Brent

STATEMENT OF ACCOUNTS
2019/20

Contents

CONTENTS **2**

NARRATIVE STATEMENT **3**

BALANCE SHEET 19
THE MOVEMENT IN RESERVES STATEMENT 20
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT 22
CASH FLOW STATEMENT 23

NOTES AND DISCLOSURES TO THE CORE STATEMENTS **24**

PHYSICAL ASSETS 25
CURRENT ASSETS 27
CASH FLOW NOTES 29
LIABILITIES 31
EARMARKED RESERVES 32
COMPREHENSIVE INCOME AND EXPENDITURE NOTES 34
NOTE 14- EXPENDITURE AND FUNDING ANALYSIS NOTES 35
ADDITIONAL DISCLOSURES 38
FINANCIAL INSTRUMENTS 46
EMPLOYEE BENEFITS 61
PENSION NOTES 66

HOUSING REVENUE ACCOUNT **72**

NOTES TO THE HOUSING REVENUE ACCOUNT 74

COLLECTION FUND **77**

NOTES TO THE COLLECTION FUND 78

GROUP ACCOUNTS **79**

GROUP ACCOUNTING POLICIES 79
GROUP STATEMENTS 80
NOTES TO THE GROUP ACCOUNTS 84

CHAIR OF THE AUDIT COMMITTEE .... ERROR! BOOKMARK NOT DEFINED.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON BOROUGH OF BRENT .... ERROR! BOOKMARK NOT DEFINED.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS **97**

STATEMENT OF ACCOUNTING POLICIES **99**

ADDITIONAL SUPPORTING INFORMATION AND RECONCILIATION DISCLOSURES **112**

BRENT PENSION FUND ACCOUNTS **120**

GLOSSARY **149**

Narrative Statement

I am very pleased to present Brent Council's Statement of Accounts for 2019/20. 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:

- Performance in 2019/20 (1 – 20)
- Other significant financial results and information (21 – 37)
- Organisational overview (38 – 46)
- COVID-19 Expenditure Tracker (47 - 79)
- Managing the financial Impact of COVID-19 pressures (80 - 84)
- Going concern (85 - 94)
- Governance (95 - 97)
- Financial governance (98 - 99)
- Looking ahead (100 – 103)

Performance in 2019/20

1. As set out in the table below, whilst there were over and underspends across all services, overall revenue expenditure on council services spent to budget.

Revenue Expenditure

Table 1

Directorate	Full year Budget £m	Expenditure £m	Over / (under) spend £m
(GF) Children and young people	48.8	50.3	**1.5**
(GF) Community wellbeing	136.6	137.2	**0.6**
Assistant Chief Executive	7.8	7.8	**0.0**
Customer and Digital Services	21.2	21.2	**0.0**
Chief Executive Department	16.6	16.6	**0.0**
Regeneration & environment	40.2	38.1	**(2.1)**
Grand Total	**271.2**	**271.2**	**0.0**

General Fund

2. The Children and Young People department overspent by £1.5 million. This pressure has arisen because of two main cost drivers, the national challenge of recruitment and retention of social workers and demand for placements. This is part of a national pattern and most Councils in England and Wales are reporting similar pressures due to demand for care services. This reflects a growing body of evidence of difficulties in maintaining existing care standards without substantial additional funding as part of the Spending Review.

3. Community Well Being overspent by £0.6 million. This is attributable to unachieved savings on Adult Social Care due to delays in the retender of Homecare and Day care contracts, and a delay in the deregistration of Tudor Gardens as a residential home to turn it into a supported living scheme.

4. The risk of the overspends in children's services and adult social care was identified early in the year and compensatory measures were taken elsewhere, principally within the Regeneration and Environment department to ensure that service expenditure was kept within the agreed budget for the year.

5. The other departments within the general fund achieved spend broadly in line with budget.

Schools and DSG

6. Dedicated schools grant (DSG) funds local authority schools' budgets and is the main source of income for schools. In 2019/20 Maintained school reserves have fallen by £10.1 million to £8.5 million as school budgets remain under considerable pressures due to funding not keeping pace with rising costs. In 2019/20, the DSG reported a deficit of £4.9million. This is mainly within the High Needs Block which has come under increased pressure in supporting children with special educational needs. The reported DSG deficit is disclosed within the general fund reserves.

7. The High Needs block has been impacted by the increasing number of Education, Health and Care plans (EHCP) being undertaken. This is a national challenge and locally in Brent, there has been a 35% growth in the number of EHCPs in the last 5 years. In 2019/20, this growth was 12%. This has led to spend which is significantly higher than the funding provided by the Department for Education (DfE).

8. In line with the School and Early Years Finance (England) Regulations 2020 this deficit will be disclosed within general fund reserves and funded from future year's funding and/or recovery plans as agreed with the DfE. This Council is barred from funding deficits from the general fund without the secretary of state's approval. Given this, the deficit of £4.9million will be carried forward to 2020/21. Longer-term actions will be required to recover the deficit and a task group has been set up by the Council to co-ordinate, monitor and oversee a recovery plan. Further details on the DSG performance during the year have been disclosed in note 21.

Housing Revenue Account (HRA)

9. The Housing Revenue Account (HRA) is a ring-fenced account, which manages income and expenditure in relation to 7,794 units of council owned housing stock. Stock levels increased by 43 units overall compared to the previous year following major new investment in the affordable housing programme.

10. The HRA reported a break-even position for 2019-20. The HRA operating reserve balance remains unchanged from last year at £1.4m.

11. Within the HRA, there were some minor in-year overspends against the planned budgeted expenditure. These related to enhancing services for residents by bringing the estate cleaning services team in-house from September 2019 and committing to paying the estate cleaning team the London Living Wage. The in-year budgetary pressure was managed through the cost reductions achieved by the IT transformation project.

12. The end of the financial year coincided with the early stages of lockdown in response to COVID-19. Whilst there was no material impact on the 19/20 collection rates of rent and service charges, looking ahead the impact of the pandemic on rent and service charge collections is a key risk area for the HRA budget and this will be kept under close review with an updated position reported in the MTFP.

Capital Expenditure

Table 2

Directorate	Full year Budget £m	Expenditure £m	Over / (under) spend £m
Corporate Landlord	10.6	5.3	**(5.3)**
Regeneration	4.0	4.2	**0.2**
St. Raphael's Estate Regeneration	1.0	0.7	**(0.3)**
Housing Care Investment	203.0	186.0	**(17.0)**
Schools	10.8	9.6	**(1.2)**
South Kilburn	10.6	8.8	**(1.8)**
Public Realm	21.2	17.4	**(3.8)**
Grand Total	**261.2**	**232.0**	**(29.2)**

13. The Council has an ambitious five year capital investment programme totalling £1.1bn which is financed from a combination of capital receipts, the Council's resources and external borrowing. For 2019/20 the Council spent £232m, which equates to 89% of the approved capital programme budget and was under spent compared to budget by £29.2m or 11% as shown in Table 2 above.

Corporate Landlord

14. Reporting a £5.3m underspend due to protracted commercial and legal negotiations which has caused delays in agreeing the final terms of the loan to the United College Group (UCG) for proposed development works on a new campus.

Regeneration

15. A small overspend in year caused by the Morland Gardens scheme incurring design fee and other costs earlier than originally planned. The scheme is still expected to come in on budget over the life of the project. This is offset by an equivalent underspend on the St Raphael's Estate regeneration budget due to design and procurement work pushed back to 2020-21.

Housing, Care and Investment

16. The £17m underspend in housing is due to several projects. They include the acquisition and street properties programme underspending by £6m due to difficulties in identifying and securing a suitable pipeline of street properties. Approximately £6m relates to delayed works at the following sites: (Honey Pot Lane, Learie Constantine securing vacant possession and agreeing leases, BICC redevelopment and Brondesbury Road clinic). Lastly following the acquisition of 235 new units at Gloucester and Durham the Council secured a saving of c £5m compared to the original budget by agreeing an SDLT exemption with HMRC.

Schools

17. The £1.2m underspend is caused by slippage on a number of projects within the annual maintenance programme and schools expansion programme now planned to be carried forward and completed in 2020/21.

South Kilburn

18. A £1.8m underspend due to delays in securing property acquisitions on William Dunbar and Saville, Crone Court and Austen House schemes.

Public Realm

19. There is a £3.8m underspend across a number of infrastructure improvement programmes. A large proportion of this sum relates to planned footways works which were paused in March due to the pandemic outbreak.

20. The Council continues to review the capital programme to assess the financial and delivery implications of the crisis on programmes and projects planned to be completed within the next financial year. With the exception of a few contractors that ceased working on site or reduced their site activities most are now resuming work from May onwards. Indeed, most of our capital programmes and projects have been progressing albeit within the social distancing constraints. Other than some of the savings targets (linked to securing rental income) now being delayed, there are no material impacts anticipated from the recent review undertaken.

Other significant financial results and information

Staffing

21. Following the end of the 4 year housing estate cleaning contract and subsequent contract performance review the Council took steps to bring this contract in-house. This involved the transfer of c 75 staff to the Council.

22. During the year the number of school staff and council officers paid over £50,000 in 2019/20 has increased by 17 compared to 2018/19, this is in part due to inflationary pay rises and to greater permanency in professional roles such as social work and accountancy.

23. The number of exit packages decreased from 228 in 2018/19, at a cost of £4.8m, to 116 in 2019/20 at a reduced cost of £2.4m. The 2018/19 figures include 107 employees who opted to take voluntary redundancy from the Council, following a major programme in 2017/18 to reduce costs via staffing reductions, whilst for 19/20 uptake fell to 87 individuals.

Borrowing

24. The Council's external borrowing increased to £598.8m (2018/19: £396.3m), an increase of £203m. This includes PWLB (Public Works Loan Board), LOBO and Fixed Rate loans, a debut £80m Private Placement loan secured in March 2020 and short term loans with other Councils totalling c£130m.

Table 3

Loans	2019/20 £m	2018/19 £m
PWLB	300.3	310.8
LOBO Loans	70.5	70.5
Fixed Rate Loans	228.0	15.0
Grand Total	**598.8**	**396.3**

25. The Council's external borrowing rose significantly over the year mainly to fund the growing capital programme which includes over £100m spend on the "in borough" acquisition programme comprising of 235 affordable homes in South Kilburn and purchase of 153 Key Worker units block in Wembley by i4B, the Council's wholly owned subsidiary company.

Private Placement

26. As part of a drive to save debt servicing costs and increase diversification the Council sought alternative forms of finance to PWLB. The Council raised £80m unsecured, fixed rate, amortised loans from Private Placement market in March 2020. The Council achieved credit spreads of over 60-80bps on the margins offered by the PWLB and an all-in coupon of under 2% for 20 years and 2.01% for 25 years average life funds raised. This borrowing will fund the Council's ambitious housing and regeneration plans which will have a pivotal role to play in the recovery plans of the borough post COVID-19.

27. The Council's MTFP 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.

Pension Fund

28. 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.

29. During 2019/20, the value of the Pension Fund's investments has decreased to £835m (2018/19 £856m). This is due to the poor performance of equity markets in the final quarter of the year related to COVID-19. At the end of December 2019, investments were valued at £935m.

30. Total contributions received from employers and employees was £60m for the year, an increase from the previous year. Total benefits paid to scheme beneficiaries, in the form of pensions or other benefits, was £48m, an increase on the previous year's £46m. As in 2018/19, 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.

31. 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 this 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.

32. This 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 is a significant increase on the 55% funding level as at the March 2016 valuation.

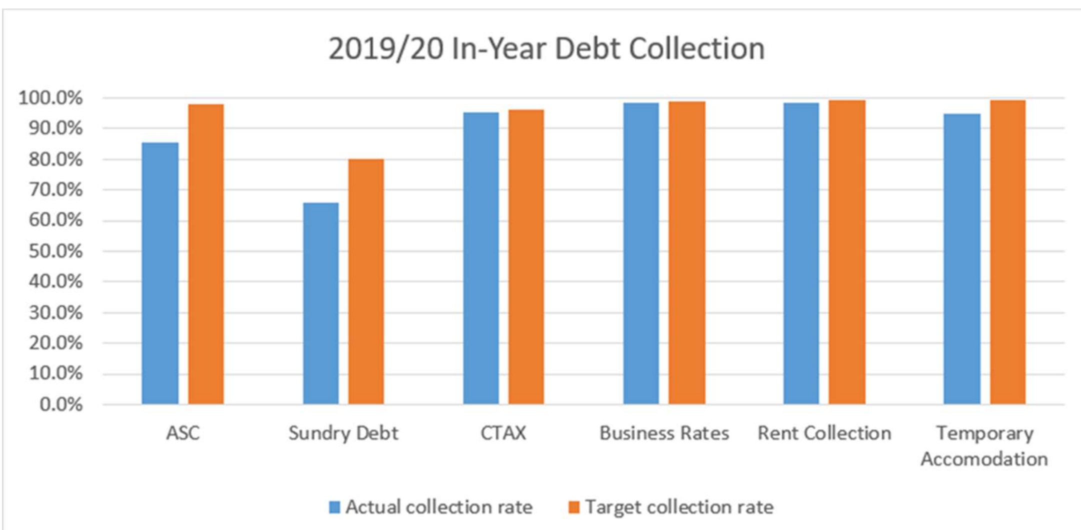
33. Since March 2019, the investments of the pension fund have generated a return lower than the returns assumed by the fund actuary as part of the valuation. This is due to steep falls in some markets (particularly global equity markets) following the outbreak and global spread of COVID-19 in early 2020. The Fund holds a well-diversified portfolio, which has been invested in line with its investment strategy, therefore some assets have increased in value helping to mitigate impact of market falls.

34. The Net Pension liability dropped by £266m (increased by £83.9m in 2018/19). There are a number of contributory factors for this;

- As 19/20 was a valuation year, the liability is based on a new "rolled forward" position from the 2019 triennial valuation results.
- The valuation results showed a drop in the liability due to strong investment returns, better data and membership experience.
- In addition to this a number of assumptions concerning pension rates and salary increases have been revised which has lowered the overall liability.

In Year Debt Collection

35. The council collected 95.1% of the 2019/20 council tax due during the year, a 1% reduction in collection rate from last year. Business rates and housing rents collection have seen a slight drop in performance compared to 99% collection rate last year and below targets of 98.7% and 99.5% respectively. Performance in the collection of sundry debts remains low at 65.9%, a further drop from the 71% achieved last year, compared to a target collection rate of 80%. The table below reflects actual performance against targets set for in year collection.



	ASC	Sundry Debt	CTAX	Business Rates	Rent Collection	Temporary Accomodation
Actual collection rate	85.4%	65.9%	95.1%	98.2%	98.6%	95.0%
Target collection rate	98.0%	80.0%	96.1%	98.7%	99.5%	99.5%

36. Across various categories of debts, a total of £24m arrears was collected in year, with a large proportion generated from sundry debts.

Table 4

Outstanding debt			
Debt Categories	**Debts as at 31st Mar 2019 £m**	**Debts as at 31st Mar 2020 £m**	**Increase/ (Reduction) £m**
Council Tax	48	44	(4)
Housing Benefits overpayments	29	24	(5)
Business Rates	9	7	(2)
Sundry Debt	16	3	(13)

37. For 2019/20 the provision for debt was uplifted by 10% to reflect emerging issues arising from the pandemic. As part of the Council's immediate response we have temporarily paused any debt enforcement action and in some cases allowed payment holidays. This is a temporary measure to provide support during the outbreak and will gradually be scaled down as situation improves. Additional information on the provision can be found in the Key Judgements and Material Estimates disclosure.

Organisational overview

38. To say this has been another challenging year for local government would be an understatement. The outbreak of the COVID-19 pandemic in early 2020 has caused massive disruption to the economy and public finances.

39. Before this, the Council was already dealing with a decade of austerity measures, Business Rate reforms, a re-setting of government funding with the Fair Funding Review, Adult Social Care pressures and the impact of Brexit. The current situation is exceptional and the Council has had to make critical decisions quickly, often in response to specific and constantly evolving Government direction and guidance.

40. In response the Council has instigated the Strategic Gold Group to lead on the coordination and response to the COVID-19 Pandemic. Since early March the group has met regularly and leads on the communications to residents, staff and members. The group is represented by Strategic Directors, Human Resources, the Director of Public Health, Communications, Emergency Planning and the Operational Director for Customer Services and is chaired by the Chief Executive.

41. Alongside this London wide arrangements have been in place throughout period. A London Resilience forum was stood up and a Strategic Co-ordination Group (SCG) has overseen the response of all our partners, NHS, PHE, Police, Fire, GLA, and Central Government. The Chair of the SCG was given powers by the government to direct public services throughout this crisis and every day The Council is duty bound to return a situation report to them outlining the resilience

of all our critical services. They have also provided direction in relation to issues such as shielding, PPE, testing, enforcement of social distancing and Brent have followed instructions where relevant.

42. The role of London Local Authority Gold throughout most of this period has been undertaken by the Chief Executive of Waltham Forest. This has been executed by way of a sub-regional structure with Brent being in the West London sub-region along with Harrow, Hillingdon, Ealing, Hounslow and Hammersmith of Fulham.

43. The Council's initial response to the pandemic was to follow government guidance with regard to the scientific evidence and whilst services were reduced and increasing numbers of staff were working from home we did not shut down all services until the government instituted the lockdown on 23 March 2020. Since that point the council has changed its position to one where staff are largely based at home working remotely and providing mainly critical services.

44. So far the main areas of increased Council activity have been:

- *Social Care and PPE* - ensuring hospital discharges happen quickly, supporting care homes and domiciliary care, getting PPE to carers and front line staff, testing of front line staff.

- *Parks, Open Spaces & Mortuaries* - building additional mortuary capacity and working with funeral directors to ensure funerals happen as quickly as possible, enforcement of social distancing in parks and open spaces and high streets along with the effective monitoring of which shops should and should not be open, keeping the bins emptied given much higher levels of domestic waste.

- *Staff redeployment* - the redeployment of staff to ensure that increased benefits and council tax enquiries are efficiently expedited and all calls answered, contacting all 18,500 NHS shielded residents and others referred to us as vulnerable and providing food and now medicines to those who are in need.

- *Grants and other financial assistance* - working on small grants to businesses and business rates relief and now sorting out how we will get ourselves back onto a sustainable financial footing, also have needed to ensure that we are alert to any potential for fraud as a result of monies being distributed in response to COVID-19.

