenue Provision (MRP) included within this year's Statement of Accounts has been calculated on the basis of the previous year's outturn position, amended for the inclusion of PFI projects as per the requirements of the statutory guidance on Minimum Revenue Provision. In accordance with the current regulations for the calculation of MRP the following policy for non-HRA assets has been applied:

For supported borrowing, the Council will use the asset life method (Option 3) and an 'annuity' approach for calculating repayments. Based on the useful economic lives of the Council's assets a single annuity has been calculated, which results in the outstanding principal being repaid over the course of one hundred years.

For prudential borrowing, the Council will adopt Option 3, 'the asset life method', and an 'annuity' approach for calculating repayments. This option allows provision for repayment of principal to be made over the estimated life of the asset. The use of the 'annuity' method is akin to a mortgage where the combined sum of principal and interest are equalised over the life of the asset.

The proposed asset lives which will be applied to different classes of assets are as follows:

- Vehicles and equipment – 5 to 15 years;
- Capital repairs to roads and buildings – 15 to 25 years;
- Purchase of buildings – 30 to 40 years;
- New construction – 40 to 60 years;
- Purchase of land – 50 to 100 years (unless there is a structure on the land with an asset life of more than 100 years, in which case the land would have the same asset life as the structure).

The Council reserves the right to charge a nil MRP where it chooses to offset a previous year's overpayment.

These policies do not apply to HRA assets.

The statutory guidance in the Guidance on Minimum Revenue Provision (second edition) from the Department of Communities and Local Government directs local authorities to make an MRP charge equal to the writing down of the finance lease liability upon transition to IFRS, and a charge equal to the writing down of the finance lease liability in subsequent years for operating leases reclassified as finance leases. It states that this is equivalent to one of the other options provided by the guidance for MRP in other circumstances. In order to ensure consistent treatment of all finance leases, an MRP charge equal to the writing down of the finance lease liability will be made for all finance leases.

In line with the statutory guidance on Minimum Revenue Provision (MRP), MRP has been charged for PFIs at a rate equal to the writing down of the finance lease liability. In addition, to ensure that all capital costs are captured by MRP, MRP includes a charge equal to any capital lifecycle additions within the scheme, and a charge equal to the release of any deferred income. Where finance lease liabilities increase in year, this is recognised by a credit to MRP equal to the increase in liability. The net effect of this policy is to maintain revenue balances at the same level under IFRS as under UK GAAP which is considered the prudent course of action within Guidance on Minimum Revenue Provision.

Minimum Revenue Provision is charged against the General Fund in the Movement in Reserves statement.

#### **7.4 Income from the Sale of Plant property and equipment**

Income from the disposal of Property, Plant and Equipment is known as capital receipts. Such income that is not reserved and has not been used to finance capital expenditure in the period is included in the balance sheet as capital receipts unapplied.

The treatment of HRA capital receipts is determined by the Local Government Act 2003 as amended from 1 April 2012 in order to make new provision for the pooling of housing receipts by:

- The Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No. 2) Regulations 2012 (SI 2012/711); and
- The Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No.3) Regulations 2012 (SI 2013/1424).

As a result of these amendments, local authorities are able to retain the receipts generated by Right to Buy sales for replacement housing provided they can sign up to an agreement with Government that they will limit the use of the net Right to Buy receipts to 30% of the cost of the replacement homes within a 3 year period from the point of receipt. The London Borough of Brent has elected to enter into agreement with the Government to retain the net receipts from Right-to-Buy sales.

The regulations provide that receipts from Right-to-Buy sales will in future be applied as follows:

- The Council may deduct certain costs, namely: an amount to cover the housing debt supportable from the income on the additional Right to Buy sales; transaction and administration costs; and an amount which reflects the income the Council might reasonably have expected from Right to Buy sales prior to the new scheme;
- The Council must also pay the Government an amount which reflects the income which the Treasury expected from Right to Buy sales prior to the new scheme; and
- Once these costs are deducted, the remaining net receipts are available to fund (and must be applied to) replacement affordable rented homes.

## 7.5 Borrowing Costs

The Council may borrow to meet capital costs that are attributable to the acquisition, construction or production of a qualifying asset that has a life of more than one year. It is the Council's policy to capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Borrowing costs will be deemed as interest and other costs that the Council incurs in connection with the borrowing of funds, and a qualifying asset will be that which takes in excess of three years to get ready for intended use and has forecast expenditure in excess of £100m. Cessation of capitalisation will occur when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete.

## 8 Group Accounts

The Group Accounts have been prepared on the basis of a full consolidation of the financial transactions of the Council, its subsidiaries I4B Holdings Limited (I4B), First Wave Housing Limited (FWH) (formerly Brent Housing Partnership [BHP]), the Barham Park Trust and LGA Digital Services Limited. FWH was an Arm's Length Management Organisation (ALMO), but in 2017/18 the Council took back the management of its housing stock. FWH remains as a company which owns some housing independently of the Council. The Council remains the holder of the sole share in FWH. Barham Park Trust is a charity that is controlled by the Council as a result of the Council appointing all the trustees. LGA Digital Service Limited is 50% owned by the Council and 50% owned by the Local Government Association (LGA), but is controlled by the Council, which provides the company with 100% of the services it sells. The financial statements in the Group Accounts are prepared in accordance with the policies set out above.

I4B Holdings Limited records the properties it purchases as investment properties in its Statement of Accounts that are reported under FRS 102 as I4B holds these properties principally to generate a commercial return. When these properties are consolidated into the Council's accounts, they are consolidated as Plant, Property and Equipment as this reflects the fact that the Group Accounts are presented in accordance to The Code Interpretation of IAS40, which has a slightly different definition of Investment Properties, and these properties are used to provide services on behalf of the group.

Additional Supporting Information and reconciliation disclosures

### 1. Key Judgements and Material Estimates.

In preparing the Statement of Accounts, the Authority has had to make judgements, estimates and assumptions that affect the application of its policies and reported levels of assets, liabilities, income and expenses. The estimates and associated assumptions have been based on historical experience, including the recovery of amounts due to the Council, current trends and other relevant factors that are considered to be reasonable. These estimates and assumptions have been used to inform the basis for judgements about the carrying values of assets and liabilities, where these are not readily available from other sources. Future events may result in these estimates and assumptions being revised and could significantly change carrying balances in subsequent years' financial statements.

Estimates and underlying assumptions are regularly reviewed. Changes in accounting estimates are adjustments of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with assets and liabilities. Changes in accounting estimates result from new information or new

developments, and accordingly are not correction of errors. Changes to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical accounting judgements** made in the accounts:

- Treatment of PFI arrangements – The Council has made judgements as to whether PFI contracts require to be accounted for on the Balance Sheet. These judgements are based on whether:
  - a) Brent controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price; and where
  - b) Brent– through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the term of the arrangement.

The Council is deemed to control the services provided under the following agreement and has significant residual interest through nomination rights at the end of the PFI term.

- In 2008/09 the Council entered into phase 1 of a 20 year project to provide and maintain social housing, and replacement residential facilities for people with learning disabilities. Phase 2 of this contract was signed in 2010-11 with Brent Co-Efficient Ltd, leaving the Council with a long term liability of £47m. The Contract is due to come an end in 2028/2029

The accounting policies for PFI schemes and similar contracts have been applied to this arrangement.

**Key sources of estimation uncertainty** which have a significant effect on the financial statements:

- **Plant, Property and Equipment Valuations -**
  - Council Dwellings have been revalued by the Council's External Valuers as at 1<sup>st</sup> April 2021. The closing balance was £796.9m. Council Dwellings are valued by comparison to similar properties that have been sold recently. This creates a risk that if the market moves significantly in 2022-23 these estimates will need to be revised for 2022-23. The most likely cause for a sudden movement in the market is an economic downturn, which is considered a likely scenario for the British economy by many forecasters, including the Bank of England. To estimate the impact of a recession, looking at the last recession: the largest fall in house prices in Brent over 12 months since 1990 was a 14% fall for the 12 months preceding Jul 2009 (according to the Land Registry). A 14% fall from the closing balance would result in a £111.6m adjustment.
  - Land and Buildings Valuation - £307.5m of the £1,018.3m closing balance in Land and Buildings is valued on a market basis, by comparing assets to similar assets that have recently been sold. If market prices move significantly then this could have an impact on this valuation. At the time of writing, the market is falling quite quickly: the CBRE United Kingdom Monthly Index Snapshot showed that commercial property prices fell by 13.3% in the 12 months to December 2022. If this remains the position at year end, then a 13.3% fall would reduce values by £40.9m.
  - Land and Buildings Valuation – The remaining £710.8m of Land and Buildings is valued based on a Depreciated Replacement Cost (DRC) basis. The valuation is based on a modern equivalent replacement cost which estimates how much it would cost to replacement the building with a modern equivalent, and relies on estimating the cost of construction. If the cost of construction were to change significantly over the following year then these estimates would change materially. At the time of writing, the largest change in the Construction output



price index since 2014 for all construction (produced by the Office for National Statistics) was 11.2% for May 2022. Given that this is a recent statistic, and global events make it hard to be certain about the future, this is a reasonable scenario. An 11.2% increase due to increased construction costs used for these valuations would result in a £79.6m adjustment.

- Both Council dwellings (£796.9m) and Land and Buildings (£1,018.3m) valuations are also dependent on professional judgements made by the valuers, such as the exact methodology each individual uses to estimate a valuation when they have to extrapolate values from a limited number of recent sales. When this issue has been considered by the courts, they have set an expectation that valuations by different valuers should differ by no more than 10%. Therefore a change in the people carrying out the valuation could change the estimate by up to 10% as different people produce different reasonable estimates. If there was a change in valuer and this resulted in a 10% change in valuation, this would result in a £79.7m adjustment to council dwellings, and a £101.8m adjustment to Land And Buildings. Given that the council has a rolling five year revaluation programme it may take up to five years to see the full impact of this, but even one fifth of these adjustments would be material.

- **Fair Value estimates**

- The closing balance for the Council's long-term borrowing was £594.5m as at the 31<sup>st</sup> March 2022. A small shift in the interest rate market used to calculate the fair values of the financial instruments would result in a significant change to the disclosures in the accounts which are more likely given the financial outlook and high inflation environment. Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans. The discount rates for Lender Option Borrower Option loans have been reduced to reflect the value of the embedded options. The size of the reduction has been calculated using proprietary software alongside our treasury advisors. If interest rates were to increase by 1% this would have resulted in a movement in fair value by £103.7m which would have a material impact on the statement of accounts.
- The carrying amount of the PFI liabilities as 31st March 2022 is £20.5m. The carrying amount of the lease liabilities as 31st March 2022 is £9.0m. A small shift in the interest rate market used to calculate the fair values of the financial instruments would result in a significant change to the disclosures in the accounts which are more likely given the financial outlook and high inflation environment. The discount rate used for the fair values of finance lease assets and liabilities and PFI scheme liabilities have been calculated by discounting the contractual cash flows at the market rate of borrowing with similar remaining terms to maturity on 31st March for the PFI agreements and the long-term inflation forecast for our lease agreements. If rates were to move by 1% this would cause a movement in fair value by £1.0m for the PFI liabilities and £0.4m for lease liabilities which would have a material impact on the statement of accounts.
- The carrying value of the Council's long-term investments at year-end were £91.8m and £156.2m for long-term debtors. A small shift in the interest rate market used to calculate the fair values of the financial instruments would result in a significant change to the disclosures in the accounts which are more likely given the financial outlook and high inflation environment. The fair values of long-term investments and debtors have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March. If interest rates were to increase by 1% this would result in a movement in fair value by £20.5m across both long-term investments and debtors.

- **Expected Credit Loss**

- The carrying value of the assets under the remit of an expected credit loss calculation are the long-term investment balance of £91.8m and long-term debtors of £156.2m. Any significant increase to the risk of a counterparty would require the Council to calculate a lifetime credit loss which recognises the expected loss that results from all the possible default events over the expected life of the instrument. A recognition of a lifetime credit loss to any of the instruments would result in a significant change to the provision required. The loss allowances have been calculated by reference to historic default data published by credit rating agencies and adjusted for current and forecast economic conditions. A two-year delay in cash flows is assumed to arise in the event of default. If a significant increase in the risk of a counterparty occurred and required a lifetime credit loss, for example the investment with First Wave Housing which has a total carrying value of £36m could require a loss allowance increase of £4.4m.

- **Provisions**

- The Authority is required to exercise judgement in assessing whether a potential liability should be accounted for as a provision or contingent liability in accordance with accounting policies. In calculating the level of provisions, the Authority also exercises some judgement; they are measured at the Authority's best estimate of the costs required to settle the obligation at the Balance Sheet date. The level of the Authority's provisions and details of its contingent liabilities are set out in Liabilities Note 9 and Note 18 – Contingent Liabilities respectively.
- The Authority has estimated a provision to account for outstanding debt that may become uncollectable in the future. The impact of COVID-19 has resulted in the Council's overall debtors balance (such as commercial tenants, local taxation and those due to repay housing benefit overpayments) increase by £36m compared to the previous year, with the freezing of enforcement action and the granting of payment holidays. Across London in-year collection rates have generally improved compared to 2020/21 levels but have not reached levels achieved prior to the pandemic. Estimates on the levels of provision required have been calculated using historic collection rates, over a number of years, which are applied to the debt outstanding by age and therefore adjust for variations between years. The overall rate of provision provided during 2021/22 has reduced by 2% to 36% compared to 2020/21.
- Provisions have been made to account for potential reduction in the business rates income raised within the Collection Fund following appeals lodged by tax payers against the amount billed. The rateable value of appeals outstanding totals £37m over 150 cases, a significant drop from the number outstanding at the end of 2020/21 (500 cases valued at £65m). Provision totalling £5m has been calculated using the current success rates within the Borough and the value of reduction granted by the valuation office, including the backdating of decisions, in line with previous estimates. These estimates are revised as outstanding cases are resolved. Brent's share of the provision, totalling £1.5m, is held on the Council's balance sheet. A variation of +/- 10% would affect the provision required by £0.1m

- **Pension Liability**

- Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. There are

risks and uncertainties associated with whatever assumptions are adopted. The assumptions are in effect projections of future investment returns and demographic experience many years into the future therefore there is a great deal of uncertainty.

- The changes in key assumptions used in the 2020/21 and 2021/22 financial years, and their estimated impact are as follows:

#### Changes in Key Assumptions Regarding Rates in 2021/22 and 2020/21

<b>Change in 2020/21</b>	<b>Estimated impact on the pension liability (£m)</b>	<b>Key Assumptions - Rates</b>	<b>Change in 2021/22</b>	<b>Estimated impact on the pension liability (£m)</b>
0.95%	324.9	Inflation/pensions increase rate	0.35%	99.9
0.95%	19.0	Salary increase rate	0.35%	5.4
(0.3%)	(111.0)	Discount rate	0.70%	(212.1)

#### Changes in Key Assumptions Regarding Longevity in 2021/22 and 2020/21

<b>Change in 2020/21</b>	<b>Estimated impact on the pension liability (£m)</b>	<b>Key Assumptions - Longevity</b>	<b>Change in 2021/22</b>	<b>Estimated impact on the pension liability (£m)</b>
0.2 years	2.0	Current pensioners (Male)	(0.2 years)	(13.5)
0.4 years	4.0	Current pensioners (Female)	(0.2 years)	(13.5)
0.5 years	5.0	Future pensioners (Male)	(0.3 years)	(20.3)
0.7 years	7.0	Future pensioners (Female)	(0.2 years)	(13.5)

## 2. Assumption made about the future and other major sources of estimation uncertainty

The Council includes accounting estimates within the accounts; the significant accounting estimates relate to non-current assets, impairment of financial assets. The Council's accounting policies include details on the calculation of these accounting estimates.

The Council also carries out a review of all debtor balances, and uses past experience of debt collection rates across all categories to establish allowances for non-collection.

The appropriate level of non-earmarked reserves to be held by the Council is based on an assessment of financial risks facing the Council. These risks include future funding levels, delivery of planned savings and future demands on services.

## 3. Accounting Standards that have been issued but have not yet been adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom (the Code), the Council is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the code.

There are no such standards in the 2021/22 Code which are likely to have a material effect on the accounts.

## 4. Significant changes in accounting policy introduced in 2021/22

There have been no significant changes introduced in 2021/22.

## 5. Events after the reporting period

There have been no events since 31 March 2022, and up to the date when these accounts were authorised that require any adjustments to these accounts.

## 6. Prior Period Errors

### Prior Period Error Disclosure

The Council has made below prior period adjustments:

#### 1. Revaluation of Stonebridge Housing PFI

In accordance to the Council's policy of revaluing on a 5 year cycle Stonebridge Housing PFI was last revalued in 2016/17 at a net book value (NBV) of £84.0m. The revaluation was based on Existing Use Value for housings held at affordable rent. Therefore, the revaluation applied a discount factor of 20% to the market value of the housing as affordable rent is low cost rent set at up to 80% of market rent, it is classed as social housing.

This is an error as the Stonebridge Housing PFI was and still is held at social rent. Social rent is low cost rent that is set by a government formula and is significantly lower than market rent. The discount factor that should have been applied for social rent is 75%, therefore the NBV at 2016/17 should have been £26.3m. This is an NBV overstatement of £57.7m.

From 2017/18 to 2020/21 indexation, as provided by our external valuer, and depreciation was applied based on the 2016/17 valuation using affordable rent, on a social rent basis this would reduce the NBV overstatement to £55.9m on 1<sup>st</sup> April 2020. Since 2016/17 housing in Brent had the highest indexation uplift of 6% in 2020/21, this brought the NBV overstatement to £59.4m on 31<sup>st</sup> March 2021.

In order to correct this error, the Council has restated the prior year information for 2020/21 and as this is a retrospective restatement the Council has also presented a Balance Sheet at the beginning of the preceding period as required by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA Code).

The effect of this on the Statement of Accounts is:

#### Effect on the Balance Sheet 2020/21

Effect on the Balance Sheet 2020/21	Originally Stated 1st April 2020 £m	Restated 1st April 2020 £m	Amount of restatement 1st April 2020 £m	Originally Stated 31st March 2021 £m	Restated 31st March 2021 £m	Amount of restatement 31st March 2021 £m
Property, Plant and Equipment	1,963.8	1,907.9	(55.9)	2,075.6	2,016.2	(59.4)
<b>Long Term Assets</b>	<b>2,165.4</b>	<b>2,109.5</b>	<b>(55.9)</b>	<b>2,318.4</b>	<b>2,260.0</b>	<b>(59.4)</b>
<b>Net Assets</b>	<b>1,000.1</b>	<b>944.2</b>	<b>(55.9)</b>	<b>867.3</b>	<b>807.9</b>	<b>(59.4)</b>
Unusable reserve	(603.3)	(547.4)	55.9	(423.9)	(364.6)	59.3
<b>Total Reserves</b>	<b>(1,000.1)</b>	<b>(944.2)</b>	<b>55.9</b>	<b>(867.3)</b>	<b>(808.0)</b>	<b>59.3*</b>

\*The £0.1m difference in restatement between net assets and total reserves are due to roundings.