- *Voluntary Sector & Partnerships* - worked with the voluntary and community sector to provide support and indeed food and transport to foodbanks, advice and support to residents and communications media, answering enquiries and ensuring information is given to residents in the Borough through the web and other social media channels.

- *Rough Sleepers* - ensure that rough sleepers have been accommodated and provided additional accommodation for those that are in danger of becoming rough sleepers; emergency repairs have continued.

- *Educational Settings* - working very closely with schools in the borough to support with PPE and provide guidance and help co-ordinate in relation to the childcare commitment for key workers and those children identified as vulnerable.

- *Communications* - information has constantly needed to be updated and sent to residents, staff, businesses and members.

45. Despite the fact that the majority of staff are now home based the Council has been able to continue to deliver the majority of services without disruption. Although some services by the nature of the public interface have been temporarily closed down e.g. Libraries and sports centres, recycling centre, whilst other services have been projected into greater prominence as a result of the shutdown, for example registrations, mortuaries.

46. In response to the outbreak, central government has been making daily announcements and the following grants have been made available to Council's to support the response:

- *COVID-19 Fund - A £3.2 billion fund for local authorities to help in the response to coronavirus (COVID-19) pressures across all the services they deliver. Brent's share of this fund is £18.4m.*

- *Hardship Fund - A £500 million Hardship Fund to provide council tax relief to vulnerable people and households to help those affected most by coronavirus. Brent allocation £3.9m.*

- *Rough Sleepers - This is a £3.2 million fund available to all local authorities in England to reimburse them for the cost of providing accommodation and services to those sleeping on the streets to help them successfully self-isolate.*

- *Business Rates Relief - There are two business rates grants which have been announced. The Small Business Grant Fund and the Retail, Hospitality and Leisure Business Grant Fund (£65.9m).*

COVID-19 Expenditure Tracker

47. As a result of these extraordinary circumstances, it is expected that service departments will experience income and expenditure pressures over and above that which their 2020-21 budgets are based upon, with the 2020-21 budgets having been only agreed by Council in February 2020. The magnitude of these expenditure pressures will depend on the severity of the pandemic and

how long the pandemic lasts. Two scenarios have been modelled based on a lockdown period of 3 and 6 months.

48. A cost tracker has been created to estimate and record these additional pressures. It includes anticipated additional expenditure pressures, loss of income, impact on savings and capital programmes and treasury management issues. Table 5 below provides a summary of the expected loss of income and costs to the council (as at 1st May 2020), assuming that the current social distancing measures are in place for three months and that the financial impact is experienced for an additional three months to 30 September 2020. These figures are reported fortnightly to the Ministry of Housing, Communities and Local Government (MHCLG).

Table 5

Directorate	19/20 Impact (£m)	20/21 3 month lockdown impact to 30 Jun 20 (£m) Scenario 1	20/21 Extended to 30 Sep 20 (£m) Scenario 2	Total estimated impact (£m)
General fund				
(GF) Children and young people	0	1.4	1.6	**3**
Community and Wellbeing	0.3	3.7	3.5	**7.5**
Assistant Chief Executive	0	0.4	0.1	**0.5**
Customer and Digital Services	0	6.1	2.3	**8.4**
Regeneration and Environment	0.1	6.4	5.5	**12**
General Fund Sub-Total	**0.4**	**18**	**13**	**31.4**
Dedicated Schools Grant	**0**	**0.2**	**0.1**	**0.3**
Housing Revenue Account	**0**	**1.6**	**1.8**	**3.4**
Grand Total	**0.4**	**19.8**	**14.9**	**35.1**

49. The expected cost impacts and risks included in Table 5 are explained further below:

Children & Young People

50. Immediate costs estimated incurred against the general fund in 2019/20 as a result of COVID-19 are minimal and includes the purchase additional cleaning products, catering costs for the Nurseries. There have also been some costs incurred on the provision of emergency food supplies and travel assistance for children in care. These costs are expected to ramp up in 2020/21 and will expand to include overtime costs for staff supporting the Emergency Duty Team.

Community and wellbeing

51. For 2019/20, COVID-19 costs have mainly been incurred by Adult Social Care in relation to Personal Protective Equipment (PPE) to equip social care providers. Costs have also been incurred on reconfiguring the Peel Road property as a step down facility for patients discharged from hospital who need to continue to self-isolate. In 2020/21 further purchases of PPE will be required to support Adult Social Care in particular at care homes.

52. An increased hourly rate for Homecare providers of 5% has been agreed. This was necessary to support care providers through the pandemic and has been supported by implement immediate payment terms and in some cases making payments in advance.

53. Other expected cost pressures include the need to recruit additional staff to cover sickness and self-isolation across Adult Social Care, extra support for vulnerable social clients who cannot access supplies easily and additional social care packages which cannot be reclaimed through NHS funding.

54. In Housing there has been a need to secure accommodation for homeless individuals to enable social distancing. Whilst on the housing capital programme a reduction of planned works on the HRA housing stock as contractors are not able to work could result in an increase in responsive repairs.

55. Private Housing Service income will be impacted with landlord applications anticipated to reduce, less promotion of the service, and less enforcement activity is likely given the lockdown restrictions. Also, Income collection rates in the HRA are anticipated to fall in 2020/21 as the economy worsens and unemployment increases.

56. Financial support will be required to assist Leisure centre contractors and Bridge Park Community Leisure Centre has been re-purposed as a hub for the co-ordination and delivery of packages to support vulnerable residents on the NHS shielded list.

57. Included within the Councils savings targets for 2020/21 is the construction and delivery of new NAIL (New Accommodation for Independent Living) housing units. The achievement of these savings will be delayed by the pandemic as officer time and focus will now be centred the crisis response

58. There are plans for a number of completed properties in the NAIL programme to be repurposed as step down facilities for recovering patients discharged. Assuming the crisis continues for 6 months this could halve the savings realised through the NAIL programme in 2020/21.

Assistant Chief Executive

59. There is an expectation of loss of fees and charges from Conferences and Events due to cancellations. The service is also predicting a reduction of commercial advertising income on outdoor sites and a fall in advertising fees from "Your Brent" Magazine. Additionally, there is expected to be a loss of income from film productions no longer using council sites and parking services. In addition to this, the provision of additional grants to the voluntary sector will exert further pressure on existing budgets.

60. There may be a potential loss of income in 2020/21 from traded services with schools such as the Brent Music Service and the Gordon Brown Centre due to the uncertainty surrounding the re-opening of schools.

61. There is also a risk to the timing of the delivery of the CYP department's savings target for 2020/21 linked to the development of Family Wellbeing Centres and the development of a shared fostering service with other West London Authorities.

62. In 2020/21 there is predicted to be further pressures against the Dedicated Schools Grant (DSG) funded budgets as a result of the potential need for additional tutoring costs whilst Looked After Children (LAC) are out of school and until interim arrangements are in place.

63. Other costs could include staffing cost pressures to address staff absences, the replacement and/or accidental damage to equipment sent home with pupils, providing internet connection and chrome books to enable all alternative provision placed students' access online provision.

Customer and Digital Services

64. The main pressures are expected to derive from cancelled ceremonies within the Registration and Nationalities service area which could result in substantial income loss in 2020-21 depending on the length and severity of the lockdown period.

65. Other pressures relate to the administration and implementation of recently announced measures to support businesses and individuals in receipt of the Council Tax support.

Regeneration & Environment

66. Prior to coronavirus measures being introduced, budget pressures were already identified for 2020/21 relating to an income deficit in Parking, the Brent Transport Service and the Veolia contract. The COVID-19 pandemic and the lockdown is expected to create additional pressures.

67. The main costs relate to the establishment of a temporary overflow mortuary. Other pinch points are predicted to come from reduced income, due to the government's social distancing measures. The largest of these is parking income (c £1m per month) due to reduced motoring activity and reduced penalty charge issuances.

68. The department is also predicting a rise in bad debts as a result of businesses unable to pay commercial rent, reduced activity in Building Control and Planning fee income. Neighbourhood Management are likely to be effected by the loss of income from the suspension of FPN issuing within Environmental Enforcement and a reduction in demand for permits for skips and scaffolding.

69. In addition to this savings targets for 2020-21 linked to property income, building control fees and licensing revenue are now unlikely to be met.

Capital Programme

70. As the disruption caused by coronavirus continues to spread, so does the potential to generate additional risks for construction contracts that underpin delivery of the councils capital programme.

71. The effects of the virus in the UK and internationally both in terms of the rising number affected as well as the preventative measures taken means that it is now certain that COVID-19 will impact on construction and infrastructure projects in the UK, with labour and material shortages being expected.

72. This raises a number of potential risks and considerations for the capital programme from a contractor and council perspective.

73. For contractors, where projects are stalled for an extended period contractors could go bust resulting in significant delays and cost increases. Although main contractors are protected to some extent through the newly implemented immediate payment policies there is no guarantee of this protection being passed down to sub-contractors. Finally, if contractors down tools this could lead to substantial delays in delivery of the programme.

74. From a Council perspective, where projects are delayed this could create cost/income pressures through a reduction or delay in the receipt of rental income, capital grants, S106 and CIL receipts which are required to fund capital borrowing costs or contribute to revenue savings targets.

75. There is also a risk that the deferral of highways maintenance due to shortage of labour and materials could lead to higher long-term costs and increased insurance claims.

76. The risks noted above are routinely tracked and monitored through the various internal governance boards and committees. Whilst the Council's capital programme for 2019/20 has been largely unaffected so far, we predict that the financial risks from the COVID-19 outbreak could begin to impact from 2020/21 depending on the length of the lockdown, however several different scenarios have been modelled as set out in Table 5.

Treasury Management

77. The government is providing a series of additional funding measures in response to the challenges caused by COVID-19. This is likely to mean that from the 1 April, most Councils will receive large sums of money from central government. The Council is due to receive £18.3m from the Coronavirus Fund and £64m in relation to Business Rates Discounts.

78. The Councils Treasury Management Strategy articulates the Council's policies for managing this cash and gives priority to the security and liquidity over that of return. During this period of increased financial risk the Council will continue to work within this approved framework and will not break existing limits to cope with this inflow, nor will it leave large sums exposed to undue credit risk.

79. Whilst the Council will naturally wish to keep this extra cash secure and liquid, this is best achieved by diversifying investments across money market funds, call accounts, short-term local authority loans and by utilising safe havens such as the DMADF (Debt Management Account Deposit Facility). This is a facility run by the Debt Management Office and provides the Council with a flexible and secure facility to supplement other existing investment options while saving interest costs for central government. The Council intends to utilise the DMO for holding the majority of the additional COVID-19 funding in the short term until these cash balances run down to normal levels.

Managing the financial Impact of COVID-19 pressures

80. Table 5 shows that based on current estimates, the net cost of COVID-19 is expected to be an additional £35m in 2020-21 (£19.8m if the impact can be restricted to 3 months), which is far in excess of the £18.3m funding recently announced. That being said, the Government has consistently said that it is committed to supporting local authorities to play their part in the national response.

81. The cost estimates set out in this report are considerable and the Council is working to the assumption (based on assertions made by Chancellor of the Exchequer, Rishi Sunak) that these costs will be fully reimbursed. However, in the event that there is a shortfall, contingency plans are in place to keep the council on a sound financial footing. These plans will be encapsulated in a more detailed report to Cabinet later in the year however the Council will use the full range of options available, including (but not limited to) taking steps to reduce demand for services, implementing further efficiency savings, streamlining processes wherever possible and as a last resort the re-diverting of earmarked cash reserves as a one-off measure.

Impact on 2020/21 savings and MTFS

82. The budget agreed by Council in February 2020 included savings of £7.4m in 2020/21, in order to deliver a balanced budget. Assuming the baseline assumption that the lockdown protocols will last three months and a further three months will be required to return to a form of normality, the impact on the savings planned for delivery in 2020/21 have been reviewed.

83. The initial analysis shows that of the £7.4m planned savings in 20/21, £0.3m are at risk of not being delivered at all, £2.4m have already been delivered (either delivered early or not affected by the impact of COVID-19) and £4.7m will not be delivered in 20/21.

84. Further analysis is underway to determine whether (i) the savings at risk will not be delivered at all, (ii) the savings at risk will be delivered but there may be some degree of slippage and/or (iii) mitigating actions can be implemented in the short term. It is envisaged that this outlook will become clearer in the coming months. Along with the review and tracking of COVID-19 cost pressures throughout the period of the pandemic, the position is being monitored on a daily basis and a detailed report along with a refreshed Medium Term Financial Plan (MTFP) including revised proposals will be reported to Cabinet in July 2020.

Going Concern

85. As with all local authorities, the Council is required to compile its Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting for 2019/20. 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. There are several themes worth discussing when considering the "going concern" question.

Statute and regulations

86. 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.

Current financial position

87. The financial outturn position 2019/20 shows a balanced position and as at the 31 March 20 the Council held general revenue reserves of £15.1m. Additionally the Council held £160m in earmarked reserves (excluding Community Infrastructure Levy (CIL) funds) which are held to meet specific identified pressures.

88. General reserves reflect the ability of the Council to deal with unforeseen events and unexpected financial pressures in any particular year and are a key indicator of the financial resilience of the Council. Given that Brent has relatively high levels of reserves this is a positive indicator. As part of the Medium Term Financial Strategy the Director of Finance has assessed that the optimum level of general reserves to be held by the Council is between 5-10% of net expenditure. At 31 March 2020 general reserves were at 5.3% of the net revenue budget for 2020/21.

Projected financial position

89. The Council set a balanced budget in 2020/21 with a total cash limit of £298.8m. The budget included £21.2m of growth and technical adjustments and required £7.4m efficiency savings, all of which have been identified. The sector has faced significant reductions in central government grant funding and the Council has successfully achieved budget savings of £174m over the last 10 years, demonstrating a good track record of strong financial management.

90. Prior to the outbreak of the pandemic a budget gap of £6.1m over the period 2021/22 to 2022/23 had been identified and a package of savings were agreed by Cabinet in March 2020. The progress of the savings targets along with the ongoing impact 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-19 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.

91. 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 2020/21 to 2024/25 totalling £780m.

The Council's balance sheet

92. The balance sheet shows a net worth of £1,660m (excluding the pension liability of £660.2m). There are statutory arrangements for funding the pension deficit through increasing contributions over the remaining working life of the employees, as assessed by an independent actuary. Council's contributions for 2020/21 have been set at 35% which is in line with the Fund's deficit recovery plan to clear its deficit within 19 years of the balance sheet date. The Councils balance sheet position therefore remains healthy.

The Council's governance arrangements

93. The Council has a well-established and robust corporate governance framework. This includes the statutory elements like the post 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 2019/20. 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-19 pandemic.

94. Despite the challenges faced by COVID-19 which are captured throughout this statement, it is considered that whilst having regard to the Council's arrangements summarised above and other such factors as highlighted in this report that the Council remains a going concern.

Governance

95. The urgency of the current situation has required decisions to be taken at speed and sometimes without the degree of consultation and debate that is usually considered desirable, because it is not currently practicable. As the current situation in respect of COVID-19 is clearly an exceptional one, interim arrangements were enacted that authorised the Chief Executive under the Constitution to exercise any executive or non-executive functions where the matter is urgent, unless this is prohibited by law.

96. These steps were necessary in order to protect critical and essential services, comply with the government and PHE guidance or to implement Government schemes and provisions of the Coronavirus Act 2020 and other new legislation. Full details including a list of critical services was reported to the Audit and Standards Advisory Committee at its meeting of the 5th May 2020.

97. Further details concerning the emergency governance procedures implemented following the outbreak of the pandemic can be found in the Annual Governance Statement 2019/20.

Financial Governance

98. The maintenance of financial control and stewardship of public funds will remain critical during the response to COVID-19. We 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. Any financial mismanagement during this period will be dealt with in exactly the same way as at any other time. We have also highlighted officers to the dangers of fraud and put in place mitigations.

99. The Finance Department has undertaken periodic reviews of our financial governance arrangements to ensure decisions to commit resources in response to COVID-19 are 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.

Looking Ahead

Recovery

100. Whilst we do not yet know for certain how long the lockdown will continue for the council is now operating stably in the "new normal". It is therefore crucial that we consider the many options open to the Council once the lockdown (either partial or total) ends. Recovery planning will need to cover both internal i.e. council and external i.e. community recovery and will probably have to be done in a phased way. It will be very important to ensure that all councillors and all staff are involved in this discussion as we move forward.

101. The Council is already looking ahead and actively planning for this by identifying elements of what has happened in recent months that we would like to retain e.g. even more flexible working than is currently the case, quicker decision making and more generic roles for some officers, less traffic on the road and improved air quality, a stronger sense of communities looking after each other. Equally there will be some other areas where we may put things back in place as before but that we now know we can do them differently and better.

102. As part of this initiative, reporting through the Senior Leadership Team (SLT) departments have been identifying potential actions or processes that could be adopted as the Council transitions through this recovery phase in the coming months.

Table 6

Restore *(Gradual transition away from crisis management arrangements)*	**Retain** *(Identifying those aspects of work that staff wish to maintain)*	**Re-invent** *(Aspects of work that staff should retain, re-invent or stop)*
•Responding to national directives •Maintaining social distancing •Ongoing support for shielded cohort •Managing phasing out of crisis services (e.g. food delivery) •Ramping up business as usual •Recognising staff and community contributions •Recovering from areas where income has been lost	•Increased home working •Empowering the workforce •More collaborative working across service areas and with partners •Rapid and effective roll out of new technology solutions •Effective internal communication methods	•Different use of the Civic Centre work space •Flexible start and finish times •Leaner working, removing tasks that don't add value •Greater use of technology to communicate and collaborate •Better decision making by empowering staff at all levels

103. The results of this collaborative review will shape the way that the Council is structured and services delivered for years to come.

Core Statements

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

Balance Sheet

31-Mar 2019 £m		Notes	31-Mar 2020 £m	
1,670.1	Property, Plant & Equipment	1	1,963.8	Non Current Assets
0.5	Heritage Assets		0.5	
3.6	Intangible Assets		6.4	
23.4	Long Term Investments	25	62.4	
115.6	Long Term Debtors	25	132.3	
1,813.2	**Long Term Assets**		**2,165.4**	
61.0	Short Term Investments	25	0.0	Current Assets
107.3	Short Term Debtors	2	156.8	
53.3	Cash and Cash Equivalents	3	135.2	
221.6	**Current Assets**		**292.0**	
(14.4)	Short Term Borrowing	25	(140.9)	Liabilities
(143.9)	Short Term Creditors	7	(125.0)	
(0.0)	Grant Receipts in Advance- Revenue	20	(8.3)	
(2.6)	Provisions	9	(2.2)	
(160.9)	**Current Liabilities**		**(276.4)**	
(33.2)	Long Term Creditors	25	(30.0)	
(19.8)	Provisions	9	(14.5)	
(385.8)	Long Term Borrowing	25	(462.1)	
(941.8)	Other Long Term Liabilities	8	(674.3)	
(1,380.6)	**Long Term Liabilities**		**(1,180.9)**	
493.3	**Net Assets**		**1,000.1**	
	Reserves			Reserves
(368.4)	Usable Reserves		(396.8)	
(124.9)	Unusable Reserves		(603.3)	
(493.3)	**Total Reserves**		**1,000.1**	

The Movement in Reserves Statement

	General Fund Balance	School Balances	Earmarked General Fund Reserves	HRA	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance as at 31 March 2019	**(15.1)**	**(18.6)**	**(233.8)**	**(1.4)**	**(1.7)**	**(25.4)**	**0.0**	**(72.4)**	**(368.4)**	**(124.9)**	**(493.3)**
Movement in reserves during 2019/20											
(Surplus) or deficit on the provision of services	(20.1)	0.0	0.0	10.4	0.0	0.0	0.0	0.0	(9.7)	0.0	**(9.7)**
Other comprehensive income & expenditure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(497.1)	**(497.1)**
Total comprehensive income & expenditure	**(20.1)**	**0.0**	**0.0**	**10.4**	**0.0**	**0.0**	**0.0**	**0.0**	**(9.7)**	**(497.1)**	**(506.8)**
Adjustments between accounting basis & funding basis under regulations	(16.4)	0.0	0.0	(13.1)	0.0	13.8	0.0	(3.0)	(18.7)	18.7	**0.0**
Net (increase)/decrease before transfers to earmarked reserves	(36.5)	0.0	0.0	(2.7)	0.0	13.8	0.0	(3.0)	(28.4)	(478.4)	(506.8)
Transfers (to)/from earmarked reserves	36.5	10.1	(46.6)	2.7	(2.7)	0.0	0.0	0.0	0.0	0.0	0.0
(Increase)/decrease in 2019/20	**0.0**	**10.1**	**(46.6)**	**0.0**	**(2.7)**	**13.8**	**0.0**	**(3.0)**	**(28.4)**	**(478.4)**	**(506.8)**
Balance as at 31 March 2020	**(15.1)**	**(8.5)**	**(280.4)**	**(1.4)**	**(4.4)**	**(11.6)**	**0.0**	**(75.4)**	**(396.8)**	**(603.3)**	**(1,000.1)**

	General Fund Balance	School Balances	Earmarked General Fund Reserves	HRA	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance as at 31 March 2018	**(12.3)**	**(23.9)**	**(202.6)**	**(3.7)**	**(1.7)**	**(38.4)**	**0.0**	**(82.5)**	**(365.0)**	**(140.2)**	**(505.2)**
Movement in reserves during 2018/19											
(Surplus) or deficit on the provision of services	32.4	0.0	0.0	21.9	0.0	0.0	0.0	0.0	54.3	0.0	53.3
Other comprehensive income & expenditure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(42.3)	(42.3)
Total comprehensive income & expenditure	**32.4**	**0.0**	**0.0**	**21.9**	**0.0**	**0.0**	**0.0**	**0.0**	**54.3**	**(42.3)**	**12.0**
Adjustments between accounting basis & funding basis under regulations	(61.0)	0.0	0.0	(19.6)	0.0	13.0	0.0	10.1	(57.6)	57.6	0.0
Net (increase)/decrease before transfers to earmarked reserves	**(28.7)**	**0.0**	**0.0**	**2.3**	**0.0**	**13.0**	**0.0**	**10.1**	**(3.3)**	**15.3**	**12.0**
Transfers (to)/from earmarked reserves	25.9	5.3	(31.2)	0.0	0.0	0.0	0.0	0.0	(0.0)	0.0	(0.0)
(Increase)/decrease in 2018/19	**(2.8)**	**5.3**	**(31.2)**	**2.3**	**0.0**	**13.0**	**0.0**	**10.1**	**(3.3)**	**15.3**	**11**
Balance as at 31 March 2019	**(15.1)**	**(18.6)**	**(233.8)**	**(1.4)**	**(1.7)**	**(25.4)**	**0.0**	**(72.4)**	**(368.3)**	**(124.9)**	**(493.2)**

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

*Restated 2018/19 Gross Expenditure £m	Gross Income £m	Net Expenditure £m		2019/20 Gross Expenditure £m	Gross Income £m	Net Expenditure £m	Notes
9.2	(1.8)	**7.4**	Assistant Chief Executive	11.8	(2.2)	**9.6**	
15.7	(1.1)	**14.6**	Chief Executive Department	20.1	(0.9)	**19.2**	
76.0	(24.2)	**51.8**	Children & Young People (GF)	80.6	(30.2)	**50.4**	
233.9	(213.4)	**20.5**	Children & Young People (DSG)	233.8	(202.3)	**31.5**	
216.4	(90.1)	**126.3**	Community Wellbeing (GF)	232.4	(79.8)	**152.6**	
72.1	(55.1)	**17.0**	Community Wellbeing (HRA)	59.0	(55.6)	**3.4**	
38.7	(19.3)	**19.4**	Customer & Digital Services	38.8	(17.9)	**20.9**	
93.7	(44.9)	**48.8**	Regeneration & Environment	90.9	(48.1)	**42.8**	
352.3	(373.9)	**(21.6)**	Central Items	306.6	(358.5)	**(51.9)**	
1,108.0	**(823.8)**	**284.2**	**Cost of Services**	**1,074.0**	**(795.5)**	**278.5**	
		63.2	Other operating expenditure			3.2	11
		36.0	Financing and investment income & expenditure			38.1	12
		(328.7)	Taxation and non-specific grant income			(329.5)	13
		54.7	**(Surplus) or Deficit on Provision of Services**			**(9.7)**	
		(98.9)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets			(208.5)	
		56.6	Actuarial (gains)/losses on pension assets and liabilities			(288.6)	32
		(42.3)	**Other Comprehensive Income and Expenditure**			**(497.1)**	
		12.4	**Total Comprehensive Income and Expenditure**			**(506.8)**	

*The prior year figures has been restated for the 2019/20 Corporate Restructuring, whereby the Assistant Chief Executive, Chief Executive Department and Customer & Digital Services Directorates has been created to replace the Resource Department and Performance, Policy & Partnership Directorates.

Cash Flow Statement

2018/19 £m		Notes	2019/20 £m
(54.7)	Net surplus or (deficit) on the provision of services		9.7
122.1	Adjustment to surplus or deficit on the provision of services for noncash movements	4	22.4
71.9	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	4	(78.0)
139.3	**Net cash inflows/(outflows) from Operating Activities**		**(45.9)**
(97.3)	Net cash inflows/(outflow) from Investing activities	5	(67.8)
(35.7)	Net cash inflows/(outflow) from Financing activities	6	195.6
6.3	**Net increase/(decrease) in cash and cash equivalents**		**81.9**
47.0	Cash and cash equivalents at the beginning of the reporting period		53.3
53.3	**Cash and cash equivalents at the end of the reporting period**	3	**135.2**

Notes and Disclosures to the Core Statements

Physical Assets

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

Movements in 2019/20	Council Dwellings	Land & Buildings	VPF&E	Infra-structure	Surplus Assets	Asset under Construction	Total	**PFI Assets*
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	***£m***
Cost or Valuation								
At 1 April 2019	**609.3**	**824.4**	**54.1**	**273.4**	**8.2**	**44.1**	**1,813.5**	**128.5**
Additions	33.7	20.4	1.1	18.1	0.1	89.8	163.2	*0.9*
Depreciation written out	(7.5)	(23.6)	0.0	0.0	0.0	0.0	(31.1)	*(5.3)*
Revaluation increases (decreases) in the Revaluation Reserve	3.0	205.7	0.0	0.0	(0.1)	0.0	208.6	*2.8*
Revaluation increases (decreases) in the Surplus / Deficit on the Provision of Services	(20.8)	(20.8)	0.0	0.0	0.0	0.0	(41.6)	*0.0*
Derecognition - Disposals	(1.7)	(0.3)	0.0	0.0	0.0	(0.1)	(2.1)	*0.0*
Reclassifications (to/from Assets Held for Sale)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	*0.0*
Other movements in Cost or Valuations	10.0	1.9	0.0	0.0	0.0	(11.9)	0.0	*0.0*
At 31 March 2020	**626.0**	**1,007.7**	**55.2**	**291.5**	**8.2**	**121.9**	**2,110.5**	***126.9***
Depreciation and Impairments								
At 1 April 2019	**(7.1)**	**(25.8)**	**(32.6)**	**(77.9)**	**0.0**	**0.0**	**(143.4)**	**(14.1)**
Charge for 2019/20	(7.6)	(16.2)	(3.5)	(6.8)	0.0	0.0	(34.1)	*(2.4)*
Depreciation written out	7.4	23.4	0.1	0.1	0.0	0.0	31.0	*5.3*
Impairment losses (reversals) recognised in the Revaluation Reserve	0.0	(0.1)	0.0	0.0	0.0	0.0	(0.1)	*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	0.0	(0.1)	*0.0*
Derecognition - Disposals	0.0	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	*0.0*
Other Movements in Depreciation & Impairments	(0.1)	0.1	0.0	0.0	0.0	0.0	0.0	*0.0*
At 31 March 2020	**(7.5)**	**(18.6)**	**(36.0)**	**(84.6)**	**0.0**	**0.0**	**(146.7)**	**(11.2)**
Balance Sheet Net Book Values (NBV)								
Balance Sheet NBV at 31 March 2020	**618.5**	**989.1**	**19.2**	**206.9**	**8.2**	**121.9**	**1,963.8**	**115.7**
Balance Sheet NBV at 1 April 2019	**602.2**	**798.6**	**21.5**	**195.5**	**8.2**	**44.1**	**1,670.1**	**114.4**

Movements in 2018/19	Council Dwellings	Land & Buildings	VPF&E	Infra-structure	Surplus Assets	Asset under Construction	Total	**PFI Assets*
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	***£m***
Cost or Valuation								
At 1 April 2018	**664.3**	**722.2**	**41.3**	**258.2**	**3.9**	**63.7**	**1,753.6**	***112.4***
Additions	26.2	25.4	15.3	15.2	0.7	30.6	113.4	*3.0*
Depreciation written out	(25.4)	(7.1)	0.0	0.0	0.0	0.0	(32.5)	*(0.3)*
Revaluation increases (decreases) in the Revaluation Reserve	5.9	93.1	0.0	0.0	(0.1)	0.0	98.9	*13.4*
Revaluation increases (decreases) in the Surplus / Deficit on the Provision of Services	(32.3)	(14.5)	0.0	0.0	0.0	0.0	(46.8)	*0.0*
Derecognition - Disposals	(1.5)	(61.7)	(2.5)	0.0	0.0	(7.4)	(73.1)	*0.0*
Reclassifications (to/from Assets Held for Sale)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	*0.0*
Other movements in Cost or Valuations	(27.9)	67.0	0.0	0.0	3.7	(42.8)	0.0	*0.0*
At 31 March 2019	**609.3**	**824.4**	**54.1**	**273.4**	**8.2**	**44.1**	**1,813.5**	***128.5***
Depreciation and Impairments								
At 1 April 2018	**(26.5)**	**(20.0)**	**(29.2)**	**(71.1)**	**0.0**	**0.0**	**(146.8)**	***(11.9)***
Charge for 2018/19	(7.1)	(12.8)	(4.5)	(6.8)	0.0	0.0	(31.2)	*(2.5)*
Depreciation written out	25.4	7.1	0.0	0.0	0.0	0.0	32.5	*0.3*
Impairment losses (reversals) recognised in the Revaluation Reserve	0.0	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	(0.1)	0.0	0.0	0.0	0.0	0.0	(0.1)	*0.0*
Derecognition - Disposals	0.1	1.0	1.1	0.0	0.0	0.0	2.2	*0.0*
Reclassifications (to/from Assets Held for Sale)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	*0.0*
Other Movements in Depreciation & Impairments	1.1	(1.1)	0.0	0.0	0.0	0.0	0.0	*0.0*
At 31 March 2019	**(7.1)**	**(25.8)**	**(32.6)**	**(77.9)**	**0.0**	**0.0**	**(143.4)**	***(14.1)***
Balance Sheet Net Book Values (NBV)								
Balance Sheet NBV at 31 March 2019	**602.2**	**798.6**	**21.5**	**195.5**	**8.2**	**44.1**	**1,670.1**	***114.4***
Balance Sheet NBV at 1 April 2018	**637.8**	**702.2**	**12.1**	**187.1**	**3.9**	**63.7**	**1,606.8**	***100.5***

***Note:** PFI Assets included within Land & Buildings, VP&E and infrastructure are also 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 Council's Balance Sheet

Capital Commitment

At 31 March 2020, the authority has entered into a number of contracts for the construction or enhancement of property, plant and equipment. The major commitments are:

- Knowles House- £18.3m
- Gloucester & Durham- £21.4m

Valuation breakdown

	Council Dwellings	Land and Building*	Surplus Assets
Valuation in 2019/20	5.9	520.1	1.4
Valuation in 2018/19	3.6	141.1	0.5
Valuation in 2017/18	4.2	66.8	5.6
Valuation in 2016/17	604.8	203.9	0.7
Valuation in 2015/16	0.0	56.6	0.0
	618.5	988.5	8.2

*Land and building under Note 1- significant movements on balances of property, plant and equipment contains £0.6m of Community assets which is excluded from this table as Community assets are held at depreciated historical cost.

Current Assets

Note 2 – Debtors

31-Mar-2019 £m		31-Mar-2020 £m
55.8	Trade receivables Outstanding	67.7
(15.0)	Less impairments	(19.5)
40.8	**Net Trade receivables**	**48.2**
2.8	**Prepayments**	**6.4**
51.0	Local Taxation receivables Outstanding	48.5
(25.0)	Less impairments	(19.7)
26.0	**Net Local Taxation receivables**	**28.8**
62.4	Other receivables amounts Outstanding	110.9
(24.7)	Less impairments	(37.5)
37.7	**Net Other receivable amounts**	**73.4**
107.3	**Total**	**156.8**

Breakdown of non-impaired Local Taxation Debtors

31-Mar-2019 £m		31-Mar-2020 £m
	Local Taxation receivable amounts Outstanding	
1.0	Due in less than three months	1.1
1.2	Three to six months	1.3
2.7	Six months to one year	3.0
21.1	More than one year	23.4
26.0		**28.8**

Note 3 – Cash and Cash Equivalents

31-Mar-2019 £m		31-Mar-2020 £m
(9.0)	Bank current accounts	14.2
20.2	School bank accounts	11.3
42.0	Short-term deposits	109.7
53.2	**Total**	**135.2**

Cash Flow Notes

Note 4 – Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2018/19 £m		2019/20 £m
4.3	Interest received-cash inflow	7.0
(43.2)	Interest paid-cash (outflow)	(23.0)

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

2018/19 £m		2019/20 £m
31.0	Depreciation	34.3
46.8	Impairment and downward valuations	41.6
0.9	Amortisation	0.7
(50.3)	Increase/(decrease) in creditors	(8.6)
1.2	(Increase)/decrease in debtors	(75.3)
27.8	Movement in pension liability	23.1
73.0	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	2.1
(7.7)	Other non-cash items charged to the net surplus or deficit on the provision of services	4.5
122.7		**22.4**

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

2018/19 £m		2019/20 £m
105.3	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0.0
(12.0)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(6.0)
(21.5)	Any other items for which the cash effects are investing or financing cash flows	(72.0)
71.9		**(78.0)**

Note 5 – Cash Flow Statement - Investing Activities

2018/19 £m		2019/20 £m
(101.6)	Purchase of property, plant and equipment, investment property and intangible assets	(166.7)
(0.0)	Purchase of short-term and long-term investments	(40.1)
(32.7)	Other payments for investing activities	0.0
12.0	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	6.0
0.0	Proceeds of sale of short and long term investments	61.0
25.0	Other receipts from investing activities	72.0
(97.3)	**Net cash flows from investing activities**	**(67.8)**

Note 6 – Cash Flow Statement - Financing Activities

2018/19 £m		2019/20 £m
(0.0)	Cash receipts of short and long term borrowing	213.0
(4.2)	Cash inflow/(outflow) relating to Private Finance Initiative schemes	(2.9)
(35.3)	Repayments of short and long term borrowing	(14.4)
4.0	Other payments for financing activities	0.0
(35.5)	**Total**	**195.7**

Liabilities

Note 7 – Short Term Creditors

31-Mar-2019 £m		31-Mar-2020 £m
(89.0)	Trade payables	(78.0)
(54.8)	Other payables	(47.0)
(143.8)	**Total**	**(125.0)**

Note 8 – Long-Term Liabilities

31-Mar-2019 £m		31-Mar-2020 £m
(925.7)	Pension Fund Liability	(660.2)
(16.1)	Deferred Income	(14.1)
(941.8)	**Total**	**(674.3)**

Note 9 – Provisions

	Outstanding Legal Cases £m	Compensation Claims £m	Other Provisions £m	Total £m
Short Term Provisions				
Balance at 1 April 2019	**0.0**	**(2.2)**	**(0.4)**	**(2.6)**
Net (additions) reductions to provisions made in 2019/20	0.0	0.0	0.4	**0.4**
Balance at 31 March 2020	**0.0**	**(2.2)**	**0.0**	**(2.2)**
Long Term Provisions				
Balance at 1 April 2019	**(2.3)**	**(3.7)**	**(13.8)**	**(19.8)**
Net (additions) reductions to provisions made in 2019/20	1.4	0.0	4.0	**5.4**
Balance at 31 March 2020	**(1.0)**	**(3.7)**	**(9.8)**	**(14.5)**

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 £4m reduction on other provisions relates to NDR appeals to cover potential risk on the current level of active cases. The amount of provision required has reduced and re-distributed between each of the precepting authorities to include Central Government; in 2018/19

Central Government did not have a share in the provision as 100% rates were retained between the Council and GLA.