Effect on the Movement in Reserves Statement 2020/21

\*The General Fund Balance has been restated for the revaluation of Stonebridge Housing PFI and for restatement of unapplied Section 106 (S106) and Community Infrastructure Levy (CIL) income as set out in the fifth prior period errors further down this section. The table below splits the restatement between the two prior period errors in the last two columns.

Effect on the Movement In Reserves Statement 2020/21	Originally stated 2020/21 General Fund Balance £m	Originally stated 2020/21 Unusable Reserves £m	Restated 2020/21 General Fund Balance £m	Restated 2020/21 Unusable Reserves £m	Total Restatement £m	Amount of Restatement relating to revaluation of Stonebridge Housing PFI £m	*Amount of Restatement relating to unapplied S106 and CIL income (see prior period errors 5) £m
<b>Balance as at 31 March 2020</b>	<b>(15.1)</b>	<b>(603.3)</b>	<b>(15.1)</b>	<b>(547.4)</b>	<b>55.9</b>	<b>55.9</b>	<b>0.0</b>
(Surplus) or deficit on the provision of services	(32.6)	0.0	(33.7)	0.0	(1.1)	(1.1)	0.0
Other comprehensive income & expenditure	0.0	121.8	0.0	126.3	4.5	4.5	0.0
<b>Total Comprehensive Income and Expenditure</b>	<b>(32.6)</b>	<b>121.8</b>	<b>(33.7)</b>	<b>126.3</b>	<b>3.4</b>	<b>3.4</b>	<b>0.0</b>
Adjustments between accounting basis & funding basis under regulations	(35.1)	57.6	(34.2)	56.5	(0.2)	0.0	(0.2)
<b>Net (increase)/decrease before transfers to earmarked reserves</b>	<b>(67.7)</b>	<b>179.4</b>	<b>(67.9)</b>	<b>182.8</b>	<b>3.2</b>	<b>3.4</b>	<b>(0.2)</b>
<b>Balance as at 31 March 2021</b>	<b>(15.1)</b>	<b>(423.9)</b>	<b>(15.1)</b>	<b>(364.6)</b>	<b>59.5</b>	<b>59.3</b>	<b>0.0</b>

Effect on the Comprehensive Income and Expenditure Statement 2020/21

Effect on the Comprehensive Income and Expenditure Statement 2020/21	Originally Stated 2020/21 Net expenditure £m	Restated 2020/21 Net expenditure £m	Amount of Restatement £m
Community Wellbeing (GF)	163.6	162.5	(1.1)
<b>Cost of services</b>	<b>328.2</b>	<b>327.1</b>	<b>(1.1)</b>
<b>(Surplus) or deficit on the provision of services</b>	<b>11.1</b>	<b>10.0</b>	<b>(1.1)</b>
(Surplus) or deficit on revaluation of Property, Plant and Equipment assets	(72.4)	(67.9)	4.5
<b>Other Comprehensive Income and Expenditure</b>	<b>121.8</b>	<b>126.3</b>	<b>4.5</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>132.9</b>	<b>136.3</b>	<b>3.4</b>

Effect on the Cashflow 2020/21

Effect on Cashflow 2020/21	Originally stated 2020/21 £m	Restated 2020/21 £m	Amount of Restatement £m
Net surplus or (deficit) on the provision of services	(11.1)	(10.0)	1.1
Adjustment to surplus or deficit on the provision of services for noncash movements	122.0	120.9	(1.1)
<b>Net cash inflows/(outflows) from Operating Activities</b>	<b>55.0</b>	<b>55.0</b>	<b>0.0</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>6.9</b>	<b>6.9</b>	<b>0.0</b>

Effect on the Expenditure Funding Analysis 2020/21

Effect on the Expenditure Funding Analysis 2020/21	Originally Stated 2020/21 (GF) Community Wellbeing £m	Restated 2020/21 (GF) Community Wellbeing £m	Amount of Restatement £m
Total Expenditure	260.0	258.9	(1.1)
<b>Subtotal (Surplus) or Deficit on Provision of Services (£m)</b>	<b>11.1</b>	<b>10.0</b>	<b>(1.1)</b>
Adjustments for capital purposes (£m)	(24.6)	(23.5)	1.1
<b>Subtotal Movement in Reserve (£m)</b>	<b>(26.1)</b>	<b>(25.0)</b>	<b>1.1</b>
<b>Position on HRA and General Fund (£m)</b>	<b>149.7</b>	<b>149.7</b>	<b>0.0</b>

Effect on the note to Movement in Reserve Statement 2020/21

\*The General Fund Balance has been restated for the revaluation of Stonebridge Housing PFI and for restatement of unapplied Section 106 (S106) and Community Infrastructure Levy (CIL) income as set out in the fifth prior period errors further down this section. The table below splits the restatement between the two prior period errors in the last two columns.

Effect on the note to Movement in Reserve Statement 2020/21	Originally stated 2020/21 General Fund Balance £m	Originally stated 2020/21 Revaluation Reserves £m	Restated 2020/21 General Fund Balance £m	Restated 2020/21 Revaluation Reserves £m	Amount of Restatement £m	Amount of Restatement relating to revaluation of Stonebridge Housing PFI £m	*Amount of Restatement relating to unapplied S106 and CIL income (see prior period errors 5) £m
<b>Comprehensive income &amp; expenditure:</b> (Surplus) or deficit on the provision on services	(32.6)	0.0	(33.7)	0.0	(1.1)	(1.1)	0.0
<b>Comprehensive income &amp; expenditure:</b> Surplus or deficit on revaluation of Property, Plant and Equipment	0.0	(72.4)	0.0	(67.9)	4.5	4.5	0.0
<b>Total Comprehensive income &amp; expenditure</b>	<b>(32.6)</b>	<b>(72.4)</b>	<b>(33.7)</b>	<b>(67.9)</b>	<b>3.4</b>	<b>3.4</b>	<b>0.0</b>
Adjustments between accounting basis & funding basis under regulations: Charges for depreciation and impairment of non-current assets	(23.4)	7.1	(22.3)	6.0	0.0	0.0	0.0
<b>Total Adjustments between accounting basis &amp; funding basis under regulations</b>	<b>(35.1)</b>	<b>8.1</b>	<b>(34.2)</b>	<b>7.0</b>	<b>0.2</b>	<b>0.0</b>	<b>0.2</b>
<b>Total (Increase)/decrease in 2020/21</b>	<b>0.0</b>	<b>(64.3)</b>	<b>0.0</b>	<b>(60.9)</b>	<b>3.4</b>	<b>0.0</b>	<b>0.0</b>



Effect on note on Significant movements on balances of property, plant and equipment 2020/21

Effect on Note on Significant movements on balances of property, plant and equipment 2020/21	Originally stated 2020/21 Land & Buildings £m	Restated 2020/21 Land & Buildings £m	Amount of Restatement £m	Originally stated 2020/21 PFI assets £m	Restated 2020/21 PFI assets £m	Amount of Restatement £m
<b>Cost or Valuation at 1 April 2020</b>	<b>1,007.7</b>	<b>950.7</b>	<b>(57.0)</b>	<b>132.6</b>	<b>75.6</b>	<b>(57.0)</b>
Depreciation written out	(15.5)	(14.4)	1.1	(2.2)	(1.1)	1.1
Revaluation increase(decreases) in the Revaluation Reserve	32.7	28.2	(4.5)	6.3	1.8	(4.5)
<b>Cost or valuation at 31 March 2021</b>	<b>1,027.3</b>	<b>966.9</b>	<b>(60.4)</b>	<b>137.6</b>	<b>77.2</b>	<b>(60.4)</b>
<b>Depreciation and Impairment at 1 April 2020</b>	<b>(18.6)</b>	<b>(17.5)</b>	<b>1.1</b>	<b>(8.9)</b>	<b>(7.8)</b>	<b>1.1</b>
Charge for 2020/21	(13.5)	(12.4)	1.1	(2.5)	(1.4)	1.1
Depreciation written out	15.5	14.4	(1.1)	2.2	1.1	(1.1)
<b>Depreciation and Impairment at 31 March 2021</b>	<b>(16.6)</b>	<b>(15.5)</b>	<b>1.1</b>	<b>(9.2)</b>	<b>(8.1)</b>	<b>1.1</b>
<b>Balance sheet NBV at 31 March 2021</b>	<b>1,010.7</b>	<b>951.4</b>	<b>(59.3)</b>	<b>128.4</b>	<b>69.1</b>	<b>(59.3)</b>
<b>Balance sheet NBV at 1 April 2020</b>	<b>989.1</b>	<b>933.2</b>	<b>(55.9)</b>	<b>123.7</b>	<b>67.8</b>	<b>(55.9)</b>

## 2. Officers' Remuneration

The CIPFA Code requires the following employee remuneration disclosures:

- a) Number of employees whose remuneration in the year was greater than or equal to £50k except those included in the below disclosure.
- b) an analysis by job title of the remuneration and employer's pension contributions in respect of senior employees

The Council has been presenting, in error, disclosure a) (Note 30 Officers' Remuneration) including the senior employees in disclosure b) (Note 29 Senior Employees' Remuneration).

To correct this the Council has restated the prior year information for 20/21, the effect on the employee remuneration disclosure is:

Remuneration Band (£)	Originally stated 2020/21 Officers	Restated 2020/21 Officers	Originally stated 2020/21 Total	Restated 2020/21 Total	Amount of Restatement Officers	Amount of Restatement Total
75,000-79,999	13	12	31	30	(1)	(1)
100,000-104,999	4	3	8	7	(1)	(1)
105,000-109,999	2	1	3	2	(1)	(1)
125,000-129,999	3	1	3	1	(2)	(2)
130,000-139,999	3	2	3	2	(1)	(1)
145,000-149,999	1	0	1	0	(1)	(1)
155,000-159,999	2	0	2	0	(2)	(2)
205,000-209,999	1	0	1	0	(1)	(1)
<b>Total</b>	<b>333</b>	<b>323</b>	<b>713</b>	<b>703</b>	<b>(10)</b>	<b>(10)</b>

### 3. Financial instruments and Fair Values of Assets and Liabilities

Note 24 on Financial Instruments and Note 26 Fair Values of Assets and Liabilities have been restated for the following prior period errors:

- In the 2020/21 Statement of Account for both notes all current liabilities and current debtors were included as financial liabilities and financial assets respectively, however not all balances within current liabilities and current assets met the definition of financial instrument as per The Code. This has been restated to separate the balances between financial instrument and balances not defined as financial instruments.
- In both notes there was an error in the classification of cash in transit (within cash and cash equivalent) as a £16.5m bank overdraft and the subsequent presentation of this within the Financial Liabilities table. The restatement offsets this against the £30.6m cash in hand balance on the Financial Assets table.
- The total short-term debtors on Note 26 have also been restated, in the 2020/21 Financial assets fair value table the short-term debtors balance of £163.9m was not updated and therefore does not reconcile to the £165.7m current debtors balance on Note 24 for Financial Assets and the Balance Sheet. This £1.8m immaterial difference has been restated to ensure consistency across the account.
- The total short-term creditors on Note 26 have also been restated, in the 2020/21 Financial liabilities fair value table the short-term creditors balance of £131.4m was not updated and therefore does not reconcile to the £130.9m current creditors balance on Note 24 for Financial Liabilities and the Balance Sheet. This £0.5m immaterial difference has been restated to ensure consistency across the account.
- On Note 26 the fair value amounts for long- term investments and long- term debtors have been restated, the 2020/21 Statement of Account had presented, in error, the balance sheet value rather than the fair values. This has reduced the fair value of financial assets by £74.9m.

These have the following effect on Note 24 Financial instruments:

Effect on Note 24 Financial Liabilities 2020/21

Effect on Financial Liabilities 2020/21	Originally Stated 31 March 2021: Current Liabilities £m	Restated 31 March 2021: Current Liabilities £m	Originally Stated 31 March 2021: Bank Current Overdraft £m	Restated 31 March 2021: Bank Current Overdraft £m	Amount of restatement 31 March 2021: Current Liabilities £m	Amount of restatement 31 March 2021: Bank Current Overdraft £m
Financial Liabilities	130.9	80.1	16.5	0.0	(50.8)	(16.5)
Liabilities not defined as financial instruments	0.0	50.8	0.0	0.0	50.8	0.0
<b>Total Current</b>	<b>130.9</b>	<b>130.9</b>	<b>16.5</b>	<b>0.0</b>	<b>0.0</b>	<b>(16.5)*</b>

\*This offsets the cash in hand restatement on the effect of prior period error on financial assets below.

Effect on Note 24 Financial Assets 2020/21

Effect on Financial Assets 2020/21	Originally Stated 31 March 2021: Current Debtors £m	Restated 31 March 2021: Current Debtors £m	Originally Stated 31 March 2021: Current Cash and Cash Equivalent and Current Investment £m	Restated 31 March 2021: Current Cash and Cash Equivalent and Current Investment £m	Amount of restatement 31 March 2021: Current Debtors £m	Amount of restatement 31 March 2021: Current Cash and Cash Equivalent and Current Investment £m
Financial Assets	165.7	36.2	158.8	142.3	(129.5)	(16.5)
Assets not defined as financial instruments	0.0	129.5	0.0	0.0	129.5	0.0
<b>Total Current</b>	<b>165.7</b>	<b>165.7</b>	<b>158.8</b>	<b>0.0</b>	<b>0.0</b>	<b>(16.5)*</b>

\*This offsets the Bank current overdraft restatement on the effect of prior period error on financial liabilities above.

Effect on Note 26 Financial Assets- Fair Value

Effect on Note 26 Financial Assets- Fair Value	Originally Stated Balance Sheet 31 March 2021 £m	Originally Stated Fair Value 31 March 2021 £m	Restated Balance Sheet 31 March 2021 £m	Restated Fair Value 31 March 2021 £m	Amount of Restatement Balance Sheet 31 March 2021	Amount of Restatement Fair Value 31 March 2021 £m
Long-term investment	76.3	76.3	76.3	49.8	0.0	(26.5)
Long-term debtors	152.9	152.9	152.9	104.5	0.0	(48.4)
Short-term debtors	163.9	163.9	36.2	36.2	(127.7)	(127.7)
Assets not defined as Financial Instruments	0.0	0.0	129.5	129.5	129.5	129.5
<b>Total</b>	<b>552.0</b>	<b>552.0</b>	<b>537.2</b>	<b>462.3</b>	<b>1.8</b>	<b>(73.2)</b>

Effect on Note 26 Financial Liabilities- Fair Value

Effect on Note 26 Financial Liabilities- Fair Value	Originally Stated Balance Sheet 31 March 2021 £m	Originally Stated Fair Value 31 March 2021 £m	Restated Balance Sheet 31 March 2021 £m	Restated Fair Value 31 March 2021 £m	Amount of Restatement Balance Sheet 31 March 2021	Amount of Restatement Fair Value 31 March 2021 £m
Short-term Creditors	131.4	131.4	80.1	80.1	(51.3)	(51.3)
Liabilities not defined as Financial Instruments	0.0	0.0	50.8	50.8	50.8	50.8
<b>Total</b>	<b>811.5</b>	<b>1,067.0</b>	<b>811.0</b>	<b>1067.4</b>	<b>(0.5)</b>	<b>(0.5)</b>

4. Note to Movement in Reserve Statement

In the Council's 2020/21 Statement of Account an old version of the note to Movement in Reserve Statement was used, this included:

- Formatting issue which caused labels of the adjustments in the MIRS detail note to get mismatched.
- Figures on the Collection Fund and DSG adjustment account mixed up in error
- Casting errors

The Council has corrected this by restating the prior year information for 20/21, the effect on the Note to Movement in Reserve Statement is:

	Originally stated 20/21 Unusable reserve: Revaluation Reserve (£m)	Originally stated 20/21 Unusable reserve: Pensions Reserve (£m)	Originally stated 20/21 Unusable reserve: Collection Fund Adjustment Account (£m)	Originally stated 20/21 Unusable reserve: Dedicated Schools Grant Adjustment Account (£m)	Restated 20/21 Unusable reserve: Revaluation Reserve (£m)	Restated 20/21 Unusable reserve: Pensions Reserve (£m)	Restated 20/21 Unusable reserve: Collection Fund Adjustment Account (£m)	Restated 20/21 Unusable reserve: Dedicated Schools Grant Adjustment Account (£m)	Amount of Restatement (£m)
Surplus or deficit on revaluation of Property, Plant and Equipment assets	0.0	0.0	10.5	0.0	(72.4)	0.0	0.0	0.0	(82.9)
Actuarial gains/losses on pension assets and liabilities	(72.4)	0.0	0.0	0.0	0.0	194.2	0.0	0.0	266.6
Amount by which council tax and NDR income credited to the CIES is different from council tax and NDR income calculated in accordance with statutory requirements	0.0	0.0	0.0	31.5	0.0	0.0	31.5	0.0	0.0
Statutory transfer of Dedicated Schools Grant deficit to Dedicated Schools Grant Adjustment Account	0.0	194.2	0.0	0.0	0.0	0.0	0.0	10.5	(183.7)
<b>Closing balance 2021/22</b>	<b>(655.7)</b>	<b>863.0</b>	<b>13.7</b>	<b>31.5</b>	<b>(655.7)</b>	<b>863.0</b>	<b>34.7</b>	<b>10.5</b>	<b>0.0</b>

## 5. Accounting for unapplied Section 106 (S106) and Community Infrastructure Levy (CIL) Income

In prior years the Council accounted for unapplied S106 and CIL income by transferring these to earmarked General Fund reserve however The Code sets out that unapplied S106 and CIL income should be transferred to Capital Grants Unapplied to represent capital resources not yet utilised. The Council has therefore restated the Statement of Account to be in compliance with The Code.

The tables below shows the effect of this restatement:

### Effect on Movement in Reserve Statement 2020/21:

\*The General Fund Balance has been restated for unapplied Section 106 (S106) and Community Infrastructure Levy (CIL) income and for the restatement of the revaluation of Stonebridge Housing PFI as set out in the first prior period errors. The table below splits the restatement between the two prior period errors in the last two columns.