Earmarked Reserves

Note 10 – Transfers (to)/from Earmarked Reserves

		Balance at 31/03/2019 £m	Transfer to/from reserves £m	Balance at 31/03/2020 £m
Capital and other statutorily ring-fenced reserves				
S106/CIL		**(106.0)**	**(22.5)**	**(128.5)**
Ring-fenced	HMO Licensing	(1.7)	(2.0)	(3.7)
	HRA	(1.7)	(2.7)	(4.4)
	Public Health	(2.5)	(0.5)	(3.0)
	Schools and other DSG	(18.6)	10.1	(8.5)
	CWB	(1.3)	1.0	(0.3)
	Migration related	(0.5)	0.1	(0.4)
	Edward Harvist Trust	(0.1)	0.0	(0.1)
	Total	**(26.4)**	**6.0**	**(20.4)**
Capital Finance Related	South Kilburn	(4.6)	(0.7)	(5.3)
	CWB	(0.1)	0.1	(0.0)
	General Fund Capital funding	(31.4)	(10.1)	(41.5)
	Total	**(36.1)**	**(10.7)**	**(46.8)**
Total		***(168.5)***	***(27.2)***	***(195.7)***
General and other smoothing reserves				
Investment reserve		**(11.4)**	**0.0**	**(11.4)**
Sinking fund and other smoothing reserves	PFI	(5.4)	0.1	(5.3)
	UC staffing	(2.7)	0.6	(2.1)
	Redundancy	(3.2)	0.0	(3.2)
	Insurance	(4.9)	0.0	(4.9)
	Welfare reform	(3.5)	3.5	0.0
	Pensions	(6.5)	(0.7)	(7.2)
	CYP	(0.0)	(0.2)	(0.2)
	Other Central	(16.3)	(7.5)	(23.8)
	Temporary Accommodation HB	(7.4)	1.5	(5.9)
	Total	**(49.9)**	**(2.7)**	**(52.6)**
Total		***(61.3)***	***(2.7)***	***(64.0)***

Other earmarked reserves		Balance at 31/03/2019 £m	Transfer to/from reserves £m	Balance at 31/03/2020 £m
Service reserves	CWB	(4.4)	1.7	(2.7)
	CYP	(2.7)	1.6	(1.1)
	R&E	(6.3)	(0.1)	(6.4)
	CDS	(1.2)	(0.1)	(1.3)
	ACE	(0.6)	0.0	(0.6)
	LHRAI	(0.7)	(0.1)	(0.8)
	Total	**(15.9)**	**3.0**	**(12.9)**
Transformation/service pressures reserves	Service pressures	(2.0)	0.0	(2.0)
	Future funding risks	(5.1)	(13.4)	(18.5)
	Transformation	(1.1)	0.9	(0.2)
	Total	**(8.2)**	**(12.6)**	**(20.8)**
Total		***(24.1)***	***(9.5)***	***(33.6)***
Grand Total		***(253.9)***	***(39.4)***	***(293.3)***

*This is the total of the Balance as at 31st March 2020 for School Balances, Earmarked General Fund Reserves and Earmarked HRA Reserves on 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, for ring-fenced activities, such as Dedicated Schools Grant (DSG), or funds identified to smooth the impact of capital financing costs and represents revenue contributions set aside to meet commitments included in the Capital Programme.

- **General and other smoothing reserves** - These reserves are to provide funds to contain possible future price variations of investments activities included within the Capital Programme and contributions made to contain future impact of revenue activities such as the cost of Welfare Reform or the unrecoverable Housing benefit increases.

- **Other Earmarked Reserves** - Include centrally held funds created to meet potential service pressures and to contain the cost of transformational projects that the authority will carry out to modernise the delivery of its services as well as spend-to-save initiatives.

Movement in the unusable reserves are detailed in the Additional Reconciliation section on pages 93-95.

Comprehensive Income and Expenditure Notes

Note 11 – Other Operating Expenditure

2018/19 £m		2019/20 £m
2.8	Levies	2.9
1.4	Payments to the Government Housing Capital Receipts Pool	4.2
66.7	(Gains)/losses on the disposal of non-current assets	(3.9)
(7.7)	Capital receipts relating to prior years	0.0
63.2	**Total**	**3.2**

Note 12 – Financing and Investment Income and Expenditure

2018/19 £m		2019/20 £m
20.7	Interest payable and similar charges	23.0
21.9	Pensions interest cost and expected return on pensions assets	22.3
(6.6)	Interest receivable and similar income	(7.2)
36.0	**Total**	**38.1**

Note 13 – Taxation and non-Specific Grant Incomes

2018/19 £m		2019/20 £m
(115.5)	Council tax income	(122.8)
(130.2)	Business Rates	(115.9)
(16.4)	Other government grants & taxation	(18.8)
(66.6)	Capital grants and contributions	(72.0)
(328.7)	**Total**	**(329.5)**

Note 14- Expenditure and Funding Analysis Notes

NB 2018-19 has been restated due to a restructure of the council at the start of 2019-20, so that 2018-19 is comparable to 2019-20, and the format of this note has been changed to more closely align with the council's reporting to management, to better achieve the objective of segment reporting.

2019-20	Comprehensive Income and Expenditure Statement				Movement in Reserves					Movement on HRA and General Fund after transfers to/from Earmarked Reserves (£m)
	Total expenditure (£m)	Total income (£m)	Below cost of services on CIES (£m)	Subtotal (£m)	Adjustments for capital purposes (£m)	Net change for Pension Adjustments (£m)	Other Statutory Adjustments (£m)	Transfers to/from reserves (£m)	Subtotal (£m)	
(DSG) Children And Young People	233.8	(202.3)	0.3	31.8	(18.7)	0.1	(2.9)	(10.3)	(31.8)	0.0
(GF) Children And Young People	80.6	(30.2)	0.0	50.4	(1.0)	0.1	0.0	0.8	(0.1)	50.3
(GF) Community Wellbeing	232.4	(79.8)	2.2	154.8	(21.9)	0.1	0.0	4.2	(17.6)	137.2
(HRA) Community Wellbeing	59.0	(55.6)	7.1	10.5	(13.5)	0.0	0.3	2.7	(10.5)	0.0
Assistant Chief Executive	11.8	(2.2)	0.0	9.6	0.0	0.0	0.0	(1.8)	(1.8)	7.8
Central Items	306.6	(358.5)	(268.2)	(320.1)	58.0	(23.6)	(5.7)	20.2	48.9	(271.2)
Customer And Digital Services	38.8	(17.9)	0.0	20.9	0.0	0.1	0.0	0.2	0.3	21.2
Chief Executive's Department	20.1	(0.9)	0.0	19.2	(1.9)	0.0	0.0	(0.7)	(2.6)	16.6
Regeneration & Environment	90.9	(48.1)	(29.6)	13.2	0.9	0.1	0.0	23.9	24.9	38.1
Total	**1,074.0**	**(795.5)**	**(288.2)**	**(9.7)**	**1.9**	**(23.1)**	**(8.3)**	**39.2**	**9.7**	**0.0**

2018-19	Comprehensive Income and Expenditure Statement				Movement in Reserves					Movement on HRA and General Fund after transfers to/from Earmarked Reserves (£m)
	Total expenditure (£m)	Total income (£m)	Below cost of services on CIES (£m)	Subtotal (£m)	Adjustments for capital purposes (£m)	Net change for Pension Adjustments (£m)	Other Statutory Adjustments (£m)	Transfers to/from reserves (£m)	Subtotal (£m)	
(DSG) Children And Young People	233.9	(213.4)	0.7	21.2	(16.1)	0.7	(0.3)	(2.2)	(17.9)	**3.3**
(GF) Children And Young People	76.0	(24.2)	0.0	51.8	(2.9)	0.3	0.0	(1.7)	(4.3)	**47.5**
(GF) Community Wellbeing	216.4	(90.1)	70.9	197.2	(78.3)	0.4	0.0	2.7	(75.2)	**122.0**
(HRA) Community Wellbeing	72.1	(55.1)	4.9	21.9	(20.4)	0.1	0.7	0.0	(19.6)	**2.3**
Assistant Chief Executive	9.2	(1.8)	0.0	7.4	0.0	0.0	0.0	0.3	0.3	**7.7**
Central Items	352.2	(373.6)	(306.3)	(327.7)	63.2	(29.4)	(5.2)	39.8	68.4	**(259.3)**
Customer And Digital Services	39.4	(19.3)	0.0	20.1	0.0	0.0	0.0	0.3	0.3	**20.4**
Chief Executive's Department	15.7	(1.0)	0.0	14.7	(0.9)	0.4	0.0	0.0	(0.5)	**14.2**
Regeneration & Environment	92.2	(44.9)	0.4	47.7	6.7	0.3	0.0	(13.3)	(6.3)	**41.4**
Total	**1,107.1**	**(823.4)**	**(229.4)**	**54.4**	**(48.7)**	**(27.2)**	**(4.8)**	**25.9**	**(54.8)**	**(0.5)**

2018-19					2019-20			
Opening Balance (£m)	**Transfers to/fom Earmarked Reserves (£m)**	**Movement on HRA and General Fund after transfers to/from Earmarked Reserves (£m)**	**Closing Balance (£m)**		**Opening Balance (£m)**	**Transfers to/fom Earmarked Reserves (£m)**	**Movement on HRA and General Fund after transfers to/from Earmarked Reserves (£m)**	**Closing Balance (£m)**
3.7	0	0	3.7	Housing Revenue Account	1.4	0	0	1.4
1.7	(2.3)	0	-0.6	Housing Revenue Account Earmarked Reserves	1.7	2.7	0	4.4
5.4	**(2.3)**	**0**	**3.1**	**HRA Subtotal**	**3.1**	**2.7**	**0**	**5.8**
12.3	0	2.8	15.1	General Fund	15.1	0	0	15.1
226.5	25.9	0	252.4	General Fund Earmarked Reserves and Schools Balances	252.4	36.5	0	288.9
238.8	**25.9**	**0**	**267.5**	**General Fund Subtotal**	**267.5**	**36.5**	**0**	**304.0**
244.2	**23.6**	**2.8**	**270.6**	**TOTAL HRA and General Fund**	**270.6**	**39.2**	**0**	**309.8**

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. 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 2019/20 is shown in the table below:

	Mental Health	Occupational Therapy	The Better Care Fund	Integrated Rehabilitation & Reablement Service
	£m	£m	£m	£m
Funding: LB of Brent	(0.2)	(0.5)	(17.6)	(1.2)
NHS Brent CCG	0.0	(0.6)	(22.0)	0.0
LNWUNT	0.0	0.0	0.0	(1.2)
CNWLNFT	(0.2)	0.0	0.0	0.0
Total Funding	**(0.4)**	**(1.1)**	**(39.6)**	**(2.4)**
Expenditure	0.4	1.4	39.6	2.1
2019/20 Net Overspend/(Underspend)	**0.0**	**0.3**	**0.0**	**(0.3)**
2018/19 Net Overspend/(Underspend)	**0.0**	**0.6**	**0**	**(0.1)**

For 19/20 occupational therapy the share of overspend attributed to Brent CCG is £0.2m and £0.1m to Brent Council.

For 18/19 Occupational Therapy £0.4m is attributable to Brent CCG and £0.2m to Brent Council.

Note 15 – Members' Allowances

Total payments including National Insurance costs in 2019/20 were £1.16m (£1.16m in 2018/19). Details of the Members' Allowances scheme are available on Brent's website.

Note 17 – External Audit Costs

The Council's external auditor for 2018/19 and 2019/20 is Grant Thornton.

2018/19 £'000		2019/20 £'000
175.0	External audit services for in-year	184.0
20.0	Fees for other services provided by external auditor for year (grants)	34.0
195.0	**Total**	**218.0**

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 £6.4m (estimated at £2.0m in 2018/19), 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:

2018/19 £m	Revenue Grants	2019/20 £m
	Housing Benefit:	
(295.3)	Mandatory Rent Allowances: subsidy	(254.5)
(17.3)	Mandatory Rent Rebates outside HRA	(15.4)
(25.5)	Rent Rebates Granted to HRA Tenants: subsidy	(23.2)
(2.3)	Housing Benefit Administration	(2.2)
(340.4)		**(295.3)**
	Schools:	
(193.9)	Dedicated Schools Grant (DSG)	(190.0)
(6.7)	Pupil Premium Grants	(5.9)
(4.2)	Sixth forms funding from Learning and Skills Council (LSC)	(3.8)
(3.2)	Universal Infant School Meal	(3.1)
(0.0)	Teachers' Pension Employer Contribution Grant	(2.7)
(0.0)	Central Education Services	(0.0)
(208.0)		**(205.5)**
	Other:	
(3.1)	Adult and Community Learning	(1.2)
(0.0)	Covid-19 Grant	(9.3)
(2.2)	Discretionary Housing payments	(2.1)

(6.3)	Private Finance Initiative	(5.5)
(21.4)	Public Health	(20.8)
(1.4)	Troubled Families	(1.5)
(0.0)	Revenue Support Grant	(1.0)
(6.9)	Section 31	(9.4)
(8.9)	New Homes Bonus	(8.8)
(1.7)	Asylum Leaving Care (Post 18) Grant	(3.2)
(0.8)	Adults Social Care Support Grant	(2.3)
(9.4)	Adults Social Care Improved Better Care Fund	(11.6)
(7.5)	Flexible Homeless Grant	(5.2)
(1.3)	Business Rates Reconciliation Grant	(0.6)
(9.3)	Other Miscellaneous Grants & Contributions	(12.0)
(80.2)		**(94.5)**
(628.6)	**Total Revenue Grants**	**(595.3)**
	Capital Grants & Contributions	
	Grants:	
(1.2)	Basic Safety Needs	(4.2)
(2.1)	School Condition Grant	(1.9)
(2.7)	Transport for London	(3.1)
(4.9)	Disabled Facilities	(4.7)
(2.0)	Other Grants	(0.5)
(0.8)	Education Funding	(1.8)
(8.0)	Greater London Authority - Outer London Fund	(26.2)
	Contributions:	
(45.0)	Section 106 & Construction Infrastructure Levy	(29.6)
(66.7)	**Total**	**(72.0)**

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:

2018/19 £m	**Current Liabilities**	**2019/20 £m**
	Grant receipts in advance (Revenue grant):	
(0.0)	Section 31	(8.3)
(0.0)		**(8.3)**

Note 20 – Capital Grants Unapplied

2018/19		2019/20
£m	**Capital Grants Unapplied**	**£m**
(35.9)	Basic Needs- Primary schools	(35.7)
(8.5)	School Condition Grant	(5.7)
(6.8)	Greater London Authority - Outer London Fund	(12.8)
(3.9)	Disabled Facilities	(2.6)
(3.4)	Transport for London	0.0
(4.3)	Adult Personal Social Services	(3.6)
(1.6)	Early Education	(1.6)
(1.0)	Devolved Formula Capital	(0.7)
(3.5)	Other Education grant	(5.1)
(3.4)	Other Grant	(7.6)
(72.3)	**Total**	**(75.4)**

Note 21 – Deployment of Dedicated Schools Grant

The Council's expenditure on schools is funded by the Dedicated Schools Grant (DSG) provided by the Department for Education (DfE).

The DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget as defined in the Schools and Early Years Finance (England) Regulations 2011.

In 2019/20, 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 Schools Budget (ISB), which is divided into a budget share for each maintained school.

The DSG received in 2019/20 was deployed as follows:

	Central Expenditure £m	**Schools Budget £m**	**Total £m**
Final DSG for 2019-20 before academy recoupment			312.3
Academy recoupment figure for 2019-20			(121.8)
Total DSG after recoupment for 2019-20			**190.5**
Plus: Brought Forward from 2018-19			2.4
Less: Carry Forward to 2020-21 agreed in advance			*(1.0)*
Agreed initial budgeted distribution in 2019-20	**43.6**	**148.3**	**191.9**
In year adjustments	(0.4)	(1.2)	(1.6)

Final budgeted distribution for 2019-20	**43.2**	**147.1**	**190.3**
Less: Actual Central Expenditure	(49.1)		(49.1)
Less: Actual ISB deployed to schools		(147.1)	(147.1)
Carry Forward to 2020-21	**(5.9)**	**0.0**	**(5.9)**
Plus: Carry Forward to 2020-21 agreed in advance			***1.0***
Final Carry Forward to 2020-21			**(4.9)**

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 that received grants from the London Borough of Brent in 2019/20 have Brent Members as Directors, Trustees or employees.

There were no material transactions disclosed in the Declarations of Related Party Transactions for 2019/20 obtained from Members.

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 £0.997m for administering the fund in 2019/20 (£0. 916m was charged in 2018/19).

Pooled Budgets - Details of partnerships with NHS Brent CCG and the North West London Mental Health Trust are shown in Note 16 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

Total expenditure transactions with the Council this year were £2.5m, of which £0.7m was charged as part of the current SLA agreement and £1.8m for costs paid by the Council on behalf of FWH and recharged back. The Council also received £ 2.04m in interest for loans to FWH in 2019/20 (£2.08m in 2018/19). As of 31st March 2020, there were outstanding loans to Brent Council totalling £ 36.8m (£37.7m in 2018/19), which are secured against the company's 332 properties. The board of directors for FWH housing include the Strategic Director for Children and Young People and Councillor George Crane.

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. As at 31st March 2020, Brent Council had provided funding of £137.3m to I4B (£79.3m in 2018/19), comprised of a number of soft loans* and equity. The loans are secured against the company's 280 properties.

	£m 2018/19	£m 2019/20
Soft Loan		
Loan	56.3	75.2
Investment	23.1	32.2
	79.3	**107.4**
Equity		
Cash Equity	0.0	29.9
	0.0	**29.9**
Total	**79.3**	**137.3**

The board of directors for I4B includes the Strategic Director for Children and Young People and the director for Performance Policy & Partnerships as well as Councillor George Crane.

**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 CI&E 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.*

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 Finance Director

Barham Park

Barham Park Trust is a charity that 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 £0.5m 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.