Effect on the note to Movement in Reserve Statement 2020/21	Originally stated 2020/21 General Fund Balance £m	Originally stated 2020/21 Earmarked Reserves Balance £m	Originally stated 2020/21 Capital Grants Unapplied £m	Originally stated 2020/21 Capital Adjustment Account £m	Restated 2020/21 General Fund Balance £m	Restated 2020/21 Earmarked Reserves Balance £m	Restated 2020/21 Capital Grants Unapplied £m	Restated 2020/21 Capital Adjustment Account £m	Amount of Restatement £m	*Amount of Restatement relating to revaluation of Stonebridge Housing PFI(see prior period errors 1) £m	Amount of Restatement relating to unapplied S106 and CIL income £m
<b>Balance as at 31 March 2020</b>	(15.1)	(293.3)	(75.4)	(694.7)	(15.1)	(164.8)	(203.9)	(694.7)	0.0	0.0	0.0
<i>Adjustments between accounting basis &amp; funding basis under regulations:</i> Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	13.2	0.0	(13.2)	0.0	24.4	0.0	(24.4)	0.0	0.0	0.0	0.0
Capital expenditure charged against the General Fund and HRA balances	21.9	0.0	0.0	(21.9)	10.5	0.0	0.0	(10.5)	0.0	0.0	0.0

Application of grants to capital financing transferred to the Capital Adjustment Account	0.0	0.0	27.7	(27.7)	0.0	0.0	39.1	(39.1)	0.0	0.0	0.0
<b>Total Adjustments between accounting basis &amp; funding basis under regulations</b>	<b>(35.1)</b>	<b>0.0</b>	<b>14.5</b>	<b>16.8</b>	<b>(34.2)</b>	<b>0.0</b>	<b>14.7</b>	<b>16.8</b>	<b>1.1</b>	<b>1.1</b>	<b>0.0</b>
<b>Earmarked Reserves transfers</b>	<b>67.7</b>	<b>(65.0)</b>	<b>0.0</b>	<b>0.0</b>	<b>67.9</b>	<b>(65.2)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total (Increase)/decrease in 2020/21</b>	<b>0.0</b>	<b>(65.0)</b>	<b>14.5</b>	<b>16.8</b>	<b>0.0</b>	<b>(65.2)</b>	<b>14.7</b>	<b>16.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Closing Balance</b>	<b>(15.1)</b>	<b>(358.3)</b>	<b>(60.9)</b>	<b>(677.9)</b>	<b>(15.1)</b>	<b>(230.0)</b>	<b>(189.2)</b>	<b>(677.9)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Effect on Note 10- Transfers to/from Earmarked Reserves

Effect on Note 10- Transfers to/from Earmarked Reserves	Originally stated at 31 March 2021 £m	Restated at 31 March 2021	Amount of Restatement £m
S106/CIL	(128.2)	0.0	128.2
<b>Grand total</b>	<b>(358.2)</b>	<b>(230.0)</b>	<b>128.2*</b>

\*This offsets Note 20 Capital Grants Unapplied restatement below.

Effect on the Expenditure Funding Analysis 2020/21

Effect on the Expenditure Funding Analysis 2020/21	Originally Stated 2020/21 Regeneration & Environment £m	Restated 2020/21 Regeneration & Environment £m	Amount of Restatement £m

Adjustments for Capital purposes	0.3	0.1	(0.2)
Transfers to/from Reserves	9.9	10.1	0.2
<b>Subtotal Movement in Reserve (£m)</b>	<b>11.1</b>	<b>11.1</b>	<b>0.0</b>
<b>Position on HRA and General Fund (£m)</b>	<b>48.0</b>	<b>48.0</b>	<b>0.0</b>

	Originally Stated 2020/21 Opening Balance £m	Restated 2020/21 Opening Balance £m	Amount of Restatement £m	Originally stated 2020/21 Transfers to/from earmarked Reserves £m	Restated 2020/21 Transfers to/from earmarked Reserves £m	Amount of Restatement £m	Originally Stated 2020/21 Closing Balance £m	Restated 2020/21 Closing £m	Amount of Restatement £m
Effect on the Expenditure Funding Analysis 2020/21: In year movements									
General Fund Earmarked Reserves and Schools Balances	288.9	160.4	(128.5)	67.7	67.9	0.2	356.6	228.3	128.3
<b>General Fund Subtotal</b>	<b>304.0</b>	<b>175.5</b>	<b>(128.5)</b>	<b>67.7</b>	<b>67.9</b>	<b>0.2</b>	<b>371.7</b>	<b>243.4</b>	<b>128.3</b>
<b>Total HRA and General Fund</b>	<b>309.8</b>	<b>181.3</b>	<b>(128.5)</b>	<b>65.0</b>	<b>65.2</b>	<b>0.2</b>	<b>374.8</b>	<b>246.5</b>	<b>128.3</b>

Effect on Note 20 Capital Grants Unapplied

Effect on Note 20 Capital Grants Unapplied	Originally stated 2020/21 £m	Restated 2020/21 £m	Amount of Restatement 2020/21 £m
Section 106 & Community Infrastructure Levy	0.0	(128.2)	(128.2)
<b>Total</b>	<b>(61.0)</b>	<b>(189.2)</b>	<b>(128.2)*</b>



\*This offsets Note 10 Transfers to/from Earmarked Reserves restatement above

#### 6. Capital Expenditure and Capital Financing

Note 23 Capital Expenditure and Capital Financing 2020/21 has been restated, in previous years the Council's loan to First Wave Housing (formerly Brent Housing Partnership) was not disclosed in this note as capital expenditure. The restatement corrects this error by adding the loan to First Wave Housing in the 2020/21 figures. The effect of this restatement to Note 23 Capital Expenditure and Capital Financing is:

Effect on Capital Expenditure and Capital Financing	Originally Stated 2020/21 GF £m	Restated 2020/21 GF £m	Amount of Restatement GF £m	Originally Stated 2020/21 Total £m	Restated 2020/21 Total £m	Amount of Restatement Total £m
<b>Opening Capital Financing</b>	<b>591.7</b>	<b>628.5</b>	<b>36.8</b>	<b>821.8</b>	<b>858.6</b>	<b>36.8</b>
Sources of Finance: Capital Receipts	0.0	(0.9)	(0.9)	(8.5)	(9.4)	(0.9)
<b>(Decrease)/Increase in underlying need to borrow</b>	<b>80.1</b>	<b>79.2</b>	<b>(0.9)</b>	<b>93.5</b>	<b>92.6</b>	<b>(0.9)</b>
<b>Closing Capital Financing Requirement</b>	<b>671.8</b>	<b>707.7</b>	<b>35.9</b>	<b>915.3</b>	<b>951.2</b>	<b>35.9</b>

## 7. Prior Period Reclassification

In the prior year account the Council classified the PFI Finance lease liability as Long Term Creditors on the Balance Sheet, however this was presented as Other Long Term Liabilities in Note 24 Financial Liabilities. To ensure consistency the Council has reclassified PFI Finance lease liability as Other Long Term Liabilities in the Balance Sheet. This is a net nil effect on the Long Term Liabilities on the Balance Sheet.

The effect on the Balance Sheet of this reclassification is:

Balance Sheet as at 31 March 2021	Prior year classification	Reclassification
Long Term Creditors	(26.9)	(0.0)
Other Long Term liabilities	(875.1)	(902.1)

## Housing Revenue Account

Income and Expenditure Statement for the Year Ended 31 March 2021

This statement reflects a statutory obligation to account separately for the Council's housing provision. It shows the major elements of housing expenditure and income.

Housing Income in 2020/21 and 2021/22:

<b>2020/21</b>		<b>2021/22</b>
<b>£m</b>	<b>Income Detail</b>	<b>£m</b>
(46.9)	Dwelling rents	(47.7)
(0.4)	Non-dwelling rents	(0.3)
(3.0)	Tenants charges for services and facilities	(3.1)
(1.9)	Contribution towards expenditure	(0.6)
(2.6)	Leaseholders charges for services and facilities	(3.1)
(1.7)	Other income	(1.1)
<b>(56.5)</b>	<b>Total Income</b>	<b>(55.9)</b>

Housing Expenditure in 2020/21 and 2021/22:

<b>2020/21</b>		<b>2021/22</b>
<b>£m</b>	<b>Expenditure Detail</b>	<b>£m</b>
15.0	Repairs and maintenance	14.3
10.6	Supervision and management	11.3
5.3	Special services	4.9
2.3	Rents, rates, taxes and others charges	2.3
8.1	Depreciation of non-current assets	10.9
0.4	Movement in the allowance for bad or doubtful debts	0.3
46.2	Impairments and revaluation losses to non-current assets	65.1
0.0	Granville refurbishment provision	6.1
7.2	Exceptional items- water billing provision	0.0
<b>95.1</b>	<b>Total Expenditure</b>	<b>115.2</b>

Net Cost of Services included in the Council's Income and Expenditure Account in 2020/21 and 2021/22:

<b>2020/21</b>		<b>2021/22</b>
<b>£m</b>	<b>Income and Expenditure Detail</b>	<b>£m</b>
(56.5)	Total Income	(55.9)
95.1	Total Expenditure	115.2

2020/21 £m	Income and Expenditure Detail	2021/22 £m
38.6	<b>Net Cost of Services included in the Council's Income and Expenditure Account</b>	59.3

HRA Share of the operating income and expenditure included in the Council's income and expenditure:

2020/21 £m	HRA share of the operating income and expenditure included in the Council's income and expenditure	2021/22 £m
38.6	Net Cost of Services included in the Council's Income and Expenditure Account	59.3
1.5	Payment to capital receipts pool	1.3
(3.3)	(Gain) or loss on sale of HRA non-current assets	(4.2)
6.8	Interest payable and similar charges	7.5
0.2	Amortised payment and discount	0.0
(0.1)	Interest and investment income	(0.1)
<b>43.7</b>	<b>(Surplus) or Deficit for the Year on HRA Services</b>	<b>63.8</b>

Movement on the HRA Statement for 2020/21 and 2021/22:

2020/21 £m	Movement on the HRA Statement	2021/22 £m
(1.4)	<b>Housing Revenue Account balance brought forward</b>	(1.4)
43.7	(Surplus) or deficit on the provision of services	63.8
(41.0)	Adjustment between accounting basis and funding basis under regulations	(62.8)
<b>2.7</b>	<b>Net (increase) or decrease before transfers to or from reserves</b>	<b>1.0</b>
(2.7)	Transfers to/(from) Earmarked Reserves	0.0
<b>(0.0)</b>	<b>(Increase) or decrease in year on the HRA</b>	<b>1.0</b>
<b>(1.4)</b>	<b>Balance as at 31 March carried forward</b>	<b>(0.4)</b>

HRA Adjustments between Accounting Basis and Funding Basis under Regulations for 2020/21 and 2021/22:

2020/21 £m	HRA adjustments between accounting basis and funding basis under regulations	2021/22 £m
3.3	Gain or loss on sale of HRA non-current assets	4.3
2.8	Capital expenditure funded by HRA	0.0

<b>2020/21</b> <b>£m</b>	<b>HRA adjustments between accounting basis and funding basis under regulations</b>	<b>2021/22</b> <b>£m</b>
0.2	Amortised payment and discount	0.0
(45.1)	Downward revaluation of non-current assets	(65.0)
(1.5)	Payments to the capital receipts pool	(1.3)
0.0	Pooled capital receipts -contribution to administration costs	0.0
0.3	Employer's pensions contributions and direct payments to pensioners payable in the year	(0.7)
8.2	Transfers to major repairs reserve	10.9
(8.2)	Transfers to capital adjustment account	(11.0)
<b>(40.0)</b>	<b>Total adjustments between accounting basis and funding basis under Regulations</b>	<b>(62.8)</b>

## Notes to the Housing Revenue Account

### Note 1 – Housing Stock

The Council's stock of dwellings increased during the year from 7,912 to 8,138, a net increase of 225 dwellings. In addition to the units listed below, the Council also owns the freehold on 3,795 properties with leaseholders paying service charges and contributing towards the cost of major works to the block.

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

<b>Stock Type</b>	<b>31-Mar-2021</b> <b>Dwellings Units</b>	<b>Disposals in</b> <b>Year</b>	<b>Additions in</b> <b>Year</b>	<b>31-Mar-2022</b> <b>Dwellings Units</b>
Flats	5,831	(20)	248	6,059
Houses	2,082	(8)	5	2,079
<b>Total Dwellings Units</b>	<b>7,913</b>	<b>(28)</b>	<b>253</b>	<b>8,138</b>

### Note 2 – Rent Arrears

The level of service charge and rent arrears at 31st March 2022 was £0.8m. Movement on the arrears and related provisions are shown below.

Movement on Rent Arrears between 31 March 2021 and 31 March 2022

<b>31-Mar-2021</b> <b>£m</b>	<b>Arrears Detail</b>	<b>31-Mar-2022</b> <b>£m</b>
5.2	Arrears from tenants	2.0
7.0	Arrears from Right to Buy Leaseholders	6.7
(7.6)	Provision	(7.9)
<b>4.6</b>	<b>Total Arrears</b>	<b>0.8</b>

Note 3 – Non-current Assets

<b>Total Non-Current Assets in 2020/21 £m</b>	<b>Non-Current Assets Detail</b>	<b>Council Dwellings in 2021/22 £m</b>	<b>Non- Council Dwellings in 2021/22 £m</b>	<b>Total Non-Current Assets in 2021/22 £m</b>
<b>633.6</b>	<b>Opening Net Book Value at 1 April</b>	<b>661.7</b>	<b>14.0</b>	<b>675.7</b>
(12.1)	Revaluations	38.9	0.6	39.5
(0.6)	Impairment	(0.3)	0.0	(0.3)
26.7	Capital Expenditure	26.9	0.0	26.9
(2.6)	Disposals	(2.6)	(1.2)	(3.8)
(8.1)	Depreciation for the year	(10.6)	(0.2)	(10.8)
38.8	Other Movements	82.9	0.0	82.9
<b>675.7</b>	<b>Closing Net Book Value at 31 March</b>	<b>796.9</b>	<b>13.2</b>	<b>810.1</b>

The £82.9m other movements within Council Dwellings represents prior year's Assets Under Construction completed in this financial year, resulting in a movement from Asset Under Construction to Council Dwellings. Detail of all Assets Under Construction can be found in Note 1 Property, Plant and Equipment.

HRA dwellings are valued at Existing Use Value – Social Housing in the balance sheet. As per the Council's Accounting policy for revaluing its assets on a 5 year basis, Council Dwellings have been revalued by our external Valuers as at 1<sup>st</sup> April 2021. The Council further calculates any arising revaluation loss or gain on the properties held within the HRA during the year through the application of a regional annual housing indexation factor.

The £38.9m upward revaluation shown on the table above is the net movement of revaluation consisting of £103.9m upward revaluations to the Revaluation Reserve and £65.0m downward revaluation charged to the surplus/deficit on the provision of service. This consist of:

- In accordance to the beacon principle of revaluation for Council Dwellings, as set out in the Accounting policies, once Council Dwellings are completed or expenditure capitalised these are valued at 25% of their Open Market Value (OMV). As per the table above there has been £82.9m of assets completed and £26.9m capital expenditure, the application of downward revaluation such that these assets are valued at 25% of their OMV resulted in a downward revaluation of £82.4m.
- There was a further upward revaluation of £121.3m for Council Dwellings due to revaluation and indexation mentioned above. This level of revaluation is considered reasonable by the Council's External Valuer and reflective of the changes in value in the last 5 years.

The vacant possession value of dwellings within the HRA at 31 March 2022 was £3.187 billion (£2.680 billion at 31 March 2021). The difference between vacant possession value of the HRA dwellings and balance sheet value within the HRA shows the economic cost to the Government of providing Council housing at less than open market value.

Note 4 – HRA Capital Receipts

<b>2020/21 £m</b>	<b>Detail</b>	<b>2021/22 £m</b>
(4.1)	Dwellings	(5.9)
<b>(4.1)</b>	<b>Total Receipts</b>	<b>(5.9)</b>

Note 5 – Net Interest Charged to the HRA

The net interest charge to the HRA, is calculated in accordance with Government regulation.

<b>2020/21 £m</b>	<b>Detail</b>	<b>2021/22 £m</b>
6.8	Interest on HRA mid-year Capital Financing Requirement	7.4
<b>6.8</b>	<b>Total Interest</b>	<b>7.4</b>

Note 6 – Major Repairs Reserve (MRR)

The MRR is a specific capital reserve held to fund the HRA capital programme or make repayments on amounts borrowed on historic HRA capital expenditure.

<b>2020/21 £m</b>	<b>Detail</b>	<b>2021/22 £m</b>
0.0	Balance at beginning of the year	(0.6)
(8.2)	Depreciation charge on HRA Assets	(10.8)
(2.8)	Other transfers to/(from) HRA	(0.3)
10.4	Reserve applied to fund the HRA capital programme	10.8
<b>(0.6)</b>	<b>Balance at end of year</b>	<b>(0.9)</b>

## Collection Fund Statement

Collection Fund Account for the Year ended 31 March 2022

This is a statutory fund separate from the General Fund of the Council. The Collection Fund accounts independently for income relating to Council Tax and Non-Domestic Rates on behalf of those bodies (including the Council's own General Fund) for whom the income has been raised. Administrative costs for Council Tax are borne by the General Fund.

Collection Fund Total Income for 2019/20 and 2020/21

2020/21 Council Tax £m	2020/21 Business Rates £m	2020/21 Total Collection Fund £m	Statutory Collections Detail	2021/22 Council Tax £m	2021/22 Business Rates £m	2021/22 Total Collection Fund £m
(158.5)	(64.8)	<b>(223.3)</b>	Income from Tax Payers	(178.8)	(97.1)	<b>(275.9)</b>
-	(1.5)	<b>(1.5)</b>	Business Rates Supplement	-	(2.5)	<b>(2.5)</b>
(2.3)	1.5	<b>(0.8)</b>	Transitional Relief	(0.5)	(1.3)	<b>(1.8)</b>
<b>(160.8)</b>	<b>(64.8)</b>	<b>(225.6)</b>	<b>Total Income</b>	<b>(179.3)</b>	<b>(100.9)</b>	<b>(280.2)</b>

Collection Fund Total Expenditure for 2020/21 and 2021/22

2020/21 Council Tax £m	2020/21 Business Rates £m	2020/21 Total Collection Fund £m	Collection Fund Total Expenditure Detail	2021/22 Council Tax £m	2021/22 Business Rates £m	2021/22 Total Collection Fund £m
128.1	38.3	<b>166.4</b>	LB Brent Precepts, Demands and Shares	135.7	39.7	<b>175.4</b>
32.4	47.2	<b>79.6</b>	GLA Precepts, Demands and Shares	35.8	43.7	<b>79.5</b>
-	42.1	<b>42.1</b>	Central Government Precepts, Demands and Shares	-	48.9	<b>48.9</b>
-	1.5	<b>1.5</b>	GLA - Business Rates Supplement	-	2.5	<b>2.5</b>
0.0	(3.5)	<b>(3.5)</b>	LB Brent Share of Surplus/(Deficit)	(11.1)	(18.2)	<b>(29.3)</b>
0.0	(1.9)	<b>(1.9)</b>	GLA Share of Surplus/(Deficit)	(2.8)	(22.0)	<b>(24.8)</b>
-	(0.3)	<b>(0.3)</b>	Central Government Share of Surplus/(Deficit)	-	(19.7)	<b>(19.7)</b>
1.8	28.2	<b>30.0</b>	Provisions for uncollectable amounts	6.3	(7.5)	<b>(1.2)</b>
7.4	0.0	<b>7.4</b>	Write offs/(Write backs)	9.2	0.0	<b>9.2</b>
-	0.4	<b>0.4</b>	Cost of Collection Allowance	-	0.4	<b>0.4</b>
<b>169.7</b>	<b>152.0</b>	<b>321.7</b>	<b>Total Expenditure</b>	<b>173.1</b>	<b>67.8</b>	<b>240.9</b>



Calculation of Collection Fund (Surplus)/Deficit in 2020/21 and 2021/22

2020/21 Council Tax £m	2020/21 Business Rates £m	2020/21 Total Collection Fund £m	Collection Fund Detail	2021/22 Council Tax £m	2021/22 Business Rates £m	2021/22 Total Collection Fund £m
(160.8)	(64.8)	(225.6)	<b>Total Income</b>	(179.3)	(100.9)	(280.2)
169.7	152.0	321.7	<b>Total Expenditure</b>	173.1	67.8	240.9
8.9	87.2	96.1	<b>(Surplus)/Deficit in year</b>	(6.2)	(33.1)	(39.3)

Movement on Balances of Collection Fund (Surplus)/Deficit in 2020/21 and 2021/22

2020/21 Council Tax £m	2020/21 Business Rates £m	2020/21 Total Collection Fund £m	Movements on Balances	2021/22 Council Tax £m	2021/22 Business Rates £m	2021/22 Total Collection Fund £m
(1.2)	7.1	5.9	(Surplus)/Deficit brought forward	7.7	94.3	102.0
8.9	87.2	96.1	(Surplus)/Deficit in year	(6.2)	(33.1)	(39.3)
7.7	94.3	102.0	<b>(Surplus)/Deficit carried forward</b>	1.5	61.2	62.7

Allocation of Collection Fund Balance for 2020/21 and 2021/22

2020/21 Council Tax £m	2020/21 Business Rates £m	2020/21 Total Collection Fund £m	Allocation of Collection Fund Balances	2021/22 Council Tax £m	2021/22 Business Rates £m	2021/22 Total Collection Fund £m
6.1	28.6	34.7	LB Brent	1.1	18.4	19.5
1.6	34.7	36.3	GLA	0.4	22.5	22.9
-	31.0	31.0	Central Government	-	20.3	20.3
7.7	94.3	102.0	<b>Total (Surplus)/Deficit</b>	1.5	61.2	62.7

Notes to the Collection Fund

*Note 1 – Council Tax*

Council Tax income derives from charges raised according to the value of residential properties, classified into 8 valuation bands estimating 1 April 1991 values. Charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the precepting authorities (for Brent this is the GLA) and the Council for the forthcoming year and dividing this by the Council Tax Base (the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts) to produce a standard Band D charge. For 2021/22 the standard Band D charge was £1,741.92 (£1,644.81 in 2020/21).

The standard Band D charge is multiplied by the proportion specified for each property to produce an individual amount due for every residential property.

Council Tax bills were based on the following proportions for Bands A to H, including the GLA share:

<b>Band Name</b>	<b>Proportion of Band D Charge</b>	<b>Number of Band D Equivalent properties</b>
Band A	6/9	3,107
Band B	7/9	8,279
Band C	8/9	26,561
Band D	9/9	28,535
Band E	11/9	21,996
Band F	13/9	7,498
Band G	15/9	4,599
Band H	18/9	400

The total number of Band D equivalent properties is then multiplied by a percentage to allow for collection loss (97.5%) to give a tax base for budget setting purposes 98,450. When multiplied by the Band D charge the total budgeted income is £171.5m, of which £135.7m is attributable to Brent and £35.8m to the GLA.

*Note 2 – Non-Domestic Rate*

The total Non-Domestic Rateable Value for 2021/22 was £310.3m (£316.4m in 2020/21). The NDR Small Business Rate Multiplier for 2021/22 was £0.50 (£0.50 in 2020/21).

*Note 3 – Collection*

For Council Tax, 92.3% of the debit relating to the 2021/22 financial year had been collected by 31 March 2022. This is up from the 92.0% achieved in 2020/21. For Non Domestic Rates the in-year collection rate decreased from 87.3% to 91.3%.

## Group Accounts

Local authorities are required to produce group accounts which include interests in subsidiaries, associates and joint ventures.

The group accounts consolidate the accounts of the First Wave Housing, Barham Park Trust, I4B and LGA Digital Services. First Wave Housing provide housing in Brent and is wholly owned by Brent Council. Barham Park Trust is a charity that is controlled by the Council as a result of the Council appointing all the trustees. I4B Holdings Limited is a company wholly owned by Brent Council to deliver the housing options defined in the Temporary Accommodation reform plan. LGA Digital Service Limited is a company that is 50% owned by the Council and 50% owned by the Local Government Association.

The following group financial statements have been prepared:

- Group Balance Sheet
- Group Movement in Reserves Statement (Group MIRS)
- Group Comprehensive Income and Expenditure Account
- Group Cash Flow Statement

A significant amount of information in these statements is identical to Brent's accounts on the preceding pages of this document. Information has not been reproduced in the group accounts where it can be readily seen in Brent's accounting statements.

### Group Accounting Policies

The group accounts have been prepared using the same accounting policies as the Brent single entity accounts shown in this document. Additional details are included in the Accounting Policies section below.

Group Statements

Group Balance Sheet

<b>*Restated 31-Mar 2021 £m</b>	<b>Group Accounts Detail</b>	<b>31-Mar 2022 £m</b>
2,216.2	Property, Plant & Equipment	2,408.1
0.5	Heritage Assets	0.5
12.6	Investment Property	12.8
14.1	Intangible Assets	19.4
5.7	Long Term Investments	0.3
30.0	Long Term Debtors	35.5
<b>2,279.1</b>	<b>Long Term Assets</b>	<b>2,476.6</b>
0.9	Short Term Investments	0.0
0.0	Assets Held for Sale	0.0
160.6	Short Term Debtors	175.9
146.7	Cash and Cash Equivalents	142.7
<b>308.2</b>	<b>Current Assets</b>	<b>318.6</b>
(125.5)	Short Term Borrowing	(123.3)
(129.1)	Short Term Creditors	(195.4)
(24.6)	Grants Receipt in Advance- Revenue	(9.6)
(2.2)	Provisions	(2.8)
<b>(281.4)</b>	<b>Current Liabilities</b>	<b>(331.1)</b>
(3.1)	Long Term Creditors	(0.0)
(37.9)	Provisions	(30.4)
(564.5)	Long Term Borrowing	(565.2)
(875.1)	Other Long Term Liabilities	(762.4)
<b>(1,480.6)</b>	<b>Long Term Liabilities</b>	<b>(1,358.0)</b>
<b>825.3</b>	<b>Net Assets</b>	<b>1,106.1</b>

Group Accounts Reserves for 2021/22 and 2020/21

<b>*Restated 31-Mar 2021 £m</b>	<b>Group Accounts Reserves</b>	<b>31-Mar 2022 £m</b>
(443.8)	Usable Reserves	(437.7)
(381.5)	Unusable Reserves	(668.4)
<b>(825.3)</b>	<b>Total Reserves</b>	<b>(1,106.1)</b>

\*Balances have been restated for prior period errors relating the Brent Account. This include revaluation of the Stonebridge Housing Private Finance Initiative (PFI). The PFI was revalued based on affordable rent rather than social rent, the restatement therefore adjusts the value to social rent. There is also a prior period error for the misclassification of other long term liabilities as long term creditors. Please see page 125 for detail on both.

Group Consolidated Income & Expenditure Statement for 2021/22

Income and Expenditure Detail	2021/22 Gross Expenditure £m	2021/22 Gross Income £m	2021/22 Net Expenditure £m
Assistant Chief Executive	24.3	(2.3)	22.0
Chief Executive Department	26.1	(1.2)	24.9
Children & Young People (GF)	91.4	(24.2)	67.2
Children & Young People (DSG)	231.9	(221.7)	10.2
Community Wellbeing (GF)	219.9	(84.7)	135.2
Community Wellbeing (HRA)	115.4	(65.8)	49.6
Customer & Digital Services	61.2	(34.4)	26.8
Regeneration & Environment	105.4	(45.0)	60.4
Central Items	232.0	(294.4)	(62.4)
<b>Cost of Services</b>	<b>1,107.6</b>	<b>(773.7)</b>	<b>333.9</b>
Other operating expenditure	-	-	5.3
Financing and investment income & expenditure	-	-	38.7
Taxation and non-specific grant income	-	-	(337.7)
<b>(Surplus) or Deficit on Provision of Services</b>	-	-	<b>40.2</b>
(Surplus) or deficit on revaluation of Property, Plant and Equipment assets	-	-	(149.5)
Deferred Tax Charge	-	-	0.7
Actuarial (gains)/losses on pension assets and liabilities	-	-	(172.2)
<b>Other Comprehensive Income and Expenditure</b>	-	-	<b>(321.0)</b>
<b>Total Comprehensive Income and Expenditure</b>	-	-	<b>(280.8)</b>

Income and Expenditure Detail	*Restated 2020/21 Gross Expenditure £m	2020/21 Gross Income £m	*Restated 2020/21 Net Expenditure £m
Assistant Chief Executive	13.8	(1.1)	12.7
Chief Executive Department	19.4	(1.3)	18.1
Children & Young People (GF)	85.1	(32.2)	52.9
Children & Young People (DSG)	211.9	(211.6)	0.3
Community Wellbeing (GF)	258.9	(96.4)	162.5
Community Wellbeing (HRA)	108.2	(63.6)	44.6
Customer & Digital Services	60.8	(30.7)	30.1
Regeneration & Environment	95.8	(36.3)	59.5
Central Items	283.1	(330.8)	(47.7)
<b>Cost of Services</b>	<b>1,137.0</b>	<b>(804.0)</b>	<b>333.0</b>
Other operating expenditure	-	-	(3.5)
Financing and investment income & expenditure	-	-	35.7
Taxation and non-specific grant income	-	-	(344.5)
<b>(Surplus) or Deficit on Provision of Services</b>	-	-	<b>20.7</b>
(Surplus) or deficit on revaluation of Property, Plant and Equipment assets	-	-	(86.8)
Deferred Tax Charge	-	-	3.3
Actuarial (gains)/losses on pension assets and liabilities	-	-	194.2
<b>Other Comprehensive Income and Expenditure</b>	-	-	<b>110.7</b>
<b>Total Comprehensive Income and Expenditure</b>	-	-	<b>131.4</b>

\*Balances have been restated for prior period errors relating the Brent Account. This include revaluation of the Stonebridge Housing Private Finance Initiative (PFI). The PFI was revalued based on affordable rent rather than social rent, the restatement therefore adjusts the value to social rent. Please see page 125 for detail on both.

## Group Cashflow Statement

<b>*Restated 2020/21 £m</b>	<b>Cash Flow Detail</b>	<b>2021/22 £m</b>
(20.7)	Net surplus or (deficit) on the provision of services	(40.2)
137.4	Adjustments for non-cash movements	173.2
(55.9)	Adjustments for investing and financing activities	(95.6)
<b>60.8</b>	<b>Net cash inflows/(outflows) from Operating Activities</b>	<b>37.4</b>
(105.8)	Net cash inflows/(outflow) from Investing activities	(63.9)
53.8	Net cash inflows/(outflow) from Financing activities	22.5
<b>8.8</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(4.0)</b>
137.9	Cash and cash equivalents at the beginning of the reporting period	146.7
<b>146.7</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>142.7</b>

\*Balances have been restated for prior period errors relating the Brent Account. This include revaluation of the Stonebridge Housing Private Finance Initiative (PFI). The PFI was revalued based on affordable rent rather than social rent, the restatement therefore adjusts the value to social rent. Please see page 125 for detail on both.

Group Movement In Reserves

Detail	General Fund Balance £m	School Balances £m	Earmarked Reserves General Fund £m	HRA Balance £m	Earmarked Reserves HRA £m	Capital Receipts Reserve £m	Major Repairs Reserve £m	Capital Grants Unapplied £m	Total Usable Reserves £m	Unusable Reserves £m	Total Council Reserves £m	Council's Share of Reserves of Subsidiaries, Associated and Joint Ventures £m	Total Group Reserves £m
<b>*Restated Balance as at 1 April 2021</b>	<b>(15.1)</b>	<b>(17.8)</b>	<b>(210.5)</b>	<b>(1.4)</b>	<b>(1.7)</b>	<b>(7.0)</b>	<b>(0.6)</b>	<b>(189.2)</b>	<b>(443.3)</b>	<b>(364.6)</b>	<b>(807.9)</b>	<b>(17.3)</b>	<b>(825.3)</b>
<b>Movement in reserves during 2021/22</b> (Surplus) or deficit on the provision of services	(13.1)	0.0	0.0	63.8	0.0	0.0	0.0	0.0	<b>50.7</b>	0.0	<b>50.7</b>	(10.5)	<b>40.2</b>
Other comprehensive income & expenditure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>	(319.7)	<b>(319.7)</b>	(1.3)	<b>(321.0)</b>
<b>Total comprehensive income &amp; expenditure</b>	<b>(13.1)</b>	<b>0.0</b>	<b>0.0</b>	<b>63.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>50.7</b>	<b>(319.7)</b>	<b>(269.0)</b>	<b>(11.8)</b>	<b>(280.8)</b>
Adjustments between Group Accounts and Council Accounts	(9.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>(9.3)</b>	0.0	<b>(9.3)</b>	9.3	<b>0.0</b>
<b>Net Increase/Decrease before Transfers</b>	<b>(22.4)</b>	<b>0.0</b>	<b>0.0</b>	<b>63.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>41.4</b>	<b>(319.7)</b>	<b>(278.3)</b>	<b>(2.5)</b>	<b>(280.8)</b>
Adjustments between accounting basis & funding basis under regulations	40.0	0.0	0.0	(62.8)	0.0	0.0	(0.3)	(30.9)	<b>(54.0)</b>	54.0	<b>0.0</b>	0.0	<b>0.0</b>
<b>Net (increase)/decrease before transfers to earmarked reserves</b>	<b>17.6</b>	<b>0.0</b>	<b>0.0</b>	<b>1.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.3)</b>	<b>(30.9)</b>	<b>(12.6)</b>	<b>(265.7)</b>	<b>(278.3)</b>	<b>(2.5)</b>	<b>(280.8)</b>
Transfers (to)/from earmarked reserves	(17.6)	0.8	16.8	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>	0.0	<b>0.0</b>	0.0	<b>0.0</b>
<b>(Increase)/decrease in 2021/22</b>	<b>(0.0)</b>	<b>0.8</b>	<b>16.8</b>	<b>1.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.3)</b>	<b>(30.9)</b>	<b>(12.6)</b>	<b>(265.7)</b>	<b>(278.3)</b>	<b>(2.5)</b>	<b>(280.8)</b>
<b>Balance as at 31 March 2022</b>	<b>(15.1)</b>	<b>(17.0)</b>	<b>(193.7)</b>	<b>(0.4)</b>	<b>(1.7)</b>	<b>(7.0)</b>	<b>(0.9)</b>	<b>(220.1)</b>	<b>(455.9)</b>	<b>(630.3)</b>	<b>(1,086.2)</b>	<b>(19.9)</b>	<b>(1,106.1)</b>



\*Balances have been restated for prior period errors relating the Brent Account. This includes revaluation of the Stonebridge Housing Private Finance Initiative (PFI). The PFI was revalued based on affordable rent rather than social rent, the restatement therefore adjusts the value to social rent. And restatement for the accounting for unapplied unapplied Section 106 (S106) and Community Infrastructure Levy (CIL) income. The S106 and CIL unapplied income was previously accounted for in the earmarked general fund reserves in error, the restatement accounts for this in the Capital Grants Unapplied in accordance to The Code. Please see page 125 for detail on both.

\*Restated Group Movement in Reserves 2020/21

<b>*Restated Detail</b>	General Fund Balance £m	School Balances £m	Earmarked Reserves General Fund £m	HRA Balance £m	Earmarked Reserves HRA £m	Capital Receipts Reserve £m	Major Repairs Reserve £m	Capital Grants Unapplied £m	<b>Total Usable Reserves £m</b>	Unusable Reserves £m	<b>Total Council Reserves £m</b>	Council's Share of Reserves of Subsidiaries, Associated and Joint Ventures £m	<b>Total Group Reserves £m</b>
<b>Balance as at 1 April 2020</b>	<b>(15.1)</b>	<b>(8.5)</b>	<b>(151.9)</b>	<b>(1.4)</b>	<b>(4.4)</b>	<b>(11.6)</b>	<b>(0.0)</b>	<b>(203.9)</b>	<b>(396.8)</b>	<b>(547.4)</b>	<b>(944.2)</b>	<b>(12.5)</b>	<b>(956.7)</b>
<b>Movement in reserves during 2020/21</b> (Surplus) or deficit on the provision of services	(40.3)	0.0	0.0	43.7	0.0	0.0	0.0	0.0	<b>3.4</b>	0.0	<b>3.4</b>	17.3	<b>20.7</b>
Other comprehensive income & expenditure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>	126.3	<b>126.3</b>	(15.6)	<b>110.7</b>
<b>Total comprehensive income &amp; expenditure</b>	<b>(40.3)</b>	<b>0.0</b>	<b>0.0</b>	<b>43.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>3.4</b>	<b>126.3</b>	<b>129.7</b>	<b>1.7</b>	<b>131.4</b>
Adjustments between Group Accounts and Council Accounts	6.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>6.6</b>	0.0	<b>6.6</b>	(6.6)	<b>0.0</b>
<b>Net Increase/Decrease before Transfers</b>	<b>(33.7)</b>	<b>0.0</b>	<b>0.0</b>	<b>43.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>10.0</b>	<b>126.3</b>	<b>136.3</b>	<b>(4.9)</b>	<b>131.4</b>
Adjustments between accounting basis & funding basis under regulations	(34.2)	0.0	0.0	(41.0)	0.0	4.6	(0.6)	14.7	<b>(56.5)</b>	56.5	<b>0.0</b>	0.0	<b>0.0</b>

<b>*Restated Detail</b>	General Fund Balance £m	School Balances £m	Earmarked Reserves General Fund £m	HRA Balance £m	Earmarked Reserves HRA £m	Capital Receipts Reserve £m	Major Repairs Reserve £m	Capital Grants Unapplied £m	<b>Total Usable Reserves £m</b>	Unusable Reserves £m	<b>Total Council Reserves £m</b>	Council's Share of Reserves of Subsidiaries, Associated and Joint Ventures £m	<b>Total Group Reserves £m</b>
<b>Net (increase)/decrease before transfers to earmarked reserves</b>	<b>(67.9)</b>	<b>0.0</b>	<b>0.0</b>	<b>2.7</b>	<b>0.0</b>	<b>4.6</b>	<b>(0.6)</b>	<b>14.7</b>	<b>(46.5)</b>	<b>182.8</b>	<b>136.3</b>	<b>(4.9)</b>	<b>131.4</b>
Transfers (to)/from earmarked reserves	67.9	(9.3)	(58.6)	(2.7)	2.7	0.0	0.0	0.0	<b>0.0</b>	0.0	<b>0.0</b>	0.0	<b>0.0</b>
<b>(Increase)/decrease in 2020/21</b>	<b>(0.0)</b>	<b>(9.3)</b>	<b>(58.6)</b>	<b>0.0</b>	<b>2.7</b>	<b>4.6</b>	<b>(0.6)</b>	<b>14.7</b>	<b>(46.5)</b>	<b>182.8</b>	<b>136.3</b>	<b>(4.9)</b>	<b>131.4</b>
<b>Balance as at 31 March 2021</b>	<b>(15.1)</b>	<b>(17.8)</b>	<b>(210.5)</b>	<b>(1.4)</b>	<b>(1.7)</b>	<b>(7.0)</b>	<b>(0.6)</b>	<b>(189.2)</b>	<b>(443.3)</b>	<b>(364.6)</b>	<b>(807.9)</b>	<b>(17.4)</b>	<b>(825.3)</b>

\*Balances have been restated for prior period errors relating the Brent Account. This includes revaluation of the Stonebridge Housing Private Finance Initiative (PFI). The PFI was revalued based on affordable rent rather than social rent, the restatement therefore adjusts the value to social rent. And restatement for the accounting for unapplied unapplied Section 106 (S106) and Community Infrastructure Levy (CIL) income. The S106 and CIL unapplied income was previously accounted for in the earmarked general fund reserves in error, the restatement accounts for this in the Capital Grants Unapplied in accordance to The Code. Please see page 125 for detail on both. The Group MIRS have also been restated to comply with The Code's requirement on the presentation of this statement, the restatement includes the additional analysis of the adjustments between groups accounts and Council accounts within the net increase/decrease before transfers.