Note 23 – Capital Expenditure and Capital Financing

2018/19 £m HRA	2018/19 £m GF	2018/19 £m Total	Capital Investment	2019/20 £m HRA	2019/20 £m GF	2019/20 £m Total
148.6	**524.1**	**672.7**	**Opening Capital Financing Requirement**	**159.9**	**528.9**	**688.8**
			Capital Investment:			
34.1	**73.2**	**107.3**	Property, Plant & Equipment	**110.5**	**55.3**	**165.8**
3.4	**7.5**	**10.9**	REFCUS	**0.0**	**7.7**	**7.7**
0.0	**(0.0)**	**(0.0)**	Non-Enhancing	**0.0**	**1.0**	**1.0**
0.0	**32.9**	**32.9**	Loans to Third Parties	**0.0**	**57.5**	**57.5**
0.0	**(9.9)**	**(9.9)**	**Minimum Revenue Provision**	**0.0**	**(10.6)**	**(10.6)**
			Sources of Finance:			
(4.8)	**(18.8)**	**(23.6)**	Capital Receipts	**(6.9)**	**(8.7)**	**(15.6)**
(0.4)	**(31.2)**	**(31.6)**	Grants	**(15.4)**	**(24.0)**	**(39.4)**
0.0	**(10.9)**	**(10.9)**	S106 & CIL	**(0.4)**	**(6.3)**	**(6.6)**
(21.0)	**0.0**	**(21.0)**	Major Repairs Reserve	**(15.7)**	**0.0**	**(15.7)**
0.0	**(38.1)**	**(38.1)**	Earmarked Reserves	**(2.0)**	**(9.0)**	**(11.0)**
159.9	**528.9**	**688.8**	**Closing Capital Financing Requirement**	**230.1**	**591.7**	**821.8**
			Explanation of movements in year:			
11.3	**4.8**	**16.1**	(Decrease) / Increase in the underlying need to borrow	**70.2**	**62.9**	**133.1**

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.

<u>Financial Liabilities</u>

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,
- Overdraft with NatWest Bank,
- Lease payables detailed in note 29,
- Private Finance Initiative contracts detailed in note 30, and
- Trade payables for goods and services received.

<u>Financial Assets</u>

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 flow) comprising:

- cash in hand,
- bank current and deposit accounts with NatWest bank,
- loans to small companies and housing associations,
- lease receivables detailed in note 29, 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.
- 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:

Financial Liabilities	Long term		Short Term	
	31/03/2020 £m	31/03/2019 £m	31/03/2020 £m	31/03/2019 £m
Loans at amortised cost:				
- Principal sum borrowed	462.1	385.8	136.7	10.5
- Accrued Interest	-	-	4.2	3.9
Total Borrowing*	**462.1**	**385.8**	**140.9**	**14.4**
Liabilities at Amortised Cost:	-	-	-	-
- Finance Leases	2.4	3.6	-	-
- PFI Arrangements	23.5	24.7	-	-
- Other	4.0	4.9	-	-
Total Other Long Term Liabilities	**30.0**	**33.2**	**-**	**-**
Liabilities at Amortised Cost	-	-	-	-
Trade Payables	-	-	125.0	143.9
Finance Leases	-	-	1.1	1.1
PFI Arrangements	-	-	1.1	1.8
Included in Creditors**	**-**	**-**	**127.2**	**146.8**
At amortised cost:				
- Bank current account overdraft	-	-	13.8	33.3
Included in Cash & Cash Equivalents	**-**	**-**	**13.8**	**33.3**
Total Financial Liabilities	**492.0**	**419.0**	**282.0**	**194.5**

* The total short-term borrowing includes £7.9m (2018/19: £14.4m) 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:

Financial Assets	Long term		Short Term	
	31/03/2020 £m	31/03/2019 £m	31/03/2020 £m	31/03/2019 £m
At amortised cost:				
- Loans	-	-	-	61.0
- Other Investments	0.3	0.3	-	-
- Accrued Interest	-	-	-	-
At fair value through profit & loss:				
- Investments in Subsidiaries	62.1	23.1	-	-
Total Investments*	**62.6**	**23.4**	**0.0**	**61.0**
At amortised cost:				
- Cash in Hand	-	-	28.0	24.4
- School Bank Accounts	-	-	11.3	20.2
- Deposit with the UK DMO	-	-	104.7	-
At fair value through profit & loss:				
- Money Market Funds	-	-	5.0	42.0
Total Cash and Cash Equivalents	**-**	**-**	**149.0**	**86.6**
At amortised cost:	-	-	-	-
- Loans made for service purposes	128.1	111.5	1.4	1.0
- Trade Receivables	-	-	155.2	107.3
- Lease Receivables	3.2	3.2	-	-

- PFI	0.9	0.9	-	-
- Accrued Interest	-	-	0.2	-
Included in Debtors**	**132.3**	**115.6**	**156.8**	**108.3**
Total Financial Assets	**194.6**	**139.0**	**307.4**	**255.9**

* The total short-term investments includes £0.0m (2018/19: £0.03m) representing accrued interest.

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. 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 are as follows:

	2018/19	2019/20
	£m	**£m**
Balance at start of year:		
Opening balance	**33.5**	**56.3**
Nominal value of new loans granted in the year	32.4	28.0
Fair value adjustment on initial recognition	(10.4)	(10.2)
Loans repaid	0.0	0.0
Impairment losses	0.0	0.0
Increase in discounted Amount	0.0	0.0
Other changes	0.8	1.1
Closing balance at end of year	**56.3**	**75.2**
Nominal value at 31 March	**79.3**	**107.4**

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 only item offset on the balance sheet is the bank overdraft, which is shown within cash and cash equivalents.
The Council had no other financial assets or liabilities subject to an enforceable master netting arrangement or similar agreement.

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:

	2019/20				2018/19			
	Financial Liabilities	Financial Assets			Financial Liabilities	Financial Assets		
	Amortised Cost £m	Amortised Cost £m	Fair Value through Profit & Loss £m	**Total £m**	Amortised Cost £m	Amortised Cost £m	Fair Value through Profit & Loss £m	**Total £m**
Interest Expense	23.1			**23.1**	20.7			**20.7**
Interest payable and similar charges	**23.1**			**23.1**	**20.7**			**20.7**
Interest income		(6.8)		**(6.8)**		(6.4)		**(6.4)**
Dividend income			(0.5)	**(0.5)**			(0.2)	**(0.2)**
Interest & Investment Income	**0.0**	**(6.8)**	**(0.5)**	**(7.3)**	**0.0**	**(6.4)**	**(0.2)**	**(6.6)**
Net Impact on (surplus)/deficit on provision on services	**23.1**	**(6.8)**	**(0.5)**	**15.8**	**20.7**	**(6.4)**	**(0.2)**	**14.1**
Impact on other comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Net (Gain)/loss for the year	**23.1**	**(6.8)**	**(0.5)**	**15.8**	**20.7**	**(6.4)**	**(0.2)**	**14.1**

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 2020, 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.
- The value of "Lender's Option Borrower's Option" (LOBO) loans have been increased by the value of the embedded options. Lenders' options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower's contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate.
- 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 2020.
- 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 AA-rated corporate bond yield.
- 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 Level	Balance sheet 2019/20 £m	Fair Value 2019/20 £m	Balance Sheet 2018/19 £m	Fair Value 2018/19 £m
Financial Liabilities held at amortised cost:					
Loans from the PWLB	2	300.3	490.9	313.9	489.4
LOBO loans	2	70.5	139.8	71.2	126.5
Other long-term loans	2	95.0	101.6	15.1	22.3
Lease payables and PFI liabilities	2	31.1	31.1	31.2	31.2
Loans from Local Authorities	2	137.2	137.2	0.0	0.0
Short-term creditors	N/A	124.3	124.3	148.7	148.7
Total		**758.4**	**1,024.9**	**580.1**	**818.1**

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 Level	Balance sheet 2019/20 £m	Fair Value 2019/20 £m	Balance Sheet 2018/19 £m	Fair Value 2018/19 £m
Financial Assets held at fair value:					
Money Market Funds	1	5.0	5.0	42.0	42.0
Financial Assets held at amortised cost:					
Lease receivables	2	0.0	0.0	0.0	0.0
Long-term investments	N/A	62.4	62.4	23.4	23.4
Long-term debtors	N/A	128.1	128.1	111.5	111.5
Short-term deposits with Local Authorities	N/A	0.0	0.0	61.0	61.0
Short-term debtors	N/A	156.8	156.8	108.3	108.3
Cash and cash equivalents	N/A	130.2	130.2	11.3	11.3
Total		**482.5**	**482.5**	**357.5**	**357.5**

* 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 Prudential Code for Capital Finance in Local Authorities, both revised in December 2017.
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 as at the 31 March 2020 that this was likely to crystallise. The Council's direct exposure to banks and building societies on 31 March 2020 was limited to Heritable Bank and 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:

Credit Rating	Short Term	
	31-Mar-2020	31-Mar-2019
	£m	£m
AAA	5.0	35.2
AA-	0.0	0
A	0.0	0
Unrated Local Authorities	0.0	105
Debt Management Office	104.7	0
Residual Iceland Banks	0.2	0.2
Total Investments	**109.9**	**140.4**

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. The Council expects some losses from non-performance by its Icelandic counterparty in relation to deposits, and has allowed for this in the impairment calculation. The Council does not expect any losses from non-performance by other counterparties. The resulting loss allowance was immaterial so no adjustment has been made in the accounts.

Heritable Bank

Heritable bank is a UK registered bank under Scots law. The company was placed in administration on 7 October 2008. As at 31 March 2020, the Council had recovered £9.8m of the original £10m deposit and a further repayment may arise subject to the result of court action. The impairment made by the Council is essentially the balance of the deposit outstanding.

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 Authority's potential maximum exposure to credit risk. 10.5% is the element which has not been provided for, based on historical experience of default.

	Amount at 31 March 2020	Historical experience of default	Estimated maximum exposure to default
	£m	%	£m
	(a)	(b)	
Deposits with banks and financial institutions	0.2	-10.48%	**(0.0)**
Trade debtors	63.8		**(6.7)**
	64.0		**(6.7)**

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 is as follows:

	£m
Less than one year	167.7
Between one and two years	15.6
Between two and five years	32.7
Between five and ten years	4.5
Between ten and twenty years	49.4
Between 20 and 30 years	110.2
Between 30 and 40 years	213.7
More than 40 years	5.0
	598.8

The Council has £70.5m (2019: £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. 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. For the table above, the final maturity date is used in the maturity analysis rather than the next option 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 shortterm 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:

Increase in interest receivable on variable rate investments	(1.1)
Impact on Comprehensive Income and Expenditure	(1.1)
Decrease in fair value of fixed rate borrowings / liabilities*	125.1

*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.

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

Brent Council has outsourced its waste collection services to an external contractor . Public Realm Service (PRS) overseas the commercial waste collection, household and recycling collection and cleaning services for the Council. Brent Council has recognised this contract as Finance lease under IAS 17. The waste service assets are included under Plant, Vehicle and Equipment in the balance sheet.

31-Mar-2019 £m		31-Mar-2020 £m
5.7	Plant, Furniture, Vehicles and Equipment	4.6

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

31-Mar-2019 £m		31-Mar-2020 £m
	Finance lease liabilities	
1.3	- Current	1.3
5.2	- Non Current	3.9
0.0	Finance costs payable in future years	0.0
6.5	**Minimum lease payments**	**5.2**

These minimum lease payments are payable over the following periods

	Total Minimum Lease Payments		Present Value of Minimum Lease Payments Repayable Minimum Lease Payments Repayable	
	2018/19	2019/20	2018/19	2019/20
	£m	£m	£m	£m
Not Later than one year	1.3	1.3	1.3	1.2
Later than one year and not later than five years	5.2	3.9	4.8	3.6
	6.5	**5.2**	**6.1**	**4.8**

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 are:

2018/19 £m		2019/20 £m
0.5	Not later than one year	1.5
0.6	Later than one year and not later than five years	4.9
0.3	Later than five years	11.6
1.3	**Total**	**18.0**

The following future sublease payments are receivable:

£m		£m
0.2	Future Minimum Sublease Payments Receivable	4.4

The expenditure charged to Comprehensive Income and Expenditure Statement for these leases is detailed below:

2018/19 31-Mar-19 £m		2019/20 31-Mar-20 £m
0.7	Minimum Lease payments	0.6
(0.1)	(Sublease payments receivable)	(0.2)
0.5	**Total**	**0.4**

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.

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:

2018/19 £m		2019/20 £m
	Finance lease debtor	
3.2	Non-Current	3.2
3.2	**Gross Investment in Lease**	**3.2**

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		Present Value of Minimum Lease Payments	
	2018/19 £m	**2019/20 £m**	**2018/19 £m**	**2019/20 £m**
Later than one year and not later than five years	0	0	0	0
Later than five years	3.2	3.2	3.2	3.2
	3.2	**3.2**	**3.2**	**3.2**

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:

2018/19 £m		2019/20 £m
2.2	Not later than one year	1.5
6.3	Later than one year and not later than five years	5.1
37.9	Later than five years	42.5
46.4	**Total**	**49.1**

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 center and related facilities in Willesden; legal title to this sports center 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 (out of 364 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 remaining 206 units are without guaranteed nomination rights and therefore disclosed as operating leases. 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. A tenant's vote at the start of the contract determined whether or not legal title to each property paid for by this contract was transferred to Brent, and hence whether or not it appears on Brent's balance sheet. 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. 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.

2018/19 £m		**2019/20** £m
28.5	Balance outstanding at start of year	26.6
(2.0)	Payments during the year	(1.8)
26.6	**Balance outstanding at end of year**	**24.7**

The following future payments are expected to be made on the PFIs and Service Concessions:

	Payment for Services £m	**Reimbursement of Capital Expenditure** £m	**Interest** £m	**Total** £m
Payable in 2020/21	2.9	0.9	2.6	**6.4**
Payable with two to five years	14.2	4.6	9.3	**28.0**
Payable within 6 to 10 years	19.9	7.5	8.7	**36.0**
Payable within 11 to 15 years	11.8	6.3	8.6	**26.6**
Payable within 16 to 20 years	2.7	2.0	2.4	**7.2**
Total	**51.5**	**21.3**	**31.6**	**104.3**

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 is:

2018/19 £m		2019/20 £m
(18.1)	Deferred Income opening balance	(16.1)
2.0	Amortisation	2.0
(16.1)	**Deferred Income closing balance**	**(14.1)**

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 granted 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 2018/19 or 2019/20. No bonuses were paid during 2019/20.

	2019/20		
	Salary (including fees and allowances) £	**Employers pension contributions £**	**Total remuneration including pension contributions £**
Chief Executive – Carolyn Downs	217,080	-	**217,080**
Assistant Chief Executive (joined 7th January 2020) – Shazia Hussain	31,078	10,599	**41,677**
Strategic Director Children and Young People – Gail Tolley	153,927	53,874	**207,801**
Strategic Director of Community & Well-being – Philip Porter	154,341	53,874	**208,215**
Strategic Director Regeneration & Environment – Amar Dave	156,487	53,380	**209,867**
Strategic Director Customer and Digital services – Peter Gadson	146,826	48,765	**195,591**
Strategic Director Resources (left 14th April 2019) – Althea Loderick	10,709	2,095	**12,804**
Chief Finance Officer (section 151 officer, left 23rd June 2019) – Conrad Hall	30,777	-	**30,777**
Director of Finance (section 151 officer, started 3rd June 2019) – Minesh Patel	95,802	33,762	**129,564**
Director of Public Health – Melanie Smith	121,505	41,442	**162,947**
Director of Legal, HR and Audit – Debra Norman	136,738	45,321	**182,059**
Total	**1,255,270**	**343,112**	**1,598,382**

*Within this salary there is £4,550 relating to Returning Officer fees which the Chief Executive has redistributed to other staff who helped with the elections.

2018/19	Salary (including fees and allowances) £	Employers pension contributions £	Total remuneration including pension contributions £
Chief Executive – Carolyn Downs	208,493*	-	**208,493**
Strategic Director Children and Young People – Gail Tolley	150,909	51,007	**201,916**
Strategic Director of Community & Well-being – Phil Porter	151,399	51,007	**202,406**
Strategic Director of Resources – Althea Loderick	151,399	51,007	**202,406**
Strategic Director Regeneration & Environment – Amar Dave	144,209	48,577	**192,786**
Director of Policy, Partnerships and Performance – Peter Gadsdon	129,711	42,909	**172,620**
Chief Finance Officer (section 151 officer) – Conrad Hall	131,377	-	**131,377**
Director of Public Health – Melanie Smith	116,085	39,237	**155,322**
Legal and HR Director – Debra Norman	124,768	41,073	**165,841**
Total	**1,308,350**	**324,817**	**1,633,167**

*Within this salary there is £2,000 relating to Returning Officer fees which the Chief Executive has redistributed to other staff who helped with the election.

Note 30 – Officers' Remuneration

The number of employees whose remuneration in 2019/20 and 2018/19, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

2018/19 Schools Staff	2018/19 Officers	2018/19 Total	Remuneration band £	2019/20 Schools Staff	2019/20 Officers	2019/20 Total
132	90	222	50,000 - 54,999	83	107	190
74	61	135	55,000 - 59,999	85	73	158
40	22	62	60,000 - 64,999	56	26	82
31	13	44	65,000 - 69,999	26	15	41
16	4	20	70,000 - 74,999	17	7	24
15	8	23	75,000 - 79,999	14	10	24
7	8	15	80,000 - 84,999	12	3	15
8	9	17	85,000 - 89,999	6	5	11
7	9	16	90,000 - 94,999	8	15	23
3	1	4	95,000 - 99,999	3	5	8
1	1	2	100,000 - 104,999	3	3	6
1	1	2	105,000 - 109,999	1	0	1
2	2	4	110,000 - 114,999	1	0	1
1	4	5	115,000 - 119,999	1	3	4
0	1	1	120,000 - 124,999	0	3	3
0	2	2	125,000 - 129,999	1	0	1
0	2	2	130,000 - 134,999	0	1	1
1	0	1	135,000 - 139,999	1	1	2
0	1	1	140,000 - 144,999	0	0	0
1	0	1	145,000 - 149,999	0	1	1
0	3	3	150,000 -154,999	0	2	2
0	0	0	155,000 -159,999	0	1	1
0	0	0	160,000 - 214,999	0	0	0
0	1	1	215,000 - 229,999	0	1	1
340	**243**	**583**	**Total**	**318**	**282**	**600**

This note reports the number of school staff and council officers paid over £50,000 in 2019/20. The number of council officers included has increased by 39 compared to 2018/19, this is in part due to inflationary pay rises and in part due to greater permanency in professional roles such as social work and accountancy. The number of council staff paid over £70,000 has increased with 4 staff compared to 2018/19.

The table above includes senior employees. Further details concerning senior employees are shown in a separate note.