## Notes to the Group Accounts

This shows the main differences between items in Brent's single entity accounts and the group accounts. Where there are intra-group entries these are adjusted in calculating the overall group position.

### 2021/22 main adjustments

Adjustment Detail	Consolidated accounts £m	Brent Council £m	I4B £m	I4B Opening Balance £m	FwH £m	Barham Park £m	LGA £m	Adjustments £m
Property, Plant & Equipment	2,408.1	2,186.9	54.2	(2.3)	43.0	0.9	0.0	125.4
Investment Property	12.8	0.0	130.9	(3.4)	12.8	0.0	0.0	(127.5)
Long Term Investments	0.3	91.8	0.0	0.0	0.0	0.0	0.0	(91.5)
Long Term Debtors	35.5	156.2	0.0	0.0	0.0	0.0	0.0	(120.7)
Short Term Debtors	175.9	182.7	4.2	(0.1)	3.0	0.6	0.4	(14.9)
Short Term Investments	0.0	0.3	0.0	0.0	0.0	0.0	0.0	(0.3)
Cash and Cash Equivalents	142.7	136.4	2.1	0.0	4.2	0.0	0.0	0.0
Short Term Creditors	(195.4)	(195.5)	(10.1)	1.5	(5.2)	0.0	(0.4)	14.3
Long Term Creditors	(30.3)	(30.3)	0.0	0.0	0.0	0.0	0.0	0.0
Long Term Borrowing	(565.2)	(565.2)	(142.1)	0.0	(34.7)	0.0	0.0	176.8
Usable Reserves	(437.7)	(456.0)	(19.0)	0.7	(0.4)	(1.5)	0.0	38.5
Unusable Reserves	(668.4)	(630.3)	(19.4)	3.5	(22.2)	0.0	0.0	0.0
Community Wellbeing (HRA)	49.6	59.3	(5.9)	2.3	(4.7)	0.0	0.0	(1.4)
Central Items	(62.4)	(66.0)	0.0	0.0	0.0	0.0	0.0	3.6
Financing and investment income & expenditure	38.8	33.7	4.0	0.0	1.1	0.0	0.0	0.0
Taxation and non-specific grant income	(337.7)	(337.7)	0.0	0.0	0.0	0.0	0.0	0.0
(Surplus) or Deficit on Provision of Services	(40.2)	(41.4)	(1.9)	2.3	(3.6)	(0.1)	0.0	4.5
(Surplus) or deficit on revaluation of Property, Plant and Equipment assets	(149.5)	(147.5)	(2.1)	0.0	0.1	0.0	0.0	0.0
Deferred Tax Charge	0.7	0.0	0.0	0.0	0.7	0.0	0.0	0.0
Other Comprehensive Income and Expenditure	(321.0)	(319.7)	1.0	0.0	(2.3)	0.0	0.0	0.0

I4B records its properties as investment properties under its accounting policies to comply with UK GAAP, whereas in the group accounts these have to be recorded as Property, Plant and Equipment to comply with the CIPFA Code. This explains the £127.5m transfer from Investment Properties to Property Plant and Equipment (PPE).

Removal of intra-group transaction relating to loans within the group, the main adjustments are £91.5m reduction in Long Term Investments and a £120.7m reduction in Long Term Debtors, combined with a £176.8m reduction in Long Term Borrowing and £38.5m reduction in Usable Reserves. Current Debtors have been reduced by £14.9m and Current Creditors have been reduced by £14.3m. These principally relate to:

- rents and housing benefit owed by the council to its subsidiaries,
- the remainder of the intra-company loan balances,
- monies owed by the subsidiaries to the council for services provided by the council,
- and amounts relating to money held by the council on behalf of Barham Park.

#### **I4B Opening Balance Adjustment**

As a result of the audit of the 2020-21 I4B accounts, the following adjustments were made and have been included in the group accounts for 2021-22:

- investment properties were reduced by £3.4m due to a double count of construction costs,
- Plant Property and Equipment was reduced by £2.3 due to a valuation adjustment,
- debtors were reduced by £0.1m due to a reduction in deferred tax asset,
- creditors were increased by £0.1m due to a reduction in corporation tax,
- deferred tax was reduced by £1.6m to an adjusted capital gains tax calculation on Stamp Duty Land Tax.
- These changes meant that retained earnings were reduced by £0.7m and the Revaluation Reserve was reduced by £3.5m.

**\*Restated 2020/21 main adjustments**

	Consolidated accounts	Brent Council	I4B	FwH	Barha m Park	LGA	Adjustments
	£m	£m	£m	£m	£m	£m	£m
Property, Plant & Equipment	2,216.2	2,016.3	52.6	37.5	0.9	0.0	103.2
Investment Property	12.6	0.0	105.1	12.6	0.0	0.0	(105.1)
Long Term Investments	5.7	76.3	0.0	0.0	0.0	0.0	(70.6)
Long Term Debtors	30.0	152.9	0.0	0.0	0.0	0.0	(122.9)
Short Term Debtors	160.6	165.7	1.0	2.0	0.5	0.1	(8.7)
Cash and Cash Equivalents	146.7	142.0	2.2	2.5	0.0	0.1	(0.1)
Short Term Creditors	(129.1)	(130.9)	(4.9)	(1.0)	0.0	(0.2)	7.9
Long Term Creditors	(3.1)	0.0	(2.2)	(0.9)	0.0	0.0	0.0
Long Term Borrowing	(564.5)	(564.5)	(126.0)	(35.1)	0.0	0.0	161.1
Unusable Reserves	(381.5)	(364.6)	(32.4)	(16.9)	0.0	0.0	32.4
Usable Reserves	(443.8)	(443.4)	(1.1)	0.2	(1.4)	0.0	1.9
Community Wellbeing (HRA)	44.6	38.6	(2.8)	10.4	0.0	0.0	(1.6)
Financing and investment income & expenditure	35.7	30.9	3.7	1.1	0.0	0.0	0.0
(Surplus) or Deficit on Provision of Services	20.7	9.9	0.9	11.5	0.0	0.0	(1.6)
(Surplus) or deficit on revaluation of Property, Plant and Equipment assets	(86.8)	(67.9)	(17.4)	(1.5)	0.0	0.0	0.0
Other Comprehensive Income and Expenditure	110.7	126.3	(14.1)	(1.5)	0.0	0.0	0.0

\*Balances have been restated for prior period errors relating the Brent Account. This include revaluation of the Stonebridge Housing Private Finance Initiative (PFI). The PFI was revalued based on affordable rent rather than social rent, the restatement therefore adjusts the value to social rent. There is also a prior period error for the misclassification of other long term liabilities as long term creditors. Please see page 125 for detail on both.

I4B records its properties as investment properties under its accounting policies to comply with UK GAAP, whereas in the group accounts these have to be recorded as Property, Plant and Equipment to comply with the CIPFA Code. This explains the (£103.2m) and £105.1m adjustments to Investment Property and Property, Plant and Equipment respectively. The small difference of £1.9m between these two values relates to the difference in current value between these two different treatments (Property, Plant and Equipment is depreciated, and Investment Properties are not), the net effect of this is a £1.9m reduction in reserves.

Loans made by the Council to I4B and First Wave Housing have been removed from the group accounts, to remove transactions within the group. This has the effect of reducing long-term debtors by £122.9 and long term investments by £38.4m, this offsets long term borrowing for First Wave Housing and I4B. Long term investments are reduced by a further £32.4m to reflect the Council's equity stake in I4B, this reduces I4B reserves.

## Note 1 to the Group Accounts: Consolidated Plant Property and Equipment

Movements in Consolidated Plant, Property and Equipment for 2021/22

Movements in 2021/22	Council Dwellings £m	Land & Buildings £m	VPF&E £m	Surplus Assets £m	Asset under Construction £m	Total £m	**PFI Assets £m
<b>*Restated Cost or Valuation At 1 April 2021</b>	<b>669.7</b>	<b>1,168.7</b>	<b>56.5</b>	<b>10.2</b>	<b>148.2</b>	<b>2,053.3</b>	<b>74.0</b>
Additions	26.9	32.9	0.9	0.9	69.4	<b>131.0</b>	0.9
Depreciation written out	(7.7)	(13.7)	0.0	0.0	0.0	<b>(21.4)</b>	(1.0)
Revaluation increases (decreases) in the Revaluation Reserve	103.9	45.1	0.0	0.0	0.0	<b>149.0</b>	16.1
Revaluation increases (decreases) in the Surplus / Deficit on the Provision of Services	(65.0)	(0.8)	0.0	0.0	0.0	<b>(65.8)</b>	0.0
Derecognition - Disposals	(2.6)	(6.2)	0.0	0.0	(0.1)	<b>(8.9)</b>	0.0
Reclassifications (to/from Assets Held for Sale)	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>	0.0
Other movements in Cost or Valuations	82.9	31.4	0.0	0.0	(114.3)	<b>0.0</b>	0.0
<b>At 31 March 2022</b>	<b>808.1</b>	<b>1,257.4</b>	<b>57.6</b>	<b>11.1</b>	<b>103.2</b>	<b>2,237.2</b>	<b>93.2</b>
<b>*Restated Depreciation and Impairments At 1 April 2021</b>	<b>(8.1)</b>	<b>(17.4)</b>	<b>(39.5)</b>	<b>0.0</b>	<b>0.0</b>	<b>(65.0)</b>	<b>(8.1)</b>
Charge for 2021/22	(10.6)	(14.7)	(2.9)	0.0	0.0	<b>(28.2)</b>	(1.4)
Depreciation written out	7.7	14.1	0.0	0.0	0.0	<b>21.8</b>	1.0
Impairment losses (reversals) recognised in the Revaluation Reserve	(0.2)	0.0	0.0	0.0	0.0	<b>(0.2)</b>	0.0
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	(0.1)	0.0	0.0	0.0	0.0	<b>(0.1)</b>	0.0
Derecognition - Disposals	0.0	0.1	0.0	0.0	0.0	<b>0.1</b>	0.0
Reclassifications (to/from Assets Held for Sale)	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>	0.0
Other Movements in Depreciation & Impairments	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>	0.0
<b>At 31 March 2022</b>	<b>(11.3)</b>	<b>(17.9)</b>	<b>(42.4)</b>	<b>0.0</b>	<b>0.0</b>	<b>(71.6)</b>	<b>(8.5)</b>
<b>Balance Sheet NBV at 31 March 2022</b>	<b>796.9</b>	<b>1,239.5</b>	<b>14.9</b>	<b>11.1</b>	<b>103.2</b>	<b>2,165.6</b>	<b>84.7</b>
<b>Balance Sheet NBV at 1 April 2021</b>	<b>661.7</b>	<b>1,151.2</b>	<b>16.8</b>	<b>10.4</b>	<b>148.0</b>	<b>1,988.1</b>	<b>69.1</b>

\*Balances have been restated for prior period errors relating the Brent Account. This include revaluation of the Stonebridge Housing Private Finance Initiative (PFI). The PFI was revalued based on affordable rent rather than social rent, the restatement therefore adjusts the value to social rent. Please see page 125 for detail on both.

*Restated Movements in 2020/21	Council Dwellings	Land & Buildings	VPF&E	Surplus Assets	Asset under Construction	Total	**PFI Assets
	£m	£m	£m	£m	£m	£m	£m

#### Cost or Valuation

At 1 April 2020	626.0	1,099.1	55.6	8.2	156.9	1,945.8	72.6
Additions	26.0	72.2	0.9	0.0	28.2	127.3	0.9
Depreciation written out	(7.9)	(18.4)	0.0	0.0	0.0	(26.3)	(1.1)
Revaluation increases (decreases) in the Revaluation Reserve	33.8	43.3	0.0	6.1	0.0	83.2	1.6
Revaluation increases (decreases) in the Surplus / Deficit on the Provision of Services	(45.7)	(13.7)	0.0	(4.3)	0.0	(63.7)	0.0
Derecognition - Disposals	(1.9)	(3.6)	0.0	0.0	(7.5)	(13.0)	0.0
Reclassifications (to/from Assets Held for Sale)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other movements in Cost or Valuations	39.4	(10.2)	0.0	0.2	(29.4)	0.0	0.0
At 31 March 2021	669.7	1,168.7	56.5	10.2	148.2	2,053.3	74.0

#### Depreciation and Impairments

At 1 April 2020	(7.5)	(27.2)	(36.3)	0.0	0.0	(64.8)	(7.8)
Charge for 2020/21	(7.9)	(14.3)	(3.2)	0.0	0.0	(25.4)	(1.5)
Depreciation written out	7.9	17.9	0.0	0.0	0.0	25.8	1.1
Impairment losses (reversals) recognised in the Revaluation Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	(0.6)	6.2	0.0	0.0	0.0	(0.6)	0.0
Derecognition - Disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reclassifications (to/from Assets Held for Sale)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Movements in Depreciation & Impairments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
At 31 March 2021	(8.1)	(17.4)	(39.5)	0.0	0.0	(65.0)	(8.2)

#### Balance Sheet Net Book Values (NBV)

Balance Sheet NBV at 31 March 2021	661.6	1,151.3	17.0	10.2	148.2	1,988.3	65.8
Balance Sheet NBV at 1 April 2020	618.5	1,071.9	19.3	8.2	156.9	1,874.8	64.8

\*Balances have been restated for prior period errors relating the Brent Account. This include revaluation of the Stonebridge Housing Private Finance Initiative (PFI). The PFI was revalued based on affordable rent rather than social rent, the restatement therefore adjusts the value to social rent. Please see page 125 for detail on both.



\*\*PFI Assets included within Land & Buildings, VP&E, intangibles and infrastructure are presented in a separate memorandum column to show their total value within the Council's overall PP&E. Intangible assets are shown in a separate asset classification within the Group Balance Sheet.

#### Infrastructure Assets

	2021/22 £m	2020/21 £m
<b>Infrastructure Assets</b>		
<b>Net Book Value at 1 April</b>	<b>227.9</b>	<b>206.9</b>
Additions	21.2	28.0
Derecognition	0.0	0.0
Depreciation	(6.6)	(7.0)
Impairment	0.0	0.0
Other movements in cost	0.0	0.0
<b>Net Book Value at 1 April</b>	<b>242.5</b>	<b>227.9</b>

#### Note 2 to the Group Accounts: Investment Property

Movements in Investment Property for 2021/22 and 2020/21

	2021/22 £m	2020/21 £m
<b>Movements</b>		
<b>Cost or Valuation At 1 April</b>	<b>12.6</b>	<b>12.4</b>
Additions	0.0	0.0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0.2	0.2
<b>At 31 March</b>	<b>12.8</b>	<b>12.6</b>

#### Note 3 to the Group Accounts: Detailed Cashflow

*Restated 2020/21 £m	Cash Flow Detail	2021/22 £m
(20.7)	Net surplus or (deficit) on the provision of services	(40.2)
31.0	Depreciation	35.6
65.9	Impairment and downward valuations	64.0
(2.4)	Revaluation of Investment Properties charged to the net surplus or deficit on the provision of services	0.0
1.1	Amortisation	2.2
24.6	Increase/(decrease) in creditors	14.1
(41.0)	(Increase)/decrease in debtors	25.1
8.7	Movement in pension liability	31.2
12.9	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	8.8
36.5	Other non-cash items charged to the net surplus or deficit on the provision of services	(7.8)

<b>*Restated 2020/21 £m</b>	<b>Cash Flow Detail</b>	<b>2021/22 £m</b>
(21.1)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(7.8)
0.0	Tax paid	(0.4)
(34.7)	Any other items for which the cash effects are investing or financing cash flows	(87.4)
<b>60.8</b>	<b>Net cash inflows/(outflows) from Operating Activities</b>	<b>37.4</b>
(164.1)	Purchase of property, plant and equipment, investment property and intangible assets	(159.9)
(14.4)	Purchase of short-term and long-term investments	0.0
16.8	Other payments for investing activities	0.0
20.1	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	7.7
0.0	Proceeds of sale of short and long term investments	0.6
35.8	Other receipts from investing activities	87.7
<b>(105.8)</b>	<b>Net cash inflows/(outflows) from Investing Activities</b>	<b>(63.9)</b>
64.0	Cash receipts of short and long term borrowing	147.4
(2.3)	Cash inflow/(outflow) relating to Private Finance Initiative schemes	(2.6)
(7.9)	Repayments of short and long term borrowing	(122.3)
0.0	Other payments for financing activities	0.0
<b>53.8</b>	<b>Net cash inflows/(outflows) from Financing Activities</b>	<b>22.5</b>
8.8	<b>Net increase/(decrease) in cash and cash equivalents</b>	4.0
137.9	Cash and cash equivalents at the beginning of the reporting period	146.7
<b>146.7</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>142.7</b>

\*Balances have been restated for prior period errors relating the Brent Account. This include revaluation of the Stonebridge Housing Private Finance Initiative (PFI). The PFI was revalued based on affordable rent rather than social rent, the restatement therefore adjusts the value to social rent. Please see page 123 for detail on both.

#### Note 4 to the Group Accounts: Audit fees

Consolidated audit fees for Group Accounts for 2021/22 and 2020/21

<b>Audit Fee Detail</b>	<b>2021/22 £'000</b>	<b>2020/21 £'000</b>
External audit services for in-year	301.5	296.0
Fees for other services provided by external auditor for year (grants)	30.5	33.0
<b>Total</b>	<b>332.0</b>	<b>329.0</b>

**Note 5 to the Group Accounts: Short Term Debtors**

<b>Short Term Debtors</b>	<b>31-Mar-2022</b>	<b>31-Mar-2021</b>
	<b>£m</b>	<b>£m</b>
Trade receivables Outstanding	92.0	72.5
Less impairments	(26.4)	(23.7)
<b>Net Trade receivables</b>	<b>65.6</b>	<b>48.8</b>
<b>Prepayments</b>	<b>4.1</b>	<b>3.8</b>
Local Taxation receivables Outstanding	55.0	51.4
Less impairments	(32.3)	(25.8)
<b>Net Local Taxation receivables</b>	<b>22.7</b>	<b>25.6</b>
Other receivables amounts Outstanding	119.3	121.6
Less impairments	(35.8)	(39.2)
<b>Net Other receivable amounts</b>	<b>83.5</b>	<b>82.4</b>
<b>Total</b>	<b>175.9</b>	<b>160.6</b>

**Prior Period Errors**

The Groups Accounts have been restated for prior period errors relating the Brent Account. This includes:

- Revaluation of the Stonebridge Housing Private Finance Initiative (PFI). The PFI was revalued based on affordable rent rather than social rent, the restatement therefore adjusts the value to social rent.
- Restatement for the accounting for unapplied unapplied Section 106 (S106) and Community Infrastructure Levy (CIL) income. The S106 and CIL unapplied income was previously accounted for in the earmarked general fund reserves in error, the restatement accounts for this in the Capital Grants Unapplied in accordance to The Code.