Note 31 – Exit Packages

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	
	2018/19	**2019/20**	**2018/19**	**2019/20**	**2018/19**	**2019/20**	**2018/19**	**2019/20**
£0 - £20,000	31	5	87	41	118	46	£1,171	£556
£20,001 - £40,000	22	4	67	50	89	54	£2,527	£1,381
£40,001 - £60,000	2	0	12	11	14	11	£636	£86
£60,001 - £80,000	0	0	5	3	5	3	£355	£161
£80,001+	0	0	2	2	2	2	£196	£179
Total cost included in bandings	**55**	**9**	**173**	**107**	**228**	**116**	**£4,885**	**£2,363**
ADD: amounts provided for in CIES not included in bandings							£0	£0
TOTAL cost included in CIES							**£4,885**	**£2,363**
Average cost of exit packages							**£21**	**£20**

The number of exit packages decreased from 228 in 2018/19, at a cost of £4.8m, to 116 in 2019/20 at a reduced cost of £2.4m.
The 2018/19 figures include 107 employees who opted to take Voluntary Redundancy from the Council. The 19/20 VR uptake was 87.
The council has reduced the average cost of exit packages to £20k.

Pension Notes

Note 32 - Pension Schemes Accounted for as Defined Contribution Schemes

In 2019/20, the Council paid £9.8m to Teachers' Pensions (£9.0 in 2018/19) in respect of teachers' retirement benefits, representing 20.68% (16.48% 2018/19) 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 final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. Actuarial gains and losses on pension assets and liabilities are recorded as Other Comprehensive Income and Expenditure. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

31 March 2019 £m	Comprehensive Income and Expenditure Statement	31 March 2020 £m
	Cost of Services:	
38.0	Current service cost	39.8
7.7	Past service costs (including curtailments)	1.3
0	Effects of business combinations and disposals	0
	Financing and investment Income and Expenditure:	
40.3	Interest cost	40.4
(18.4)	Expected return on scheme assets	(18.1)
67.6	**Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services**	**63.4**
	Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	
0	Changes in demographic assumptions	29.9
86.6	Changes in financial assumptions	119.6
2.2	Other experience	184.7
(32.3)	Return on assets excluding amounts in net interest	(45.6)
124.1	**Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement**	**352.0**

31 March 2019 £m	Movement in Reserves Statement	31 March 2020 £m
36.0	Employers' contributions payable to the scheme	**36.0**
4.5	Contributions in respect of unfunded benefits	**4.3**
40.5	*Actual amount charged against the General Fund Balance for pensions in the year:*	**40.3**
(67.7)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(63.4)
(27.2)		**(23.1)**

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:

31 March 2019 £m		**31 March 2020 £m**
1,684	Present value of the defined benefit obligation	1,383
(758)	Fair value of plan assets	(723)
926	Net liability arising from defined benefit obligation	660

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

2018/19 Scheme Assets £m	**2018/19 Pensions Obligations £m**	**2018/19 Net Pensions Liability £m**		**2019/20 Scheme Assets £m**	**2019/20 Pensions Obligations £m**	**2019/20 Net Pensions Liability £m**
709.1	**(1,551.0)**	**(841.8)**	**Opening Balance at 1 April**	**757.8**	**(1,683.5)**	**(925.7)**
			Service Costs			
0	(38.1)	(38.1)	Current Service Cost	0	(39.8)	(39.8)
0	(7.7)	(7.7)	Past Service cost and gains/losses on curtailments	0	(1.3)	(1.3)
18.4	(40.3)	(21.9)	Interest Income and Expense	18.1	(40.4)	(22.3)
			Re-measurements			
32.3	0	32.3	Return on Plan Assets	(45.6)	0	(45.6)
0	(2.2)	(2.2)	Other experience	0	184.7	184.7
0	0	0	Actuarial Gains and Losses arising from changes in demographic assumptions	0	29.9	29.9
0	(86.8)	(86.8)	Actuarial Gains and Losses from changes in Financial Assumptions	0	119.6	119.6
			Contributions			
40.5	0	40.5	The Council	40.4	0	40.4
6.5	(6.5)	0	Employees	6.3	(6.3)	0
			Payments			
(49.0)	49.0	0	Retirement Grants and Pensions	(53.6)	53.6	0
0	0	0	Effects of business combinations and disposals	0	0	0
757.8	**(1,683.5)**	**(925.7)**	**Closing Balance at 31 March**	**723.4**	**(1,383.5)**	**(660.1)**

Note 35 – Sensitivity Analysis

Change in assumptions at 31 March 2020	Approximate % increase to Employer Liability	Approximate monetary amount
	%	£m
0.5% decrease in Real Discount Rate	9%	119.1
1 year increase in member life expectancy	4%	55.3
0.5% increase in the Salary Increase Rate	0%	6.4
0.5% increase in the Pension Increase Rate	8%	111.9

Note 36 – Explanation of Change in Net Pension Liability

The Net Pension Liability has decreased by £265.5m in 2019/20 (increased by £83.9m in 2018/19).

Following the 2019 Triennial Valuation, the Employer's contributions for the period to 31 March 2021 are estimated to be approximately £31.6m. The deficit recovery period is 19 years. Contributions will remain at 35.0% of pensionable pay in 2020/21. As at the date of the most recent valuation, the duration of Employer's funded liabilities is 19 years.

	Liability split (£m) as at 31 March 2020	Liability split (%) as at 31 March 2020
Active Members	334.0	25.0%
Deferred Members	428.9	32.1%
Pensioner Members	571.6	42.8%
Total Members	1,334.5	100%

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:

2018-19			2019-20
	Actuarial Assumptions:		
22.3	Longevity at 65 for current pensioners:	Men	22.1
24.5		Women	24.3
24.1	Longevity at 65 for future pensioners:	Men	23.0
26.4		Women	25.5
2.8%	Rate of increase in salaries		2.2%
2.5%	Rate of increase in pensions		1.9%
2.4%	Rate for discounting scheme liabilities		2.3%

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%

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 IAS19 report is shown below: -

31-Mar-2019 Quoted prices in active markets £m	31-Mar-2019 Quoted prices not in active markets £m	31-Mar-2019 Total £m	31-Mar-2019 Percentage of Total Assets %	Asset Category	31-Mar-2020 Quoted prices in active markets £m	31-Mar-2020 Quoted prices not in active markets £m	31-Mar-2020 Total £m	31-Mar-2020 Percentage of Total Assets %
				Private Equity				
0	51.3	51.3	6.8%	All	0	36.3	36.3	5.0%
				Real Estate				
0	0	0	0.0%	UK Property	0	0	0	0.0%
0.2	0	0.2	0.0%	Overseas Property	0.1	0	0.1	0.0%
				Investment Funds & Unit Trusts				
401.2	0	401.2	52.9%	Equities	388.2	0	388.2	53.7%
101.0	0	101.0	13.3%	Bonds	92.9	0	92.9	12.8%
0	32.8	32.8	4.3%	Infrastructure	0	26.0	26.0	3.6%
150.5	0	150.5	19.9%	Other	139.4	0	139.4	19.3%
				Cash and cash equivalents				
20.8	0	20.8	2.7%	All	40.5	0	40.5	5.6%
673.7	**84.1**	**757.8**	**100.0%**	**Totals**	**661.1**	**62.3**	**723.4**	**100.0%**

Housing Revenue Account

Income and Expenditure Statement for the Year Ended 31 March 2020

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.

2018/19 £m		2019/20 £m
	Income	
(45.5)	Dwelling rents	(45.7)
(0.2)	Non-dwelling rents	(0.2)
(2.8)	Tenants charges for services and facilities	(2.9)
(0.3)	Contribution towards expenditure	(1.7)
(2.7)	Leaseholders charges for services and facilities	(2.8)
(3.4)	Other income	(2.3)
(55.0)	**Total Income**	**(55.6)**
	Expenditure	
10.6	Repairs and maintenance	12.1
12.1	Supervision and management	12.0
3.9	Special services	4.1
2.2	Rents, rates, taxes and others charges	2.1
7.3	Depreciation of non-current assets	7.8
0.1	Movement in the allowance for bad or doubtful debts	0.1
32.4	Impairments and revaluation losses to non-current assets	20.8
3.4	Revenue expenditure funded from capital under statute (REFCUS)	0.0
72.0	**Total Expenditure**	**59.0**
17.0	**Net Cost of Services included in the Council's Income and Expenditure Account**	**3.4**
	HRA share of the operating income and expenditure included in the Council's income and expenditure	
1.4	Payment to capital receipts pool	4.2
(3.1)	(Gain) or loss on sale of HRA non-current assets	(3.8)
6.5	Interest payable and similar charges	6.6
0.1	Amortised payment and discount	0.1
(0.1)	Interest and investment income	(0.1)
21.9	**(Surplus) or Deficit for the Year on HRA Services**	**10.4**

2018/19 £m	Movement on the HRA Statement	2019/20 £m
(3.7)	**Housing Revenue Account balance brought forward**	(1.4)
21.9	(Surplus) or deficit on the provision of services	10.4
(19.6)	Adjustment between accounting basis and funding basis under regulations	(13.1)
2.3	**Net (increase) or decrease before transfers to or from reserves**	**(2.7)**
0.0	Transfers to/(from) Earmarked Reserves	2.7
2.3	**(Increase) or decrease in year on the HRA**	**0.0**
(1.4)	**Balance as at 31 March carried forward**	**(1.4)**

HRA adjustments between accounting basis and funding basis under regulations

2018/19 £m		2019/20 £m
3.1	Gain or loss on sale of HRA non-current assets	3.7
12.8	Capital expenditure funded by HRA	7.3
0.7	Amortised payment and discount	0.3
(32.4)	Downward revaluation of non-current assets	(20.8)
(1.4)	Payments to the capital receipts pool	(4.2)
0.0	Pooled capital receipts -contribution to administration costs	0.0
0.1	Pension interest cost and expected return on pension costs	0.0
0.0	Exceptional items - pension liability IAS19 adjustment	0.0
8.2	Transfers to major repairs reserve	8.4
(7.3)	Transfers to capital adjustment account	(7.8)
(3.4)	Revenue expenditure funded from capital under statute (REFCUS)	0.0
(19.6)	**Total adjustments between accounting basis and funding basis under Regulations**	**(13.1)**

Notes to the Housing Revenue Account

Note 1 – Housing Stock

The Council's stock of dwellings increased during the year from 7,751 to 7,794, a net increase of 43 dwellings. In addition to the units listed below, the Council also owns the freehold on 3,771 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:

	31-Mar-2019	31-Mar-2020		
Stock Type	**Dwellings Units**	**RTB Disposals**	**Acquisitions**	**Dwellings Units**
Flats	5,699	(21)	53	5,731
Houses	2,052	(3)	14	2,063
Total Dwellings Units	**7,751**	**(24)**	**67**	**7,794**

Note 2 – Rent Arrears

The level of service charge and rent arrears at 31st March 2020 was £4.2m . Movement on the arrears and related provisions are shown below.

31-Mar-2019 £m		31-Mar-2020 £m
(4.2)	Arrears from tenants	(4.8)
(7.6)	Arrears from Right to Buy Leaseholders	(6.6)
7.1	Impairment	7.2
(4.7)	**Total Arrears**	**(4.2)**

Note 3 – Non-current Assets

2018/19 Total Non-Current Assets £m		Council Dwellings £m	2019/20 Non-Dwellings £m	Total Non-Current Assets £m
649.2	**Opening Net Book Value at 1 April**	**602.2**	**15.0**	**617.2**
(23.2)	Revaluations	(17.9)	0.4	(17.5)
(0.1)	Impairment	(0.1)	(0.1)	(0.2)
27.0	Capital Expenditure	33.7	0.1	33.8
(1.5)	Disposals	(1.7)	0.0	(1.7)
(7.4)	Depreciation for the year	(7.6)	(0.3)	(7.9)
(26.8)	Other Movements	9.9	0.0	9.9
617.2	**Closing Net Book Value at 31 March**	**618.5**	**15.1**	**633.6**

HRA dwellings are valued at Existing Use Value – Social Housing in the balance sheet. The Council calculates any arising revaluation loss or gain on the properties held within the HRA through the application of a regional annual housing indexation factor. The HRA Non Operational Assets have been revalued by the Council's Valuers.

The vacant possession value of dwellings within the HRA at 31 March 2020 was £2.470 billion (£2.409 billion at 31 March 2019). 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

2018/19 £m		2019/20 £m
(3.9)	Dwellings	(4.7)
(3.9)	**Total Receipts**	**(4.7)**

Note 5 – Net Interest Charged to the HRA

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

2018/19 £m		2019/20 £m
6.5	Interest on HRA mid-year Capital Financing Requirement	6.6
6.5	**Total Interest**	**6.6**

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.

2018/19 £m		2019/20 £m
0.0	Balance at beginning of the year	0.0
(7.3)	Depreciation charge on HRA Assets	(7.9)
7.3	Reserve applied to fund the HRA capital programme	7.9
0.0	**Balance at end of year**	**0.0**

Collection Fund

Collection Fund Account for the Year ended 31 March 2020

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.

2018/19				2019/20		
Council Tax £m	Business Rates £m	Total Collection Fund £m		Council Tax £m	Business Rates £m	Total Collection Fund £m
			Statutory collections			
(140.6)	(126.3)	**(266.9)**	Income from Tax Payers	(152.1)	(123.5)	**(275.6)**
	(3.0)	**(3.0)**	Business Rates Supplement		(3.0)	**(3.0)**
	(1.4)	**(1.4)**	Transitional Relief		(1.3)	**(1.3)**
(140.6)	**(130.7)**	**(271.3)**	**Total Income**	**(152.1)**	**(127.8)**	**(279.9)**
			Precepts, demands & shares			
115.0	83.6	**198.6**	LB Brent	122.0	62.4	**184.4**
28.1	47.0	**75.2**	GLA	31.0	35.1	**66.1**
		0.0	Central Government		32.5	**32.5**
	3.0	**3.0**	GLA - Business Rates Supplement		3.0	**3.0**
			Share of surplus/(deficit)			
1.4	0.1	**1.5**	LB Brent	0.8	3.3	**4.1**
0.4	0.1	**0.4**	GLA	0.2	0.7	**0.9**
	0.1	**0.1**	Central Government		(2.0)	**(2.0)**
			Charges to the fund			
(1.9)	(6.8)	**(8.7)**	Provisions for uncollectable amounts	0.5	(3.0)	**(2.5)**
0.0	0.0	**0.0**	Write offs/(Write backs)	0.0	0.0	**0.0**
	0.4	**0.4**	Cost of Collection Allowance		0.4	**0.4**
143.1	**127.5**	**270.5**	**Total Expenditure**	**154.5**	**132.4**	**286.9**
2.4	**(3.2)**	**(0.8)**	**(Surplus)/Deficit in year**	**2.4**	**4.6**	**7.0**
			Movements on Balances			
(6.0)	5.7	**(0.3)**	(Surplus)/Deficit brought forward	(3.6)	2.5	**(1.1)**
2.4	(3.2)	**(0.8)**	Total Net (Surplus)/Deficit in year	2.4	4.6	**7.0**
(3.6)	**2.5**	**(1.1)**	**(Surplus)/Deficit carried forward**	**(1.2)**	**7.1**	**5.9**
			Allocation of Collection Fund Balances			
(2.9)	(0.4)	**(3.3)**	LB Brent	(0.9)	4.2	**3.3**
(0.7)	0.9	**0.2**	GLA	(0.3)	2.3	**2.0**
	2.0	**2.0**	Central Government		0.6	**0.6**
(3.6)	**2.5**	**(1.1)**	**Total (Surplus)/Deficit**	**(1.2)**	**7.1**	**5.9**

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. Individual 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) which was £1,582.85 for 2019/20 (£1,496.54 in 2018/19). This basic amount of Council Tax for a Band D property for 2018/19 is multiplied by the proportion specified for the particular band to give an individual amount due.

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

Proportion of Band D Charge		**Number of Band D Equivalent properties**
Band A	6/9	1,727
Band B	7/9	6,438
Band C	8/9	24,090
Band D	9/9	28,771
Band E	11/9	23,605
Band F	13/9	8,515
Band G	15/9	5,380
Band H	18/9	459

The total number of Band D equivalent properties is then multiplied by a percentage to allow for collection loss (97.63%) to give a tax base for budget setting purposes 96,639. When multiplied by the Band D charge the total budgeted income is £153.0m, of which £122.0m is attributable to Brent and £31.0m to the GLA.

Note 2 – Non-Domestic Rate

The total Non-Domestic Rateable Value for 2019/20 was £319.4m (£321.1m in 2018/19). The NDR rate Small Business multiplier for 2019/20 was 50.4p (49.3p in 2018/19).

Note 3 – Collection

For Council Tax, 95.9% of the debit relating to the 2019/20 financial year had been collected by 31 March 2020. This is down from the 96.1% achieved in 2018/19. For Non Domestic Rates the in-year collection rate decreased from 99.02% to 98.23%.

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, Barham Park Trust, I4B and LGA Digital Services. First Wave provide housing management services to the HRA. 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 accounts of First Wave, Barham Park Trust, I4B and LGA Digital Services have been consolidated as subsidiaries using the acquisition basis of combination.

The following group financial statements have been prepared:

- Group Balance Sheet
- Group Movement in Reserves Statement
- 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. This includes accounting policies. The accounting policies for the group accounts are the same as for Brent's single entity accounts and are shown in this document.

Group Accounting Policies

The group accounts have been prepared using the same accounting policies as the Brent council Statement of Accounts. Further detail on how this is done is included in the Accounting Policies section below.