Please see page 125 for detail on both.

The Group MIRS have also been restated to comply with The Code's requirement on the presentation of this statement, the restatement includes the additional analysis of the adjustments between groups accounts and Council accounts within the net increase/decrease before transfers. Below table shows the effect of this restatement on the Group MIRS:

\*The General Fund Balance has been restated for the revaluation of Stonebridge Housing PFI as set out in the Brent Prior Period Errors on page 123 and for the restatement of presentation of the Group MIRS. The table below splits the restatement between the two prior period errors in the last two columns.

Effect on Group MIRS 2020/21	Originally Stated 2020/21: General Fund Balance £m	Originally Stated 2020/21: Council's Share of Reserves of Subsidiaries, Associated and Joint Ventures £m	Restated 2020/21: General Fund Balance £m	Restated 2020/21: Council's Share of Reserves of Subsidiaries, Associated and Joint Ventures £m	Amount of Restatement £m	*Amount of Restatement relating to the Brent Accounts	Amount of Restatement relating to Group MIRS presentation
<b>Movement in reserves during 2020/21</b> (Surplus) or deficit on the provision of services	(32.6)	14.1	(40.3)	17.3	(4.5)	(1.1)	6.6
Adjustments between Group Accounts and Council Accounts	0.0	0.0	6.6	(6.6)	0.0	0.0	0.0

# Statement of Responsibilities for the Statement of Accounts

## **The Council's Responsibilities**

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Corporate Director for Finance and Resources;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

## **The Responsibilities of the Corporate Director for Finance and Resources**

The Corporate Director for Finance and Resources is responsible for the preparation of the Council's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Council Accounting in Great Britain ('the Code of Practice'), is required to present fairly the financial position of the Council at the Accounting date and its income and expenditure for the year ended 31 March 2022.

In preparing this statement of accounts, the Corporate Director for Finance and Resources has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the Authority'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 Authority at 31 March 2022 and of its income and expenditure for the year then ended.



Minesh Patel

Corporate Director for Finance and Resources

## Additional Reconciliations

Nature of Income and Expenditure for 2020/21 and 2021/22:

<b>2020/21 £m</b>	<b>Income and Expenditure Detail</b>	<b>2021/22 £m</b>
84.3	Depreciation & Impairment Losses	102.4
279.6	Employee Expenses	315.3
80.0	Premises Related Expenditure	80.6
180.6	Supplies and Services	135.6
1.7	Support Services	0.0
165.8	Third Party Payments	300.9
307.3	Transfer Payments	147.7
24.3	Transport Related Expenditure	25.4
<b>1,123.6</b>	<b>Total Gross Expenditure</b>	<b>1,107.9</b>
(182)	Customer and Client Receipts	(177.0)
(581.4)	Government Grants	(550.3)
(32.0)	Other Grants, Reimbursements & Contributions	(40.5)
<b>(795.4)</b>	<b>Total Gross Income</b>	<b>(767.8)</b>
<b>328.2</b>	<b>Net Cost of Services</b>	<b>340.1</b>
30.9	Financing and Investment Income & Expenditure	33.7
(3.5)	Other Operating Expenditure	5.3
(344.5)	Taxation & non-specific grant income	(337.7)
<b>(317.1)</b>	<b>Total Other Income &amp; Expenditure</b>	<b>(298.7)</b>
<b>11.1</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>41.4</b>

## Brent Pension Fund Account

Pension Fund Accounts as at 31 March 2022

2020/21 £m	Dealings with members, employers and others directly involved in the fund	Notes	2021/22 £m
(60.9)	Contributions	7	(64.1)
(5.9)	Transfers in from other pension funds	8	(6.8)
<b>(66.8)</b>	<b>Total Additions</b>	-	<b>(70.9)</b>
42.3	Benefits	9	46.8
5.3	Payments to and on account of leavers	10	5.9
<b>47.6</b>	<b>Total Withdrawals</b>	-	<b>52.7</b>
<b>(19.2)</b>	<b>Net (additions)/withdrawals from dealings with members</b>	-	<b>(18.2)</b>
4.2	Management expenses	11	4.3
<b>(15.0)</b>	<b>Net (additions)/withdrawals including management expenses</b>	-	<b>(13.9)</b>
-	<b>Returns on investments</b>	-	-
(0.7)	Investment income	12	(1.1)
(176.1)	(Profits) and losses on disposal of investments and changes in the market value of investments	13	(88.1)
<b>(176.8)</b>	<b>Net return on investments</b>	-	<b>(89.2)</b>
<b>(191.8)</b>	<b>Net (increase)/decrease in the net assets available for benefits during the year</b>	-	<b>(103.1)</b>
<b>(839.0)</b>	<b>Opening net assets of the scheme</b>	-	<b>(1,030.7)</b>
<b>(1,030.7)</b>	<b>Closing net assets of the scheme</b>	-	<b>(1,133.8)</b>

Net Assets for the Pension Fund as at 31 March 2022

The net asset statement includes all assets and liabilities of the Fund as at 31 March 2022 but excludes long-term liabilities to pay pensions and benefits in future years. The actuarial present value of promised retirement benefits is disclosed in Note 18.

31 March 2021 £m	Net Assets Statement	Notes	31 March 2022 £m
1,032.3	Investment assets	13	1,127.7
1.5	Current assets	19	8.6
(3.1)	Current liabilities	20	(2.5)
<b>1,030.7</b>	<b>Net assets of the fund available to fund benefits at the end of the reporting period</b>	-	<b>1,133.8</b>

## Notes to the Brent Pension Fund accounts

### 1. Description of Fund

The Brent Pension Fund (the 'Fund') is part of the Local Government Pension Scheme, and is administered by Brent Council.

The following description of the Fund is a summary only.

#### a) General

The Fund is a contributory defined benefit pension scheme administered by Brent Council to provide pensions and other benefits for pensionable employees of Brent Council and a range of other scheduled and admitted bodies.

#### b) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Brent Pension Fund include:

Scheduled bodies whose staff are automatically entitled to be members of the Fund

Admitted bodies which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

There were 44 employer organisations with active members within the Brent Pension Fund at 31 March 2022, listed below:

#### **Scheduled bodies**

London Borough of Brent

Alperton Community School

ARK Academy

ARK Elvin Academy

ARK Franklin Academy

Braintcroft Primary School

Capital City Academy

Claremont High School Academy

Compass Learning Partnership

Crest Academy

Furness Primary School

Gladstone Park Primary School



Kingsbury High School  
Manor School  
Michaela Community School  
North West London Jewish Day School  
Oakington Manor Primary School  
Our Lady of Grace RC Infants School  
Our Lady of Grace RC Juniors School  
Preston Manor High School  
Queens Park Community School  
Roundwood School and Community Centre  
St Andrews and St Francis School  
St Claudine's Catholic School for Girls  
St Gregory's RC High School  
St Margaret Clitherow  
Sudbury Primary School  
The Village School  
Wembley High Technology College  
Woodfield School Academy

**Admitted bodies**

Apleona HSG Ltd (previously Bilfinger Europa Facility Management Limited)  
Barnardos  
Caterlink  
Conway Aecom  
DB Services  
Edwards and Blake  
FM Conway  
Local Employment Access Project (LEAP)  
National Autistic Society (NAS)  
Ricoh UK  
Sudbury Neighbourhood Centre

Taylor Shaw

Veolia

Veolia (Ground Maintenance)

Employers with Active Members of Brent Pension Fund in 2020/21 and 2021/22

<b>31 March 2021</b>	<b>Brent Pension Fund</b>	<b>31 March 2022</b>
41	Number of employers with active members	44

Number of Employees in Brent Pension Fund Scheme in 2020/21 and 2021/22

<b>31 March 2021</b>	<b>Type of Employees in Scheme</b>	<b>31 March 2022</b>
4,457	Brent Council	4,399
1,928	Other employers	1,640
<b>6,385</b>	<b>Total</b>	<b>6,039</b>

Number of Pensioners in Brent Pension Fund Scheme in 2020/21 and 2021/22

<b>31 March 2021</b>	<b>Type of Pensioners</b>	<b>31 March 2022</b>
6,157	Brent Council	6,210
703	Other employers	757
<b>6,860</b>	<b>Total</b>	<b>6,967</b>

Number of Deferred Pensioners in Brent Pension Fund Scheme in 2020/21 and 2021/22

<b>31 March 2021</b>	<b>Type of Deferred Pensioners</b>	<b>31 March 2022</b>
7,025	Brent Council	7,188
1,163	Other employers	1,280
<b>8,188</b>	<b>Total</b>	<b>8,468</b>

The decrease in number of active employee members in the scheme is primarily due to the Data Cleanse Project work conducted by the Fund's administration provider Local Pensions Partnership (LPP), which was started in the previous financial year (2020/21) and completed in 2021/22. The objective of this project was to review, cleanse and fix any errors identified in member data. The result of this Data Cleanse can partially be seen in the increase in deferred members.

### **c) Funding**

Benefits are funded by contributions and investment earnings. 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 for the financial year ending 31 March 2022. Employee contributions are matched by employers' contributions which are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2019. During 2021/22, the most commonly applied employer contribution rate within the Brent Pension Fund was 35.0% of pensionable pay.

### **d) Benefits**

Since April 2014, the scheme is a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate 1/49th. Accrued pension is updated annually in line with the Consumer Price index.

For a summary of the scheme before April 2014 and details of a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits please refer to the LGPS website: [www.lgpsmember.org](http://www.lgpsmember.org)

## **2. Basis of preparation**

The Statement of Accounts summarises the Fund's transactions for the 2021/22 financial year and its position at year-end as at 31 March 2022. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts 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 actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, is disclosed at Note 18 of these accounts.

## **3. Summary of significant accounting policies**

### **Fund Account – revenue recognition**

#### **a) Contribution income**

Normal contributions, both from the 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.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

#### **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 (see Notes 8 and 10).

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see section o below) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (see Note 8).

Bulk (group) 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, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

ii) Dividend income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.

iii) Distributions from pooled funds

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.

iv) 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 suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

**f) Administration expenses**

All administration 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 Council policy.

**g) Investment management expenses**

All investment management expenses are accounted for on an accruals basis. Fees of the external investment managers are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

The cost of obtaining investment advice from external consultants is included in investment management charges.

**Net Assets Statement**

**h) 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 asset 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

Fixed interest securities are recorded at net market value based on their current yields.

iii) Unquoted investments

The fair value of investments for which market quotations are not readily available is determined as follows:

Valuations of delisted securities are based on the last sale price prior to delisting, or where subject to liquidation, the amount the Fund expects to receive on wind-up, less estimated realisation costs.

Securities subject to takeover offer – the value of the consideration offered under the offer, less estimated realisation costs.

Directly held investments include investments in limited partnerships, shares in unlisted companies, trusts and bonds. Other unquoted securities typically include pooled investments in property, infrastructure, debt securities and private equity. The valuation of these pools or directly held securities is undertaken by the investment manager or responsible entity and advised as a unit or security price. The valuation standards followed in these valuations adhere to industry guidelines or to standards set by the constituent documents of the pool or the management agreement.

Investments in unquoted property and infrastructure pooled funds are valued at the net asset value or a single price advised by the fund manager.

Investments in private equity/infrastructure funds and unquoted listed partnerships are valued based on the Fund's share of the net assets in the private equity/infrastructure fund or limited partnership using the latest financial statements published by the respective fund managers in accordance with the guidelines set out by the British Venture Capital Association.

iv) **Limited partnerships**

Fair value is based on the net asset value ascertained from periodic valuations provided by those controlling the partnership.

v) **Pooled investment vehicles**

Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income which is reinvested in the fund, net of applicable withholding tax.

**i) Contingent Assets**

Admitted body employers in the Brent Pension Fund hold bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the pension fund and payment will only be triggered in the event of employer default. Contingent Assets are disclosed in Note 24.

**j) 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 exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

**k) Derivatives**

The Fund does not use derivative financial instruments to manage its exposure to specific risks arising from its investment activities in its own name. Neither does it hold derivatives for speculative purposes.

**l) Cash and cash equivalents**

Cash comprises 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.

**m) 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.

**n) 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 IAS 26, 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 18).

**o) Additional voluntary contributions**

Brent Pension Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. The Fund has appointed Prudential as its AVC provider. AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVCs are not included in the accounts in accordance with Section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (SI 2016/946) but are disclosed as a note only (Note 21).

#### 4. Critical judgements in applying accounting policies

##### **Unquoted private equity / infrastructure / private debt investments**

It is important to recognise the highly subjective nature of determining the fair value of private equity investments. They are inherently based on forward-looking estimates and judgements involving many factors. Unquoted private equities; infrastructure and private debt investments are valued by the investment managers using guidelines set out by the British Venture Capital Association. The value of unquoted private equities; infrastructure and private debt investments at 31 March 2022 was £101m (£81m at 31 March 2021).

##### **Pension fund liability**

The pension fund liability is calculated every three years by the appointed actuary, with annual 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 18. This estimate is subject to significant variances based on changes to the underlying assumptions.

#### 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.

The items in the Net Assets Statement at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows.

Item	Uncertainties	Effect if actual results differ from assumptions
<b>Actuarial present value of promised retirement benefits (Note 18)</b>	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of approximately £170m. A 0.5% increase in assumed earnings inflation would increase the value of liabilities by approximately £10m, and a one-year increase in assumed life expectancy would increase the liability by around 4% (c. £74m).
<b>Private equity/infrastructure</b>	Private equity/infrastructure/private debt investments are valued based on the latest available information, updated for movements in cash where relevant. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total private equity/infrastructure/private debt investments in the financial statements are £101m. There is a risk that this investment may be under- or overstated in the accounts.
<b>Effect of the war between Ukraine and Russia on investment valuations</b>	In the immediate aftermath of the invasion, there were general falls in the financial markets with sanctions and other measures being implemented by the UK government and other governments around the world. Given the financial sanctions imposed by governments, it is extremely difficult to trade Russian, Ukrainian and Belarusian holdings. Therefore it is difficult to obtain a market price for such holdings and many investment managers have written down exposure.	The Fund's exposure to Russian, Ukrainian and Belarusian holdings consisted of a very small proportion of the Fund's overall assets. Prior to the invasion, these assets made up approximately 0.1% of the total value of the Fund.

## 6. Events after the Reporting Date

There have been no events since 31 March 2022, and up to the date when these accounts were authorised that require any adjustments to these accounts.

## 7. Contributions receivable



**Contributions receivable by category for 2020/21 and 2021/22**

<b>Type of Contribution</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>
Employees' contributions	9.5	9.7
Employers' contributions:	-	-
Normal contributions	47.4	49.9
Deficit recovery contributions	1.7	1.7
Augmentation contributions	2.3	2.8
Total employers' contributions	51.4	54.4
<b>Total</b>	<b>60.9</b>	<b>64.1</b>

**Contributions receivable by authority for 2020/21 and 2021/22**

<b>Type of Authority</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>
Administering Authority	47.8	50.8
Scheduled bodies	11.6	11.9
Admitted bodies	1.5	1.4
<b>Total</b>	<b>60.9</b>	<b>64.1</b>

**8. Transfers in from other pension funds**

<b>Transfers from Other Pension Funds</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>
Individual transfers	5.9	6.8
<b>Total</b>	<b>5.9</b>	<b>6.8</b>

**9. Benefits payable****Benefits payable by category for 2020/21 and 2021/22**

<b>Type of Benefit</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>
Pensions	37.5	39.6
Commutation and lump sum retirement benefits	4.1	6.1
Lump sum death benefits	0.7	1.1
<b>Total</b>	<b>42.3</b>	<b>46.8</b>

**Benefits payable by authority category for 2020/21 and 2021/22**

Type of Authority	2020/21 £m	2021/22 £m
Administering Authority and Scheduled bodies	42.1	46.5
Admitted bodies	0.2	0.3
<b>Total</b>	<b>42.3</b>	<b>46.8</b>

## 10. Payments to and on account of leavers

Type of Transfer	2020/21 £m	2021/22 £m
Refunds to members leaving service	0.3	0.2
Group transfers	0.0	0.0
Individual transfers	5.0	5.7
<b>Total</b>	<b>5.3</b>	<b>5.9</b>

## 11. Management Expenses

Type of Expense	2020/21 £m	2021/22 £m
Administration costs	1.8	1.6
Investment management expenses	2.2	2.5
Oversight and Governance costs	0.2	0.2
<b>Total</b>	<b>4.2</b>	<b>4.3</b>

The management fees disclosed above include all investment management fees directly incurred by the Fund including those charged on pooled fund investments. Audit fees were £38k (£32.8k 2020/21).

### a) Investment management expenses

Type of Expense	2020/21 £m	2021/22 £m
Management fees	2.1	2.4
Custody fees	0.1	0.1
One-off transaction costs	0.0	0.0
<b>Total</b>	<b>2.2</b>	<b>2.5</b>

Investment Management Expenses by Fund for 2021/22

<b>Fund Manager</b>	<b>2021/22 Total £m</b>	<b>Management fees £m</b>	<b>Custody fees £m</b>	<b>One-off transaction costs £m</b>
Alinda	0.2	0.2	0.0	0.0
Capital Dynamics	0.2	0.2	0.0	0.0
Fidelity UK Real Estate	0.1	0.1	0.0	0.0
LGIM	0.1	0.1	0.0	0.0
LCIV MAC	0.1	0.1	0.0	0.0
LCIV Emerging Markets	0.2	0.2	0.0	0.0
LCIV Baillie Gifford DGF	0.5	0.5	0.0	0.0
LCIV Infrastructure Fund	0.1	0.1	0.0	0.0
LCIV Private Debt	0.1	0.1	0.0	0.0
LCIV Ruffer	0.7	0.7	0.0	0.0
London LGPS CIV LTD	0.0	0.0	0.0	0.0
Blackrock	0.0	0.0	0.0	0.0
Northern Trust (Fund Custodian)	0.1	0.1	0.1	0.0
Cash	0.0	0.0	0.0	0.0
<b>Total</b>	<b>2.5</b>	<b>2.4</b>	<b>0.1</b>	<b>0.0</b>

#### Investment Management Expenses by Fund for 2020/21

<b>Fund Manager</b>	<b>2020/21 Total £m</b>	<b>Management fees £m</b>	<b>Custody fees £m</b>	<b>One-off transaction costs £m</b>
Aviva	0.0	0.0	0.0	0.0
Alinda	0.3	0.3	0.0	0.0
Capital Dynamics	0.5	0.5	0.0	0.0
LGIM	0.0	0.0	0.0	0.0
LCIV MAC	0.2	0.2	0.0	0.0
LCIV Emerging Markets	0.2	0.2	0.0	0.0
LCIV Baillie Gifford DGF	0.5	0.5	0.0	0.0
LCIV Ruffer	0.4	0.4	0.0	0.0
Blackrock	0.0	0.0	0.0	0.0
Northern Trust (Fund Custodian)	0.1	0.0	0.1	0.0
Cash	0.0	0.0	0.0	0.0
<b>Total</b>	<b>2.2</b>	<b>2.1</b>	<b>0.1</b>	<b>0.0</b>

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial liability {see Appendix A, paragraph AG13 of IAS 39}. An incremental cost is one that would not have been incurred if the authority had not acquired, issued or disposed of the financial instrument.

## 12. Investment income

Type of Investment Income	2020/21 £m	2021/22 £m
Dividend income private equities/infrastructure	0.4	0.4
Income from private equities/infrastructure	0.2	0.7
Interest on cash deposits	0.1	0.0
<b>Total</b>	<b>0.7</b>	<b>1.1</b>

### 13. Investments

Investment assets	Market value 31 March 2021 £m	Market value 31 March 2022 £m
Pooled investments	897.4	986.6
Pooled property investments	0.0	15.7
Private equity/infrastructure	81.1	101.3
<b>Total investments</b>	<b>978.5</b>	<b>1,103.6</b>

### 13a. Investments 21/22

Type of Investment	Market value 1 April 2021 £m	Purchases during the year £m	Sales during the year £m	Change in market value during the year £m	Market value 31 March 2022 £m
Pooled investments	897.4	15.0	(1.7)	75.8	986.6
Pooled property investments	0.0	15.0	0.0	0.7	15.7
Private equity/infrastructure	81.1	37.8	(29.2)	11.6	101.3
<b>Total</b>	<b>978.5</b>	<b>67.8</b>	<b>(30.9)</b>	<b>88.1</b>	<b>1,103.6</b>
Other investment balances: Cash Deposit	53.8	-	-	-	24.1
Investment income due	0.0	-	-	-	0.0
<b>Net investment assets</b>	<b>1,032.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,127.7</b>

## Investments 20/21

Type of Investment	Market value 1 April 2020 £m	Purchases during the year £m	Sales during the year £m	Change in market value during the year £m	Market value 31 March 2021 £m
Pooled investments	697.0	68.0	(57.3)	189.7	897.4
Pooled property investments	0.1	0.0	0.0	(0.2)	0.0
Private equity/infrastructure	84.3	19.2	(9.0)	(13.4)	81.1
<b>Total</b>	<b>781.4</b>	<b>87.2</b>	<b>(66.3)</b>	<b>176.1</b>	<b>978.5</b>
Other investment balances: Cash Deposit	53.9	-	-	-	53.8
Investment income due	0.0	-	-	-	0.0
<b>Net investment assets</b>	<b>835.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,032.3</b>

### 13b. Analysis of investments by category

Pooled funds - additional analysis	31 March 2021 £m	31 March 2022 £m
<b>UK</b>	-	-
Fixed income unit trust	42.8	43.7
Unit trusts	143.1	145.1
Diversified growth funds	221.5	232.5
Overseas	-	-
Unit trusts	490.0	565.3
<b>Total Pooled funds</b>	<b>897.4</b>	<b>986.6</b>
Pooled property investments	0.0	15.7
Private equity/infrastructure	81.1	101.3
<b>Total investments</b>	<b>978.5</b>	<b>1,103.6</b>

### 13c. Investments analysed by fund manager

Market Value at 31 March 2021 £m	Percentage of Total Fund %	Fund Manager	Market Value at 31 March 2022 £m	Percentage of Total Fund %
501.1	51.2%	Legal & General	573.9	52.0%
0.2	0.0%	London CIV	0.2	0.0%
48.8	5.0%	JP Morgan	43.8	4.0%
46.2	4.7%	Capital Dynamics	36.2	3.3%
130.7	13.4%	LCIV - Baillie Gifford	135.1	12.3%
90.8	9.3%	LCIV - Ruffer	97.4	8.8%
42.8	4.4%	LCIV- MAC (CQS)	43.7	4.0%
11.8	1.2%	LCIV - Infrastructure	21.4	1.9%

Market Value at 31 March 2021 £m	Percentage of Total Fund %	Fund Manager	Market Value at 31 March 2022 £m	Percentage of Total Fund %
0	0.0%	LCIV – Private Debt	20.3	1.8%
23.1	2.4%	Alinda	23.4	2.1%
0.0	0.0%	Fidelity UK Real Estate	15.7	1.4%
0.0	0.0%	Blackrock Low Carbon Global Equity	15.4	1.4%
83.0	8.5%	Blackrock	77.1	7.0%
<b>978.5</b>	<b>100.0</b>	<b>Total</b>	<b>1,103.6</b>	<b>100.0%</b>

The following investments represent over 5% of the net assets of the fund. All of these companies are registered in the United Kingdom.

Security	Market value 31 March 2021	% of total fund	Market value 31 March 2022	% of total fund
L&G - Global Equities	441.2	39.1%	506.1	49.0%
L&G - UK Equities	59.9	5.3%	67.8	6.6%
Blackrock - Over 15 year Gilts	83	7.4%	77.1	7.5%
LCIV - Baillie Gifford DGF	130.7	11.6%	135.1	13.1%
LCIV - Ruffer DGF	90.8	8.1%	97.4	9.4%

#### 13d. Stock lending

The London Borough of Brent Pension Fund does not operate a Stock Lending programme.

#### 14. Fair Value – Basis of Valuation

The basis of the valuation of each asset class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
<b>Pooled investments – overseas unit trusts and property funds</b>	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
<b>Unquoted equity</b>	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2012)	EBITDA multiple Revenue multiple Discount for lack of marketability Control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cash flows, and by any differences between audit and unaudited accounts

#### 14a. Sensitivity of assets valued at Level 3

Having analysed historical data and current market trends, and consulted with our independent investment advisor, the fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2022.

Investment	Assessed valuation range (+/-)	Value at 31 March 2022 £m	Value on increase £m	Value of decrease £m
<b>Private equity</b>	32.6%	30.0	39.8	20.2
<b>Infrastructure</b>	15.2%	51.0	58.8	43.2
<b>Private debt</b>	12.9%	20.3	22.9	17.7

#### 14b. Fair value hierarchy

The valuation of financial instruments had been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur.

##### 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.

Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

## 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 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 that could have a significant effect on the instrument's valuation is not based on observable market data.

Such instruments would include unquoted equity investments and fund of hedge funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which Brent Pension Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are usually undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

Transfers between levels will be recognised when there has been a change to observable mark data (improvement or reduction) or other change in valuation technique.

The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

Financial Assets and Liabilities of the Pension Fund for 2021/22

	Quoted market price Level 1 £m	Using observable inputs Level 2 £m	With significant unobservable inputs Level 3 £m	Total £m
<b>Values at 31 March 2022</b>				
<b>Financial assets</b>	-	-	-	-
Pooled investments	0.0	986.6	0.0	986.6
Pooled property investments	0.0	15.7	0.0	15.7
Private Equity/Infrastructure/Private Debt	0.0	0.0	101.3	101.3
Subtotal Financial assets at fair value through profit and loss	0.0	1,002.3	101.3	1,103.6
Cash	24.1	0.0	0.0	24.1
Investment Income due	0.0	0.0	0.0	0.0



<b>Values at 31 March 2022</b>	<b>Quoted market price Level 1 £m</b>	<b>Using observable inputs Level 2 £m</b>	<b>With significant unobservable inputs Level 3 £m</b>	<b>Total £m</b>
Subtotal loans and receivables	24.1	0.0	0.0	24.1
<b>Total Financial Assets</b>	<b>24.1</b>	<b>1,002.3</b>	<b>101.3</b>	<b>1,127.7</b>
<b>Financial liabilities</b>	-	-	-	-
Current liabilities	(2.5)	0.0	0.0	(2.5)
Subtotal Financial liabilities at amortised cost	(2.5)	0.0	0.0	(2.5)
<b>Total Financial liabilities</b>	<b>(2.5)</b>	<b>0.0</b>	<b>0.0</b>	<b>(2.5)</b>
<b>Net Financial assets</b>	<b>21.6</b>	<b>1,002.3</b>	<b>101.3</b>	<b>1,125.2</b>

#### Financial Assets and Liabilities of the Pension Fund for 2020/21

<b>Values at 31 March 2021</b>	<b>Quoted market price Level 1 £m</b>	<b>Using observable inputs Level 2 £m</b>	<b>With significant unobservable inputs Level 3 £m</b>	<b>Total £m</b>
<b>Financial assets</b>	-	-	-	-
Pooled investments	0.0	897.4	0.0	897.4
Pooled property investments	0.0	0.0	0.0	0.0
Private Equity/Infrastructure/Private Debt	0.0	0.0	81.1	81.1
Subtotal Financial assets at fair value through profit and loss	0.0	897.4	81.1	978.5
Cash	53.8	0.0	0.0	53.8
Investment Income due	0.0	0.0	0.0	0.0
Subtotal loans and receivables	53.8	0.0	0.0	53.8
<b>Total Financial Assets</b>	<b>53.8</b>	<b>897.4</b>	<b>81.1</b>	<b>1,032.3</b>
<b>Financial liabilities</b>	-	-	-	-
Current liabilities	(3.1)	0.0	0.0	(3.1)
Subtotal Financial liabilities at amortised cost	(3.1)	0.0	0.0	(3.1)
<b>Total Financial liabilities</b>	<b>(3.1)</b>	<b>0.0</b>	<b>0.0</b>	<b>(3.1)</b>
<b>Net Financial assets</b>	<b>50.7</b>	<b>897.4</b>	<b>81.1</b>	<b>1,029.2</b>

#### 14c. Reconciliation of Fair Value Measurements within Level 3

Movements	£m
<b>Value at 31 March 2021</b>	<b>81.1</b>
Transfers into Level 3	0.0
Transfers out of Level 3	0.0
Purchases	37.8
Sales	(19.9)
Issues	0.0
Settlements	0.0
Unrealised gains/losses	11.6
Realised gains/losses	(9.3)
<b>Value at 31 March 2022</b>	<b>101.3</b>

#### 15. Classification of 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 carrying amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the accounting period.

31 March 2021 Fair value through profit and loss £m	31 March 2021 Loans and receivables £m	31 March 2021 Financial liabilities at amortised cost £m	Classification	31 March 2022 Fair value through profit and loss £m	31 March 2022 Loans and receivables £m	31 March 2022 Financial liabilities at amortised cost £m
-	-	-	<b>Financial assets</b>	-	-	-
897.4	-	-	Pooled investments	986.6	-	-
0.0	-	-	Pooled property investments	15.7	-	-
81.1	-	-	Private equity/infrastructure	101.3	-	-
-	53.8	-	Cash	-	24.1	-
-	1.5	-	Debtors	-	8.6	-
<b>978.5</b>	<b>55.3</b>	<b>0.0</b>	<b>Total Financial assets</b>	<b>1,103.6</b>	<b>32.7</b>	-
-	-	-	<b>Financial liabilities</b>	-	-	-
-	-	(3.1)	Creditors	-	-	(2.5)
0	0	(3.1)	Total Financial liabilities	-	-	(2.5)
<b>978.5</b>	<b>55.3</b>	<b>(3.1)</b>	<b>Net Financial assets</b>	<b>1,103.6</b>	<b>32.7</b>	<b>(2.5)</b>

#### 15a. Net gains and losses on financial instruments

<b>31 March 2021</b> <b>£'000</b>	<b>Financial Assets Detail</b>	<b>31 March 2022</b> <b>£'000</b>
176.1	Fair value through profit and loss	88.1
<b>176.1</b>	<b>Total</b>	<b>88.1</b>

## 15b. Fair value of financial instruments and liabilities

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

<b>31 March 2021</b> <b>Carrying Value</b> <b>£m</b>	<b>31 March 2021</b> <b>Fair Value</b> <b>£m</b>	<b>Financial Assets Detail</b>	<b>31 March 2022</b> <b>Carrying Value</b> <b>£m</b>	<b>31 March 2022</b> <b>Fair Value</b> <b>£m</b>
-	-	<b>Financial assets</b>	-	-
978.5	978.5	Fair value through profit and loss	1,103.6	1,103.6
55.3	55.3	Loans and receivables	32.7	32.7
<b>1,033.8</b>	<b>1,033.8</b>	<b>Total financial assets</b>	<b>1,136.3</b>	<b>1,136.3</b>
-	-	<b>Financial liabilities</b>	-	-
(3.1)	(3.1)	Financial liabilities at amortised cost	(2.5)	(2.5)
<b>(3.1)</b>	<b>(3.1)</b>	<b>Total financial liabilities</b>	<b>(2.5)</b>	<b>(2.5)</b>

The authority has not entered into any financial guarantees that are required to be accounted for as financial instruments.

## 16. Nature and extent of risks arising from financial instruments

### Risk and risk management

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 (price risk, currency risk, and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Pension Fund manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Pension Fund Sub-Committee. Risk management policies are established to identify and analyse the risks faced by the Pension Fund's operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

#### a) Market risk

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 sectors and individual securities. To mitigate market risk, the Pension Fund and its investment advisers undertake appropriate monitoring of market conditions and benchmark analysis.

**Other price risk**

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or 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. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short are unlimited.

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

**Other price risk – sensitivity analysis**

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the fund’s investment advisors, the council has determined that the following movements in market price risk are reasonably possible for the 2021/22 reporting period. (Based on data as at 31 March 2022 using data provided by investment advisors scenario model). The sensitivities are consistent with the assumptions contained in the investment advisors’ most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

**Other price risk – sensitivity analysis for 2021/22**

<b>Asset Type</b>	<b>31/03/2022 Value (£m)</b>	<b>Potential market movements (+/-)</b>
Bonds	77.1	9.3%
Equities	633.3	21.1%
Other Pooled investments	276.2	9.7%
Pooled Property investments	15.7	16.1%
Private Equity	30	32.6%
Infrastructure	51	15.2%
Private Debt	20.3	12.9%

Had the market price of the fund investments increased/decreased by 1% the change in the net assets available to pay benefits in the market price would have been as follows:

<b>Asset Type</b>	<b>31/03/2022 Value</b>	<b>Potential value on increase</b>	<b>Potential value on decrease</b>
Bonds	77.1	84.3	69.9
Equities	633.3	766.9	499.7
Other Pooled investments	276.2	303.0	249.4
Pooled Property investments	15.7	18.2	13.2
Private Equity	30	39.8	20.2
Infrastructure	51	58.8	43.2
Private debt	20.3	22.9	17.7
<b>Total</b>	<b>1,103.6</b>	<b>1,293.9</b>	<b>913.3</b>

### **Interest rate risk exposure asset type**

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.

The Fund's interest rate risk is routinely monitored by the Pension Fund in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

The Fund's direct exposure to interest rate movements as at 31 March 2021 and 31 March 2022 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

<b>Financial Asset Type</b>	<b>31 March 2021 £m</b>	<b>31 March 2022 £m</b>
Cash balances	53.8	24.1
UK Fixed income unit trust	42.8	43.7
<b>Total</b>	<b>96.6</b>	<b>67.8</b>

<b>Asset type</b>	<b>Carrying amount as at 31 March 2022 £m</b>	<b>+1% £m</b>	<b>-1% £m</b>
Cash balances	24.1	0.3	(0.3)
UK Fixed income unit trust	43.7	0.4	(0.4)
<b>Total</b>	<b>67.8</b>	<b>0.7</b>	<b>(0.7)</b>

<b>Asset type</b>	<b>Carrying amount as at 31 March 2021 £m</b>	<b>+1% £m</b>	<b>-1% £m</b>
Cash balances	53.8	0.6	(0.6)
UK Fixed income unit trust	42.8	0.4	(0.4)
<b>Total</b>	<b>96.6</b>	<b>1.0</b>	<b>(1.0)</b>

### **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 functional currency of the Fund (£UK). The Fund holds both monetary and non-monetary assets denominated in currencies other than £UK.

The Fund's currency rate risk is routinely monitored by the Pension Fund in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

The following table summarises the Fund's currency exposure as at 31 March 2022 and as at the previous period end:

<b>Currency risk exposure – asset type</b>	<b>Asset value at 31 March 2021 £m</b>	<b>Asset value at 31 March 2022 £m</b>
Overseas unit trusts	490.0	565.3
Overseas pooled property investments	0.0	0.0
Overseas private equity/infrastructure/private debt	81.1	101.3
<b>Total overseas assets</b>	<b>571.1</b>	<b>666.6</b>

A 1% strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

<b>Assets exposed to currency rate risk</b>	<b>Asset value as at 31 March 2022 £m</b>	<b>+1% £m</b>	<b>-1% £m</b>
Overseas unit trusts	565.3	5.7	(5.7)
Overseas pooled property investments	0.0	0.0	0.0
Overseas private equity/infrastructure/private debt	101.3	1.0	(1.0)
<b>Total</b>	<b>666.6</b>	<b>6.7</b>	<b>(6.7)</b>

<b>Assets exposed to currency rate risk</b>	<b>Asset value as at 31 March 2021 £m</b>	<b>+1% £m</b>	<b>-1% £m</b>
Overseas unit trusts	490.0	4.9	(4.9)
Overseas pooled property investments	0.0	0.0	0.0
Overseas private equity/infrastructure/private debt	81.1	0.8	(0.8)
<b>Total</b>	<b>571.1</b>	<b>5.7</b>	<b>(5.7)</b>

## **b) 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. However, 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.

The Pension Fund's cash balance is held in an interest bearing instant access deposit account with NatWest plc, which is rated independently and meets Brent Council's credit criteria.

The Pension Fund believes it has managed its exposure to credit risk, and has had no experience of default or uncollectable deposits over the past five financial years. The Fund's cash holding under its treasury management arrangements at 31 March 2022 was £24.1m (31 March 2021: £53.8m). This was held with the following institutions:

<b>Institutions</b>	<b>Rating</b>	<b>Balances as at 31 March 2021 £m</b>	<b>Balances as at 31 March 2022 £m</b>
Bank deposit accounts	-	-	-
NatWest	BBB+	0.9	0.9
Northern Trust	-	0.1	0.1
Money Market deposits	A+	52.8	23.1
Other short-term lending	-	-	-
Local authorities	-	0.0	0.0
<b>Total</b>	-	<b>53.8</b>	<b>24.1</b>

### c) **Liquidity risk**

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Pension Fund therefore takes steps to ensure that it has adequate cash resources to meet its pensioner payroll costs and investment commitments.

The Pension Fund has immediate access to its cash holdings.

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert into cash. At 31 March 2022 the value of illiquid assets was £117.0m, which represented 10.4% (31 March 2021: £81.1m, which represented 7.9%) of the total fund assets.

Periodic cash flow forecasts are prepared to understand and manage the timing of the Fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the Fund investment strategy.

All financial liabilities at 31 March 2022 are due within one year.

## Liquidity Risk for 2020/21 and 2021/22

Liquidity Risk	31-Mar-21	% of Total Fund	31-Mar-22	% of Total Fund
Pooled investments	897.4	86.9%	986.6	87.5%
Cash deposits	53.8	5.2%	24.1	2.1%
Investment income due	0.0	0.0%	0	0.0%
<b>Total liquid investments</b>	<b>951.2</b>	<b>92.1%</b>	<b>1,010.7</b>	<b>89.6%</b>
Pooled property investments	0.0	0.0%	15.7	1.4%
Private Equity/Infrastructure/Private Debt	81.1	7.9%	101.3	9.0%
<b>Total illiquid investments</b>	<b>81.1</b>	<b>7.9%</b>	<b>117.0</b>	<b>10.4%</b>
<b>Total investments</b>	<b>1,032.3</b>	<b>100%</b>	<b>1,127.7</b>	<b>100.0%</b>

### d) Refinancing risk

The key risk is that the Pension Fund will be bound to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. However, the Pension Fund does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategies.