Group Statements

Group Balance Sheet

31-Mar 2019 £m		31-Mar 2020 £m
1,794.2	Property, Plant & Equipment	2,144.8
0.5	Heritage Assets	0.5
12.1	Investment Property	12.4
3.6	Intangible Assets	6.4
0.0	Long Term Investments	0.3
21.8	Long Term Debtors	21.1
1,832.2	**Long Term Assets**	**2,185.5**
61.0	Short Term Investments	0.0
0.0	Assets Held for Sale	0.0
106.3	Short Term Debtors	158.8
55.6	Cash and Cash Equivalents	137.9
222.9	**Current Assets**	**296.7**
(14.4)	Short Term Borrowing	(140.8)
(142.8)	Short Term Creditors	(128.9)
(0.0)	Grants Receipt in Advance- Revenue	(8.3)
(2.6)	Provisions	(2.2)
(159.8)	**Current Liabilities**	**(280.2)**
(32.7)	Long Term Creditors	(29.5)
(19.8)	Provisions	(14.5)
(385.8)	Long Term Borrowing	(462.1)
(941.8)	Other Long Term Liabilities	(675.2)
(1,380.1)	**Long Term Liabilities**	**(1,181.3)**
515.2	**Net Assets**	**1,020.7**
	Reserves	
377.3	Usable Reserves	(401.0)
137.9	Unusable Reserves	(619.7)
515.2	**Total Reserves**	**(1,020.7)**

Group Consolidated Income & Expenditure Statement

*Restated 2018/19 Gross Expenditure	Gross Income	Net Expenditure		2019/20 Gross Expenditure	Gross Income	Net Expenditure
£m	£m	£m		£m	£m	£m
9.2	(1.8)	**7.4**	Assistant Chief Executive	11.8	(2.2)	**9.6**
15.7	(1.1)	**14.6**	Chief Executive Department	20.1	(0.9)	**19.2**
76.0	(24.2)	**51.8**	Children & Young People (GF)	80.6	(30.2)	**50.4**
233.9	(213.4)	**20.5**	Children & Young People (DSG)	233.8	(202.3)	**31.5**
216.3	(92.5)	**123.8**	Community Wellbeing (GF)	233.2	(82.4)	**150.8**
76.2	(58.0)	**18.2**	Community Wellbeing (HRA)	61.3	(58.5)	**2.8**
39.4	(20.1)	**19.3**	Customer & Digital Services	40.1	(19.3)	**20.8**
93.7	(44.9)	**48.8**	Regeneration & Environment	90.9	(48.1)	**42.8**
352.2	(373.9)	**(21.7)**	Central Items	306.6	(358.5)	**(51.9)**
1,112.6	**(829.9)**	**282.7**	**Cost of Services**	**1,078.4**	**(802.4)**	**276.0**
		63.2	Other operating expenditure			3.2
		39.4	Financing and investment income & expenditure			43.3
		(328.5)	Taxation and non-specific grant income			(329.4)
		56.8	**(Surplus) or Deficit on Provision of Services**			**(6.9)**
		(98.3)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets			(210.1)
		56.6	Actuarial (gains)/losses on pension assets and liabilities			(288.6)
		(41.7)	**Other Comprehensive Income and Expenditure**			**(498.7)**
		(15.1)	**Total Comprehensive Income and Expenditure**			**(505.6)**

*The prior year figures has been restated for Brent Council's 2019/20 Corporate Restructuring, whereby the Assistant Chief Executive, Chief Executive Department and Customer & Digital Services Directorates has been created to replace the Resource Department and Performance, Policy & Partnership Directorates.

Group Cashflow Statement

2018/19 £m		2019/20 £m
(56.8)	Net surplus or (deficit) on the provision of services	6.9
123.3	Adjustments for non-cash movements	26.4
71.9	Adjustments for investing and financing activities	(76.9)
138.4	Net cash inflows/(outflows) from Operating Activities	**(43.6)**
(96.6)	Net cash inflows/(outflow) from Investing activities	(10.9)
(36.5)	Net cash inflows/(outflow) from Financing activities	136.8
5.3	**Net increase/(decrease) in cash and cash equivalents**	**82.3**
50.2	Cash and cash equivalents at the beginning of the reporting period	55.6
55.5	**Cash and cash equivalents at the end of the reporting period**	**137.9**

Group Movement In Reserves

	General Fund Balance	School Balances	Earmarked Reserves General Fund	HRA Balance	Earmarked Reserves HRA	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Council's Share of Reserves of Subsidiaries, Associated and Joint Ventures	Total Group Reserves
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance as at 1 April 2019	**(15.1)**	**(18.6)**	**(233.8)**	**(1.4)**	**(1.7)**	**(25.4)**	**0.0**	**(72.4)**	**(368.4)**	**(124.9)**	**(493.3)**	**(21.8)**	**(515.1)**
Movement in reserves during 2019/20													
(Surplus) or deficit on the provision of services	(20.1)	0.0	0.0	10.4	0.0	0.0	0.0	0.0	**(9.7)**	0.0	**(9.7)**	**2.8**	**(6.9)**
Other comprehensive income & expenditure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	(497.1)	**(497.1)**	**(1.6)**	**(498.7)**
Total comprehensive income & expenditure	**(20.1)**	**0.0**	**0.0**	**10.4**	**0.0**	**0.0**	**0.0**	**0.0**	**(9.7)**	(497.1)	**(506.8)**	**1.2**	**(505.6)**
Adjustments between Group Accounts and Council Accounts	5.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.5	0.0	**5.5**	(5.5)	0.0
Adjustments between accounting basis & funding basis under regulations	(16.4)	0.0	0.0	(13.1)	0.0	13.8	0.0	(3.0)	**(18.7)**	18.7	**0.0**	**0.0**	**0.0**
Net (increase)/decrease before transfers to earmarked reserves	**(31.0)**	**0.0**	**0.0**	**(2.7)**	**0.0**	**13.8**	**0.0**	**(3.0)**	**(22.9)**	**(478.4)**	**(501.3)**	**(4.3)**	**(505.6)**
Transfers (to)/from earmarked reserves	36.5	10.1	(46.6)	2.7	(2.7)	0.0	0.0	0.0	**0.0**	0.0	**0.0**	**0.0**	**0.0**
(Increase)/decrease in 2019/20	**5.5**	**10.1**	**(46.6)**	**0.0**	**(2.7)**	**13.8**	**0.0**	**(3.0)**	**(22.9)**	**(478.4)**	**(501.3)**	**(4.3)**	**(505.6)**
Balance as at 31 March 2020	**(9.6)**	**(8.5)**	**(280.4)**	**(1.4)**	**(4.4)**	**(11.6)**	**0.0**	**(75.4)**	**(391.3)**	**(603.3)**	**(994.6)**	**(26.1)**	**(1,020.7)**

Notes to the Group Accounts

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

Movements in 2019/20	Council Dwellings	Land & Buildings	VPF&E	Infra-structure	Surplus Assets	Asset under Construction	Total	***PFI Assets**
	£m	£m	£m	£m	£m	£m	£m	£m
Cost or Valuation								
At 1 April 2019	**609.3**	**950.1**	**54.6**	**273.4**	**8.2**	**44.1**	**1,939.6**	**128.5**
Additions	33.7	44.4	1.1	18.1	0.1	123.8	**221.2**	0.9
Depreciation written out	(7.5)	(24.1)	0.0	0.0	0.0	0.0	**(31.6)**	(5.3)
Revaluation increases (decreases) in the Revaluation Reserve	3.0	207.3	0.0	0.0	(0.1)	0.0	**210.2**	2.8
Revaluation increases (decreases) in the Surplus / Deficit on the Provision of Services	(20.8)	(20.8)	0.0	0.0	0.0	0.0	**(41.6)**	0.0
Derecognition - Disposals	(1.7)	(0.3)	0.0	0.0	0.0	(0.1)	**(2.1)**	0.0
Reclassifications (to/from Assets Held for Sale)	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0
Other movements in Cost or Valuations	10.0	1.9	0.0	0.0	0.0	(11.9)	**0.0**	0.0
At 31 March 2020	**626.0**	**1,158.5**	**55.7**	**291.5**	**8.2**	**155.9**	**2,295.7**	**126.9**
Depreciation and Impairments								
At 1 April 2019	**(7.1)**	**(27.8)**	**(33.0)**	**(77.9)**	**0.0**	**0.0**	**(145.8)**	**(14.1)**
Charge for 2019/20	(7.6)	(18.3)	(3.5)	(6.8)	0.0	0.0	**(36.2)**	(2.4)
Depreciation written out	7.4	23.8	0.1	0.1	0.0	0.0	**31.4**	5.3
Impairment losses (reversals) recognised in the Revaluation Reserve	0.0	(0.1)	0.0	0.0	0.0	0.0	**(0.1)**	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	0.0	**(0.1)**	0.0
Derecognition - Disposals	0.0	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**	0.0
Other Movements in Depreciation & Impairments	(0.1)	0.1	0.0	0.0	0.0	0.0	**0.0**	0.0
At 31 March 2020	**(7.5)**	**(22.3)**	**(36.4)**	**(84.6)**	**0.0**	**0.0**	**(150.8)**	**(11.2)**
Balance Sheet Net Book Values (NBV)								
Balance Sheet NBV at 31 March 2020	**618.5**	**1,136.2**	**19.3**	**206.9**	**8.2**	**155.9**	**2,144.9**	**115.7**
Balance Sheet NBV at 1 April 2019	**602.2**	**922.3**	**21.6**	**195.5**	**8.2**	**44.1**	**1,793.8**	**114.4**

Movements in 2018/19	Council Dwellings	Land & Buildings	VPF&E	Infra-structure	Surplus Assets	Asset under Construction	Total	*PFI Assets*
	£m	£m	£m	£m	£m	£m	£m	£m
Cost or Valuation								
At 1 April 2018	**664.3**	**818.0**	**41.8**	**258.2**	**3.9**	**63.7**	**1,849.9**	**112.4**
Additions	26.2	55.8	15.3	15.2	0.7	30.6	**143.8**	3.0
Depreciation written out	(25.4)	(7.6)	0.0	0.0	0.0	0.0	**(33.0)**	(0.3)
Revaluation increases (decreases) in the Revaluation Reserve	5.9	93.1	0.0	0.0	(0.1)	0.0	**98.9**	13.4
Revaluation increases (decreases) in the Surplus / Deficit on the Provision of Services	(32.3)	(14.5)	0.0	0.0	0.0	0.0	**(46.8)**	0.0
Derecognition - Disposals	(1.5)	(61.7)	(2.5)	0.0	0.0	(7.4)	**(73.1)**	0.0
Reclassifications (to/from Assets Held for Sale)	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0
Other movements in Cost or Valuations	(27.9)	67.0	0.0	0.0	3.7	(42.8)	**0.0**	0.0
At 31 March 2019	**609.3**	**950.1**	**54.6**	**273.4**	**8.2**	**44.1**	**1,939.6**	**128.5**
Depreciation and Impairments								
At 1 April 2018	**(26.5)**	**(20.7)**	**(29.5)**	**(71.1)**	**0.0**	**0.0**	**(147.8)**	**(11.9)**
Charge for 2018/19	(7.1)	(14.7)	(4.6)	(6.8)	0.0	0.0	**(33.2)**	(2.5)
Depreciation written out	25.4	7.6	0.0	0.0	0.0	0.0	**33.0**	0.3
Impairment losses (reversals) recognised in the Revaluation Reserve	0.0	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	(0.1)	0.0	0.0	0.0	0.0	0.0	**(0.1)**	0.0
Derecognition - Disposals	0.1	1.0	1.1	0.0	0.0	0.0	**2.2**	0.0
Reclassifications (to/from Assets Held for Sale)	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0
Other Movements in Depreciation & Impairments	1.1	(1.1)	0.0	0.0	0.0	0.0	**0.0**	0.0
At 31 March 2019	**(7.1)**	**(27.8)**	**(33.0)**	**(77.9)**	**0.0**	**0.0**	**(145.8)**	**(14.1)**
Balance Sheet Net Book Values (NBV)								
Balance Sheet NBV at 31 March 2019	**602.2**	**922.3**	**21.6**	**195.5**	**8.2**	**44.1**	**1,793.8**	**114.4**
Balance Sheet NBV at 1 April 2018	**637.8**	**797.4**	**12.2**	**187.1**	**3.9**	**63.7**	**1,702.1**	**100.5**

Group Note 2- Investment Properties

	2018/19	2019/20
	£m	£m
Cost or Valuation		
At 1 April	**11.4**	**12.1**
Additions	0.0	0.0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0.7	03
At 31 March	**12.1**	**12.4**

Group Note 3 – Long Term Financial Assets

Financial Assets	**Long term**	
	31/03/2019	**31/03/2020**
	£m	**£m**
Investments at amortised cost:		
- Investments in Subsidaries	-	0.0
- Loans	-	-
- Other Investments	-	0.3
- Accrued Interest	-	-
Total Investments*	**-**	**0.3**
Debtors at amortised cost:		
- Loans made for service purposes	17.7	16.9
- Trade Receivables	-	-
- Lease Receivables	3.2	3.2
- PFI	0.9	0.9
- Accrued Interest	-	-
Included in Debtors**	**21.8**	**21.1**
Total Financial Assets	**21.8**	**21.4**

Group Note 4 - Cash Flow Statement - investing Activities

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

2018/19 £m		2019/20 £m
(100.9)	Purchase of property, plant and equipment, investment property and intangible assets	(109.8)
0.0	Purchase of short-term and long-term investments	(40.1)
(32.7)	Other payments for investing activities	0.0
12.0	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	6.0
0.0	Proceeds of sale of short and long term investments	61.0
25.0	Other receipts from investing activities	72.0
(96.6)		**(10.9)**

Group Note 5 - Cash Flow Statement - financing Activities

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

2018/19 £m		2019/20 £m
(0.0)	Cash receipts of short and long term borrowing	155.0
(4.2)	Cash inflow/(outflow) relating to Private Finance Initiative schemes	(2.9)
(36.3)	Repayments of short and long term borrowing	(15.3)
4.0	Other payments for financing activities	0.0
(36.5)		**136.8**

2018/19 £m		2019/20 £m
5.3	**Net increase/(decrease) in cash and cash equivalents**	82.3
50.2	Cash and cash equivalents at the beginning of the reporting period	55.6
55.5	**Cash and cash equivalents at the end of the reporting period**	**137.9**

Group Note 6- External audit cost

The Group's external auditor for 2018/19 and 2019/20 is Grant Thornton.

2018/19 £'000		2019/20 £'000
230.0	External audit services for in-year	241.0
20.0	Fees for other services provided by external auditor for year (grants)	34.0
250.0	**Total**	**275.0**

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.

2019/20	**Brent**	**First Wave**	**Barham Park**	**I4B**	**LGA**	**Adjustment**	**Group**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Property, Plant & Equipment	1,963.8	49.8	0.9	0.0	0.0	130.3	2,144.8
Investment Property	0.0	12.4	0.0	135.8	0.0	(135.8)	12.4
Long Term Investments	62.4	0.0	0.0	0.0	0.0	(62.1)	0.3
Long Term Debtors	132.3	0.0	0.0	0.0	0.0	(111.2)	21.1
Short Term Debtors	156.8	1.8	0.5	0.9	0.2	(1.3)	158.8
Cash and Cash Equivalents	135.2	1.1	0.0	1.6	0.8	(0.8)	137.9
Short Term Creditors	(125.0)	(1.5)	0.0	(3.0)	(1.0)	1.6	(128.9)
Long Term Creditors	(30.0)	0.0	0.0	0.0	0.0	0.5	(29.5)
Long Term Borrowing	(462.1)	(36.0)	0.0	(75.2)	0.0	111.2	(462.1)
Other Long Term Liabilities	(674.3)	(0.9)	0.0	0.0	0.0	0.0	(675.2)
Usable Reserves	(396.8)	(11.2)	(0.5)	2.0	0.0	5.5	(401.0)
Unusable Reserves	(603.3)	(15.5)	(0.9)	(62.1)	0.0	62.1	(619.7)
Community Wellbeing (GF)	152.6	(1.8)	(0.0)	0.0	0.0	0.0	150.8
Community Wellbeing (HRA)	3.4	0.0	0.0	(2.8)	0.0	2.2	2.8
Financing and investment income & expenditure	38.1	2.0	0.0	3.1	0.0	0.0	43.3
Taxation and non-specific grant income	(329.5)	0.1	0.0	0.0	0.0	0.0	(329.4)
(Surplus) or deficit on revaluation of Property, Plant and Equipment assets	(208.5)	(1.6)	0.0	0.0	0.0	0.0	(210.1)
Net surplus or (deficit) on the provision of services	9.7	(0.3)	(0.0)	(0.4)	0.0	(2.2)	6.9
Adjustments for non-cash movements	22.4	2.2	0.0	(0.4)	0.0	2.2	26.4
Adjustments for investing and financing activities	(78.0)	(2.1)	0.0	3.1	0.0	0.0	(77.0)
Net cash inflows/(outflow) from Investing activities	(67.8)	(0.1)	0.0	(57.9)	0.0	114.9	(10.9)
Net cash inflows/(outflow) from Financing activities	195.6	(0.9)	0.0	57.0	0.0	(114.9)	136.8

2019/20 main adjustments

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 (£135.8m) and £130.3m adjustments to Investment Property and Property, Plant and Equipment respectively. The small difference of £5.5m 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 £4.1m reduction in reserves.

Loans made by the council to I4B and First wave have been removed from the group accounts, to remove transactions within the group. This has the effect of reducing long-term borrowing and long-term debtors by £75m for I4B. And reducing long-term borrowing and long-term debtor by £36m for I4B. As the loan from the council to I4B is a soft loan, long-term investments and unusable reserve are both reduced by £62m to reflect the intra-group transactions for the soft loan.

2018/19	**Brent**	**First Wave**	**Barham Park**	**I4B**	**LGA**	**Adjustment**	**Group**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Property, Plant & Equipment	1,670.1	49.1	0.9	0.0	0.0	74.0	1,794.2
Investment Property	0.0	12.1	0.0	77.3	0.0	(77.3)	12.1
Long Term Investments	23.4	0.0	0.0	0.0	0.0	(23.4)	0.0
Long Term Debtors	115.6	0.0	0.0	0.0	0.0	(93.8)	21.8
Short Term Debtors	107.3	2.4	0.5	1.3	0.3	(5.4)	106.3
Cash and Cash Equivalents	53.3	2.2	0.0	0.1	0.1	(0.1)	55.5
Short Term Creditors	(146.4)	(2.6)	0.0	(0.9)	0.3	4.3	(142.8)
Long Term Creditors	(33.2)	0.0	0.0	0.0	0.0	0.5	(32.7)
Long Term Borrowing	(385.8)	(36.8)	0.0	(56.3)	0.0	93.1	(385.8)
Other Long Term Liabilities	(941.8)	(0.9)	0.0	0.0	0.0	0.9	(941.8)
Usable Reserves	368.3	13.4	0.5	(1.7)	0.0	(3.3)	377.3
Unusable Reserves	124.9	12.1	0.9	23.1	0.0	(23.1)	137.9
Community Wellbeing (GF)	131.7	(2.5)	(0.0)	0.0	0.0	0.0	129.2
Community Wellbeing (HRA)	17.1	0.0	0.0	(2.2)	0.0	3.3	18.2
Financing and investment income & expenditure	36.0	1.1	0.0	2.3	0.0	0.0	39.4
Taxation and non-specific grant income	(328.6)	0.1	0.0	0.0	0.0	0.0	(328.5)
(Surplus) or deficit on revaluation of Property, Plant and Equipment assets	(98.9)	0.6	0.0	0.0	0.0	0.0	(98.3)
Net surplus or (deficit) on the provision of services	(54.7)	1.3	0.0	(0.1)	0.0	(3.3)	(56.8)
Adjustments for non-cash movements	122.1	1.1	0.0	(3.1)	0.0	3.3	123.4
Adjustments for investing and financing activities	71.9	(2.3)	0.0	2.3	0.0	0.0	71.9
Net cash inflows/(outflow) from Investing activities	(97.3)	(0.2)	0.0	0.0	0.0	0.9	(96.6)
Net cash inflows/(outflow) from Financing activities	(35.8)	(0.7)	0.0	0.9	0.0	(0.9)	(36.5)

2018/19 main adjustments

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 (£77m) and £74m adjustments to Investment Property and Property, Plant and Equipment respectively. The small difference £3m 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 £3m reduction in reserves.