## 17. Funding arrangements

In line with the LGPS Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2019. The next valuation will take place as at 31 March 2022 and results are scheduled to be released by 31 March 2023.

The key elements of the funding policy are:

- to ensure the long-term solvency of the Fund, i.e., that sufficient funds are available to meet all pension liabilities as they fall due for payment
- to ensure that employer contribution rates are as stable as possible
- to minimise the long-term cost of the Scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return
- to reflect the different characteristics of employing bodies in determining contribution rates where the administering authority considers it reasonable to do so
- to use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a period of 19 years from 1 April 2019 and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Solvency is achieved when the funds held, plus future expected investment returns and future contributions are sufficient to meet expected future pension benefits payable.

At the 2019 actuarial valuation the Fund was assessed as 78% funded, which is a significant improvement to the 55% valuation at the 2016 valuation. This corresponded to a deficit of £248m (2016 valuation: £562m) at that time. As a result, a deficit recovery plan is in place which aims to achieve 100% funding over a period of 19 years from April 2019.



Contribution increases or decreases may be phased in over the three-year period beginning 31 March 2020 for both Scheme employers and admitted bodies. The most commonly applied employer contribution rate within the Brent Pension Fund is:

Year	Employers' contribution rate
2020/21	35.0%
2021/22	35.0%
2022/23	35.0%

Individual employers' rates will vary from the common contribution rate depending on the demographic and actuarial factors particular to each employer. Full details of the contribution rates payable can be found in the 2019 actuarial valuation report and the funding strategy statement on the Fund's website.

The valuation of the Fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. The principal assumptions were:

The main actuarial assumptions used for the March 2019 actuarial valuation were as follows:

Discount rate	4.4% p.a.
Pay increases	2.6% p.a.
Pension increases	2.3% p.a.

#### **Mortality assumptions**

Future life expectancy based on the Actuary's fund-specific mortality review was:

Mortality assumption at age 65	Male	Female
Current pensioners	22.1 years	24.3 years

#### **Commutation assumption**

It is assumed that 50% of future retirements will elect to exchange pension for additional tax free cash up to HMRC limits for service to 1 April 2008 and 75% for service from 1 April 2008.

## **18. Actuarial present value of promised retirement benefits**

In addition to the triennial funding valuation, the Fund's Actuary also undertakes a valuation of the pension fund liabilities, on an IAS 19 basis, every year using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting fund contribution rates and the fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

In order to assess the value of the benefits on this basis, the Actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Note 17). The Actuary has also used valued ill health and death benefits in line with IAS 19.

Calculated on an IAS19 basis, the actuarial present value of promised retirement benefits at 31 March 2022 was £1,838m (31 March 2021: £1,917m). This figure includes both vested and non-vested benefits, although the latter is assumed to have a negligible value. The Fund Accounts do not take account of liabilities to pay pensions and other benefits in the future.

The liabilities above are calculated on an IAS 19 basis and therefore differ from the results of the 2019 triennial funding valuation because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

<b>Financial assumptions</b>	<b>% Increase</b>
Inflation/pensions increase rate	3.20%
Salary increase rate	3.50%
Discount rate	2.70%

#### **Longevity assumption**

The average future life expectancies at age 65 are summarised below:

<b>Type of Pensioner</b>	<b>Males</b>	<b>Females</b>
Current pensioners	22.1 years	24.5 years
Future pensioners*	23.2 years	26.0 years

\* Future pensioners are assumed to be currently aged 45

#### **Commutation assumption**

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

#### **Sensitivity Analysis**

<b>Sensitivity to the assumptions for the year ended 31 March 2022</b>	<b>Approximate % increase to liabilities</b>	<b>Approximate monetary amount (£m)</b>
0.5% p.a. increase in the Pension Increase Rate	10%	160
0.5% p.a. increase in the Salary Increase Rate	1%	10
0.5% p.a. decrease in the discount rate	10%	170

The principal demographic assumption is the longevity assumption. For sensitivity purposes, it is estimated that a 1 year increase in life expectancy would approximately increase the liabilities by around 4% (c. £74m).

## 19. Assets

### a) Current assets

<b>Debtor Type</b>	<b>31 March 2021</b>	<b>31 March 2022</b>
	<b>£m</b>	<b>£m</b>
- Contributions due – employees	0.2	0.2
- Contributions due – employers	0.7	0.9
- Sundry debtors	0.6	7.5
<b>Total</b>	<b>1.5</b>	<b>8.6</b>

### Analysis of debtors

<b>Debtor Type</b>	<b>31 March 2021</b>	<b>31 March 2022</b>
	<b>£m</b>	<b>£m</b>
Central government bodies	0.6	0.8
Other local authorities	0.9	6.1
Other entities and individuals	0.0	1.7
<b>Total</b>	<b>1.5</b>	<b>8.6</b>

Non-current assets comprise of contributions due from employers, repayable later than a year from the Balance Sheet date.

## 20. Current liabilities

<b>Liabilities</b>	<b>31 March 2021</b>	<b>31 March 2022</b>
	<b>£m</b>	<b>£m</b>
Group transfers	0.0	0.0
Sundry creditors	3.1	2.5
<b>Total</b>	<b>3.1</b>	<b>2.5</b>

### Analysis of creditors

<b>Creditor</b>	<b>31 March 2021</b>	<b>31 March 2022</b>
	<b>£m</b>	<b>£m</b>
Central government bodies	0.0	1.0
Other entities and individuals	3.1	1.5
<b>Total</b>	<b>3.1</b>	<b>2.5</b>

## 21. Additional voluntary contributions

<b>Contribution Type</b>	<b>Market value 31 March 2021</b>	<b>Market value 31 March 2022</b>
	<b>£m</b>	<b>£m</b>
Clerical Medical*	1.3	1.3
Equitable Life	0.2	0.2
Prudential	0.6	0.7
<b>Total</b>	<b>2.1</b>	<b>2.2</b>

<b>Contribution Type</b>	<b>Contributions 31 March 2021 £m</b>	<b>Contributions 31 March 2022 £m</b>
Clerical Medical*	0.0	0.0
Prudential	0.1	0.1
<b>Total</b>	<b>0.1</b>	<b>0.1</b>

\*Clerical medical data is not available at the publication date.

The Pension Fund's former provider, Equitable Life, no longer accepts AVC contributions from Scheme members.

For information, Prudential has since replaced Clerical Medical as the Fund's AVC provider with effect from 1 April 2014.

In accordance with Regulation 4(1)(b) of the Pension Scheme (Management and Investment of Funds) Regulations 2016, the contributions paid and the assets of these investments are not included in the Fund's Accounts.

## 22. Related party transactions

### Brent Council

The Brent Pension Fund is administered by Brent Council. Consequently, there is a strong relationship between the Council and the Pension Fund.

The Council incurred costs of £1.24m (2020/21: £1.12m) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also the single largest employer of members of the Pension Fund and contributed £41.0m to the Fund in 2021/22 (2020/21: £37.3m).

### Governance

One member of the Pension Fund Sub-committee is in receipt of pension benefits from the Brent Pension Fund (chair Cllr R Johnson). Each member of the Pension Fund Sub-Committee is required to declare their interests at each meeting.

### Key management personnel

The key management personnel of the fund are the Chief Executive, the Director of Finance (s.151 officer), the Director of Legal & HR and the Head of Finance (Pensions). The proportion of the total remuneration payable to key management personnel that is charged to the Pension Fund is set out below:

<b>Remuneration Type</b>	<b>31st March 2021 £m</b>	<b>31st March 2022 £m</b>
Short Term Benefits	0.038	0.040
Post-Employment Benefits	0.012	0.012
Termination Benefits	0.000	0.000
<b>Total Remunerations</b>	<b>0.050</b>	<b>0.052</b>

## 23. Contingent liabilities

Outstanding capital commitments (investments) at 31 March 2022 totalled £82.1m (31 March 2021 £58.4m)

<b>Fund</b>	<b>31st March 2021 £m</b>	<b>31st March 2022 £m</b>
Capital Dynamics	12.6	12.9
Alinda Fund II	2.5	2.5
Alinda Fund III	5.7	8.1
London CIV Infrastructure Fund	37.6	28.9
London CIV Private Debt Fund	0.0	29.7
<b>Total</b>	<b>58.4</b>	<b>82.1</b>

Note: London CIV Private Debt Fund is listed as £0.0m as at 31st March 2021 because it is a new investment, and was not present in the 2020/21 accounts.

These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing over a period of between four and six years from the date of each original commitment.

## 24. Contingent Assets

### Contingent assets

Two non-associated admitted body employers in the Brent Pension Fund hold insurance bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Pension Fund and payment will only be triggered in the event of employer default. Both admission agreements ended during the year 2021/22.

<b>Bond</b>	<b>31st March 2021 £m</b>	<b>31st March 2022 £m</b>
Apleona HSG Limited (previously Bilfinger Europa Facility Management Limited)	0.1	0.0
Conway Aecom	0.1	0.0
<b>Total</b>	<b>0.2</b>	<b>0.0</b>

## Chair of the Audit Committee

The Chair of the Audit and Standards Committee is required to approve the publication of these accounts.

This is approved by:

A handwritten signature in black ink that reads "Jumbo". The signature is written in a cursive style with a long horizontal line extending from the end of the word.

CLlr Jumbo Chan

30/03/2023

# Independent auditor's report to the members of the London Borough of Brent

## Report on the Audit of the Financial Statements

### Opinion on financial statements

We have audited the financial statements of the London Borough of Brent (the 'Authority') and its subsidiaries (the 'group') for the year ended 31 March 2022, which comprise the Balance Sheet, the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund Account, the Group Balance Sheet, the Group Consolidated Income and Expenditure Statement, the Group Cash Flow Statement, the Group Movement in Reserves and notes to the financial statements, including a summary of significant accounting policies. 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 2021/22.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2022 and of the group's expenditure and income and the Authority's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the 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, 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 are responsible for concluding on the appropriateness of the Corporate Director for Finance and Resources' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority or group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority or the group to cease to continue as a going concern.

In our evaluation of the Corporate Director for Finance and Resources' conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22 that the Authority and group's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group and the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and Authority and the group and Authority's disclosures over the going concern period.

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

In auditing the financial statements, we have concluded that the Corporate Director for Finance and Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Corporate Director for Finance and Resources with respect to going concern are described in the 'Responsibilities of the Authority, the Corporate Director for Finance and Resources and Those Charged with Governance for the financial statements' section of this report.

### **Other information**

The Corporate Director for Finance and Resources is responsible for the other information. The other information comprises the information included in the Annual Governance Statement and the Statement of Accounts, other than the financial statements, our auditor's report thereon and our auditor's report on the pension fund financial statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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.

### **Other information we are required to report on by exception under the Code of Audit Practice**

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

### **Opinion on other matters required by the Code of Audit Practice**

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority, the other information published together with the financial statements in the Statement of Accounts and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- 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 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

### **Responsibilities of the Authority, the Corporate Director for Finance and Resources and Those Charged with Governance for the financial statements**

As explained in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of



those affairs. In this authority, that officer is the Corporate Director for Finance and Resources. The Corporate Director for Finance and 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 2021/22, for being satisfied that they give a true and fair view, and for such internal control as the Corporate Director for Finance and Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporate Director for Finance and Resources is responsible for assessing the Authority's and the group'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 there is an intention by government that the services provided by the Authority and the group will no longer be provided.

The Audit and Standards Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

### **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: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Authority and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003, the Local Government Act 1972, the Local Government and Housing Act 1989 and the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) and the Local Government Finance Act 2012.
- We enquired of senior officers and the Audit and Standards Committee, concerning the group and Authority's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers, internal audit and the Audit and Standards Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Authority and group's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and assessment of the risk of fraud in revenue and expenditure recognition. We determined that the principal risks were in relation to journals:

- Using data analytics, we considered all journal entries for fraud and set specific criteria to identify the entries we considered to be high risk. Such criteria included journals with unusual values; journals posted after the year end; journals with a material impact on the surplus/deficit for the year; and journals created by senior managers.
- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that the Corporate Director for Finance and Resources has in place to prevent and detect fraud.
  - analysis of the journals listing and determination of the criteria for selecting high risk unusual journals
  - identification and testing of unusual journals made during the year and the accounts production stage for appropriateness and corroboration
  - reviewing and testing transfers between the General Fund and HRA and inter group journals. challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings valuations, council dwelling valuations, PFI valuations, the valuation of defined benefit net pension fund liabilities, grants and income recognition, PFI provisions and minimum revenue provision.
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to land and buildings valuations, council dwelling valuations, PFI valuations, depreciation, the valuation of defined benefit net pension fund liabilities, provisions, income and expenditure accruals, PFI liabilities, credit loss and impairment allowances, and fair value estimates.
- Our assessment of the appropriateness of the collective competence and capabilities of the group and Authority's engagement team included consideration of the engagement team's
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the local government sector
  - understanding of the legal and regulatory requirements specific to the Authority and group including:
    - the provisions of the applicable legislation
    - guidance issued by CIPFA, LASAAC and SOLACE
    - the applicable statutory provisions
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Authority and group's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - The Authority and group's control environment, including the policies and procedures implemented by the Authority and group to ensure compliance with the requirements of the financial reporting framework.

## **Report on other legal and regulatory requirements – the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources.**

### **Matter on which we are required to report by exception – the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources.**

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in respect of the above matter.

### **Responsibilities of the Authority**

The Authority is responsible for putting in place proper arrangements for securing 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 review of the Authority’s arrangements for securing 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 be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021. This guidance sets out the arrangements that fall within the scope of ‘proper arrangements’. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We documented our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor’s Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

## **Report on other legal and regulatory requirements – Audit certificate**

We certify that we have completed the audit of London Borough of Brent for the year ended 31 March 2022 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

### **Use of our report**

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 [and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited]. Our audit work has been undertaken so that we might state to the Authority’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Ciaran McLaughlin

Signature:

Ciaran McLaughlin, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

London

Date: 30 March 2023

# Glossary

## ACCRUALS

Amounts charged to the accounts for goods and services received during the year for which payments have not been made.

## BALANCE SHEET

This shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services. The second category of reserves are those that the authority 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 would only become available to provide services if the assets are sold.

## CAPITAL EXPENDITURE

Expenditure on the acquisition of assets to be of value to the Council beyond the end of the financial year, e.g. purchase of land and buildings, construction of roads, etc or revenue expenditure which the Government may exceptionally permit the Council to capitalise e.g. redundancy payments.

## CAPITAL RECEIPTS

Money received from the sale of land, buildings and plant. A prescribed portion of receipts received for HRA dwellings must be “pooled” and paid to central government.

## CASH FLOW STATEMENT

Shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the

authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

## COMMUNITY ASSETS

A classification of fixed assets that the Council intends to hold in perpetuity that may have restrictions on their disposal. Examples of such assets are parks, historic buildings and works of art.

## 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 or rents. Authorities raise taxation and rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

## CONSISTENCY

The principle that the accounting treatment of like items should be treated the same from one period to the next.

## CORPORATE AND DEMOCRATIC CORE

This comprises all activities which local authorities engage in specifically because they are elected multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a single purpose body managing the same service. There is no logical basis for apportioning these costs to services. It comprises of Democratic Representation and Management and Corporate Management.

## COLLECTION FUND ADJUSTMENT ACCOUNT

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

## CREDITORS

Amounts owed by the Council at 31 March for goods received or services rendered but not yet paid for.

## DEBTORS

Amounts owed to the Council which are collectable or outstanding at 31 March.

## EXPENDITURE AND FUNDING ANALYSIS

The purpose of this statement is to demonstrate to council tax and rent payers how the funding available to the authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

## FINANCE LEASE

A lease that transfers substantially all of the risks and rewards of ownership of an asset to the lessee (the Council) and at the end of the lease term substantially all the asset value and interest payments have been made.

## FIXED ASSETS

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

## GOING CONCERN

The concept that the Council will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

## GOVERNMENT GRANTS - SPECIFIC

Assistance by Government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to the Council in return for past or future compliance with certain conditions relating to the activities of the Council.

## INFRASTRUCTURE ASSETS

A classification of fixed assets, whose life is of indefinite length and which are not usually capable of being sold, e.g. highways, street lighting and footpaths.

## LONG TERM INVESTMENTS

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Council. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments which do not meet the above criteria should be classified as current assets.

## LEVIES

These are payments to London-wide bodies whose costs are borne by local authorities in the area concerned.

## LONG-TERM CONTRACTS

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as long-term contracts if they are sufficiently material to the activity of the period.

## MINIMUM REVENUE PROVISION (MRP)

The minimum amount the Council must charge to the revenue accounts each year to repay loans as defined by Government regulation.



## MOVEMENT IN RESERVE STATEMENT

Shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The movement in Reserves Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax or rents for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

## NON DOMESTIC RATE (NDR)

A flat rate in the pound set by the Central Government and levied on all non-residential premises according to their rateable value collected by the Council.

## OPERATING LEASES

The lessor is paid rental for the hire of an asset for a period, which is substantially less than the useful economic life of an asset. The lessor is taking a risk on the residual value at the end of the lease.

## OPERATIONAL ASSETS/NON OPERATIONAL ASSETS

- Fixed assets held and occupied, used or consumed by the Council in the direct delivery of services for which it has either a statutory or discretionary responsibility.
- Non-operational assets, not directly occupied or surplus to requirements pending sale or development.

## PRECEPTS

A charge made by another authority on the Council to finance its net expenditure. This Council has a charge on the collection fund by the Greater London Authority.

## PRIOR YEAR ADJUSTMENTS

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

#### PRUDENCE

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets the ultimate cash realisation of which can be assessed with reasonable certainty.

#### REVALUATION RESERVE

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment.

#### REVENUE SUPPORT GRANT

A general grant paid to local councils from national taxation.

## ABBREVIATIONS

ALMO	Arm's Length Management Organisation
ASC	Adult Social Care
AVC	Additional Voluntary Contribution
BHP	Brent Housing Partnership
CIL	Community Infrastructure Levy
CIPFA	Chartered Institute of Public Finance and Accountancy / Code of Practice on Local Authority Accounting in the United Kingdom
DCLG	Department for Communities and Local Government
CIES	Comprehensive Income and Expenditure Statement
DfE	Department for Education
FTE	Full Time Equivalent
GAAP	Generally Accepted Accounting Principles/ Practice
GF	General Fund
GLA	Greater London Authority
HRA	Housing Revenue Account
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
LBB	London Borough of Brent
LGPS	Local Government Pension Scheme
MHCLG	Ministry of Housing, Communities and Local Government's
MRA	Major Repairs Allowance
MRP	Minimum Revenue Provision
NAIL	New Accommodation for Independent Living
NDR	Non Domestic Rates (also called Business Rates)
PFI	Private Finance Initiative
PWLB	Public Works Loans Board