Loans made by the council to I4B and First wave have been removed from the group accounts, to remove transactions within the group, the values of these are £56m for I4B, and £37m for Firstwave. This has the effect of reducing both long-term borrowing and long-term debtors by £93m. As the loan from the council to I4B is a soft loan, long-term investments and unusable reserve are both reduced by £23m to reflect the intra-group transactions for the soft loan.

Schools

The council includes local authority schools under its control in both its accounts, and the group accounts as per the CIPFA code.

Breakdown of number of Local Authority schools in each category of maintained school:

Primary phase schools	47
Secondary phase schools	2
Maintained Nursery Schools	4
Pupil Referral Units	2
Special Schools	1
	56

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:

Janice Long

Councillor Janice Long

Independent auditor's report to the members of London Borough of Brent

Report on the Audit of the Financial Statements

Opinion

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 2020 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, and the Group Movement in Reserves Statements and notes to the financial statements, including a Statement of Accounting Policies. The notes to the financial statements include the Notes and Disclosures to the Core Statements, Notes to the Housing Revenue Account Statement, Notes to the Collection Fund, Notes to the Group Accounts, Statement of Accounting Policies, and Additional Supporting Information and Reconciliation Disclosures. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2020 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 2019/20; 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. 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Director of Finance and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's and Authority's future operational arrangements.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the group's and Authority's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an authority associated with these particular events.

Conclusions relating to going concern

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

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

In our evaluation of the Director of Finance's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20 that the Authority's financial statements shall be prepared on a going concern basis, we considered the risks associated with the group's and Authority's operating activities, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit. We analysed how those risks might affect the group's and Authority's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Authority or group will continue in operation.

Emphasis of Matter – effects of Covid-19 on the valuation of land and buildings

We draw attention to the 'Additional Supporting Information and Reconciliation Disclosures – Key Judgements and Material Estimates' section of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Authority and group's land and buildings as at 31 March 2020. As, disclosed in the 'Additional Supporting Information and Reconciliation Disclosures – Key Judgements and Material Estimates' section of the financial statements, the lockdown instituted by Central Government largely froze both residential and commercial property markets. The lack of an active market as at 31 March 2020 makes it practically impossible to determine the values with the same accuracy as last year. Further, institutions such as the Bank of England are warning that there is likely to be a significant fall in property process as a result of Covid-19. The Council's valuers have stated that there is a material uncertainty about the movement of property process and valuations as a result of Covid-19. The Council has decided to use the valuer's estimates of property valuations and movements as the best available estimates of the values of the Council's assets as at 31 March 2020, but these estimates are subject to greater uncertainty than in previous years. Our opinion is not modified in respect of this matter.

Other information

The Director of Finance is responsible for the other information. The other information comprises the information included in the Statement of Accounts and the Annual Governance Statement, other than the Authority and group 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 of the group and Authority 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 this 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 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 the '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 matter 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 gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, 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 Director of Finance and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on pages 93 to 94, 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 Director of Finance. The Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20, for being satisfied that they give a true and fair view, and for such internal control as the Director of Finance 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 Director of Finance is responsible for assessing the group's and the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority 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. This description forms part of our auditor's report.

Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

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 on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Delay in certification of completion of the audit

We are required to give an opinion on the consistency of the pension fund financial statements of the Authority included in the Pension Fund Annual Report with the pension fund financial statements included in the Statement of Accounts. The Local Government Pension Scheme Regulations 2013 require authorities to publish the Pension Fund Annual Report by 1 December 2020. As the Authority has not prepared the Pension Fund Annual Report at the time of this report we have yet to issue our report on the consistency of the pension fund financial statements. Until we have done so, we are unable to certify that we have completed the audit of the financial statements in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2020. We are satisfied that this work does not have a material effect on the financial statements or on our conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

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.

Paul Dossett

Paul Dossett, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

London

11 September 2020

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 Director of Finance;
- 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 Director of Finance

The Director of Finance 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 2020.

In preparing this statement of accounts, the Director of Finance 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 2020 and of its income and expenditure for the year then ended.

Minesh Patel
Director of Finance

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.

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.
- 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.

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

2.4 Revenue Grants
Grants are immediately recognised where the Council has reasonable assurance it will comply with the conditions attached to the grant, and the grants or contributions will be received.

2.5 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 are 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.

2.6 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 (so is now acting as principal and 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.

2.7 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.

2.8 Jointly Controlled Operations
The council has jointly controlled operations in the form of pooled budgets in conjunction with Brent CCG and Central and North West London NHS Foundation Trust. 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 the Central North West London Mental Health Trust 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 (ie 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 performedby 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.
- 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 invoiced construction cost at year end.

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 assets 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.

Amoritisation 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.

Buildings (including HRA)	5 – 60 years as determined by the valuer
Infrastructure	10 – 40 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 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 contracts)
Under the Code of Practice, construction contracts undertaken by the Council for the Council's customers are accounted for as set out in the code This is separate from Assets under Construction where the Council is constructing assets for its own use. The Code of Practice requires use of the percentage completion method for calculating accounting entries for such contracts. Under the percentage of completion method, contract revenue is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue, expenses and surplus/deficit which can be attributed to the proportion of work completed. The percentage of completion is assessed based on costs incurred for work performed to date.

Until the point where outcome of the construction contract can be reliably estimated, revenue will only be recognised in line with construction costs to date. Once construction costs can be reliably measured, revenue will be recognised using the percentage completion method described above. Any expected losses will be immediately recognised as an expense.

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:

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 of 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.

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 Capital Government Grants and Contributions
Where the acquisition of a fixed asset is financed either wholly or in part by a government grant or other contribution, the amount of the grant or contribution is recognised as income as soon as the Council has reasonable assurance it will comply with the conditions attached to the grant, and the grants or contributions will be received.

7.3 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 balance sheet in line with IAS 17, using guidance from the Royal Institute of Chartered Surveyors as directed by the 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, 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 2021/22, as such there are no changes to current year's accounting policy.

From 2021/22 under IFRS 16 lessees are required to remove the lease classifications of operating and finance leases, instead it requires that a right-of-use asset be recognized for all leases (with the exemptions for short-term and low value leases) with a corresponding lease liability representing the lessee's obligation to make leases payments for the asset.

For lessors, the finance and operating lease classifications 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 have concluded that it is likely to be immaterial.

7.3.1 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 creditor 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 creditor 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.

7.4 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 International Financial Reporting Standards. 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 to100 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.

7.5 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.

7.6 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 under IFRS, 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.

Critical accounting judgements made in the accounts:

- Retirement Benefit Obligations – The authority recognises and discloses its retirement benefit obligation in accordance with the measurement and presentational requirements of IAS 19 "Employee Benefits". The estimation of the net pension liability depends on a number of complex judgements and estimates 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 actuaries is engaged to provide the authority with expert advice about the assumptions to be applied. Changes in these assumptions can have a significant effect on the value of the authority's retirement benefit obligation. The key assumptions made are set out in Note 32 - Defined Benefit Pension Schemes.

- Treatment of PFI arrangements – The authority has entered into a number of PFI arrangements in respect of infrastructure. The Housing PFI is an unusual PFI that requires judgement to be exercised, as the council's ability to control most of the assets is determined by nomination rights rather than legal title to the assets. The authority has judged that a finance lease exists for the 158 properties where the council has nomination rights in perpetuity, as the council has sufficient control of residual value in these cases that a finance lease exists, but an operating lease exists for the other 206 properties, where the council does not control residual value.

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

- Provisions – The authority has allocated an additional 10% (£4.9m) impairment for doubtful debt due to the impact of Covid-19. This follows the Bank of England's expectation for consumer credit to be impaired by approximately 8% as a result of Covid-19, and similar to the increased provision for bad debt made by the council under UK GAAP accounting rules following the last financial crash. The expectation is that payment performance for debts outstanding as at 31st March 2020 will be significantly worse than compared to 2019/20 by a variety of debtors such as commercial tenants and those due to repay housing benefit overpayments remain unable to clear their debts due to loss of jobs and business closures. In addition to this, the council has taken the decision to temporarily stop enforcement actions for the collection of debts; and for some classifications of debt, such as commercial rents, payment holidays have been given. This is expected to impact future collection and has also informed the additional impairment of doubtful debt.

- Future Levels of Government Funding and Levels of Reserves – the future levels of funding for local authorities has a high degree of uncertainty. The authority has set aside amounts in provisions, working balances and reserves which it believes are appropriate based on local circumstances including the overall budget size, risks, robustness of budgets, major initiatives being undertaken, budget assumptions, other earmarked reserves and provisions and the authority's track record in financial management.

- Schools' outturn- Due to Covid-19, 23 out of 56 schools were unable to submit their year end outturn for the schools accounts consolidation. An estimation was therefore used for these schools. The estimation uses the schools' estimated outturn as at month 11 and adjusted for past trends between estimated reserves balance and actual reserve balances.

- Valuations – the lockdown instituted by central government largely froze both residential and commercial property markets. The lack of an active market as at 31st March 2020 makes it practically impossible to determine the values with the same accuracy as last year. Further, institutions such as the Bank of England are warning that there is likely to be a significant fall in property prices as a result of Covid-19. The council's valuers have stated that there is material uncertainty about the movement of property prices and valuations as a result of Covid-19. The council has decided to use the valuer's estimates of property valuations and movements as the best available estimates of the values of the council's assets as at 31st March 2020, but these estimates are subject to greater uncertainty than in previous years.

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.

This includes the amendment to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement. This requires that when a plan amendment, curtailment or settlement occurs during a reporting period that the Council use updated actuarial assumptions to determine current service cost and net interest for the remaining annual reporting period. In 2019/20 there were no material plan amendment, curtailment or settlement therefore this new change in accounting standard is not expected to have a material effect.

4. Significant changes in accounting policy introduced in 2019/20
There have been no significant changes to the code introduced in 2019/20

5. Events after the reporting period
The Statement of Accounts was authorised for issue by the Director of Finance on 8 September 2020.
Events taking place after this date are not reflected in the financial statements or notes. However there have been events since the opening balance sheet date (1 April 2019) up to the date that the accounts were authorised for issue by the Director of Finance. The financial statements and notes have not been adjusted for these events but they have been summarised below:

Coronavirus Pandemic

- On 30 January 2020, the World Health Organisation (WHO) announced coronavirus as a global health emergency. On 11 March 2020 it was announced that coronavirus was a global pandemic. This was swiftly followed by Government instituting the lockdown on 23 March 2020. Since that point the Council has mainly provided critical services only, whilst most staff are largely based at home working remotely. The coronavirus pandemic will have a major impact both nationally and locally and the economic shock is predicted to be significant. It is extremely difficult to ascertain precisely how the fallout from COVID-19 will impact the Borough and its residents, however a number of financial scenarios have been modelled based on differing assumptions of longevity and severity.

- Following the outbreak, the financial position of the Council/Local Government has changed significantly. The impact of the loss of income from fees and charges and arising emergency costs have had an immediate effect on all local authorities. In the longer term there is likely to be a further squeeze on public spending which could impact future funding settlement allocations. On 2 July 2020, the Government announced a new package of support for Local Government. A further £500m will be provided, of which Brent’s share is £3.2m. This will bring the total amount of Brent’s non-ring-fenced government funding to £21.8m. In addition, the new package of support includes provision for some income losses to be reimbursed where losses are more than 5% of a council’s planned income from sales, fees and charges, with the Government covering up to 75% of the remainder. Finally, any deficits on Council Tax and Business Rates income will be allowed to be spread over three years, rather than one.

- Although the recent announcement provides much needed additional funding, it is still likely to be insufficient to cover all of the current expected expenditure pressures. Likewise, while the partial support for the loss of income is welcome, until further guidance is released, it is not possible to quantify the benefit. Despite this uncertain position, the Council is considering strategies for managing these potential pressures including the implementation of further savings, revisiting growth assumptions, scaling back the capital programme and as a last resort utilising general reserves to contain unexpected and one off short term pressures. However due to the level of uncertainty concerning the virus, and the absence of a firm commitment from Government to fund all of the Council's losses it is not possible to make a reliable estimate of the impact this may have on the Council at this time.

Property Asset Valuation

- The last financial year reported by Brent Council has been extremely unusual due to COVID-19 creating a situation where there is material uncertainty in the valuation of Plant, Property and Equipment in the accounts. This uncertainty relates particularly to the lack of fully functioning markets as at 31st March 2020 for both residential and commercial property which makes it difficult to be certain about property values.

- To address these issues, and the wider material uncertainty around property valuations, the council has undertaken and commissioned a review of the impact of COVID-19 on both property valuations as at 31 March 2020 and as at the end of July 2020.

- This review has identified impairments of between 2 and 6% for some classes of property between 1st April 2020 and the end of July 2020 imply a post-balance sheet impairment of between £17.7m and £26.8m.

    - Offices – Minus 2 – 4%
    - Industrial – 0%
    - Retail – Minus 5 – 6%
    - Residential – Minus 2 – 3%
    - Land – 0%
    - Specialised – 0%

Additional Reconciliations

Nature of Income and Expenditure

2018/19 £m		2019/20 £m
	Gross Expenditure	
78.7	Depreciation & Impairment Losses	76.5
294.6	Employee Expenses	284.7
60.2	Premises Related Expenditure	73.5
119.5	Supplies and Services	138.2
22.8	Support Services	-0.7
154.6	Third Party Payments	159.6
351.5	Transfer Payments	314.7
26.1	Transport Related Expenditure	27.4
1,108.0	**Total Gross Expenditure**	**1,073.9**
	Gross Income	
(192.8)	Customer and Client Receipts	(186.0)
(606.5)	Government Grants	(571.3)
(24.5)	Other Grants, Reimbursements & Contributions	(38.2)
(823.8)	**Total Gross Income**	**(795.5)**
284.2	**Net Cost of Services**	**278.4**
	Other Income & Expenditure	
36.0	Financing and Investment Income & Expenditure	38.2
63.2	Other Operating Expenditure	3.2
(328.7)	Taxation & non-specific grant income	(329.5)
(229.5)	**Total Other Income & Expenditure**	**(288.1)**
54.7	**(Surplus) / Deficit on Provision of Services**	**(9.7)**

Movements in Reserves Detail

This table shows the detailed movements across the Councils total equity fund during the year split between Usable and Unusable Reserves, as summarised in the Movement in Reserves Statement on page 11.

	Usable reserves						Unusable reserves							
	General Fund	HRA	EARMARKED RESERVES BALANCE	CAPITAL RECEIPTS RESERVE	CAPITAL GRANTS UNAPPLIED	MAJOR REPAIRS RESERVE	REVALUATION RESERVE	CAPITAL ADJUSTMENT ACCOUNT	DEFERRED CAPITAL RECEIPTS	FINANCIAL INSTRUMENTS ADJ A/C	PENSIONS RESERVE	SHORT TERM ACCUMULATING COMPENSATED ABSENCES RESERVE	COLLECTION FUND ADJUSTMENT ACCOUNT	Total
Charges for depreciation and impairment of non-current assets	(27.1)	(7.9)	0.0	0.0	0.0	0.0	7.6	27.4	0.0	0.0	0.0	0.0	0.0	(0.0)
Revaluation losses on Property Plant and Equipment	(20.8)	(20.7)	0.0	0.0	0.0	0.0	0.0	41.5	0.0	0.0	0.0	0.0	0.0	(0.0)
Movements in the market value of Investment Properties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue expenditure funded from capital under statute	(7.6)	0.0	0.0	0.0	0.0	0.0	0.0	7.6	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	(0.4)	(1.7)	0.0	0.0	0.0	0.0	0.3	1.8	0.0	0.0	0.0	0.0	0.0	0.0
Statutory provision for the financing of capital investment	10.6	0.0	0.0	0.0	0.0	0.0	0.0	(10.6)	0.0	0.0	0.0	0.0	0.0	0.0
Capital expenditure charged against the General Fund and HRA balances	17.6	0.0	0.0	0.0	0.0	0.0	0.0	(17.6)	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	42.4	0.0	0.0	0.0	(42.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	Usuable reserves						Unusable reserves							
	General Fund	HRA	EARMARKED RESERVES BALANCE	CAPITAL RECEIPTS RESERVE	CAPITAL GRANTS UNAPPLIED	MAJOR REPAIRS RESERVE	REVALUATION RESERVE	CAPITAL ADJUSTMENT ACCOUNT	DEFERRED CAPITAL RECEIPTS	FINANCIAL INSTRUMENTS ADJ A/C	PENSIONS RESERVE	SHORT TERM ACCUMULATING COMPENSATED ABSENCES RESERVE	COLLECTION FUND ADJUSTMENT ACCOUNT	Total
Application of grants to capital financing transferred to the Capital Adjustment Account	0.0	0.0	0.0	0.0	39.4	0.0	0.0	(39.4)	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	0.5	5.5	0.0	(6.0)	0.0	0.0	0.0	0.0	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	15.6	0.0	0.0	0.0	(15.6)	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	0.0	(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
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	0.0	(4.1)	0.0	4.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0.0	0.0	0.0	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	15.7	0.0	0.0	0.0	(15.7)	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	15.7	0.0	(15.7)	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	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1.0)	0.0	0.0	0.0	0.0

	Usuable reserves						Unusable reserves							
	General Fund	HRA	EARMARKED RESERVES BALANCE	CAPITAL RECEIPTS RESERVE	CAPITAL GRANTS UNAPPLIED	MAJOR REPAIRS RESERVE	REVALUATION RESERVE	CAPITAL ADJUSTMENT ACCOUNT	DEFERRED CAPITAL RECEIPTS	FINANCIAL INSTRUMENTS ADJ A/C	PENSIONS RESERVE	SHORT TERM ACCUMULATING COMPENSATED ABSENCES RESERVE	COLLECTION FUND ADJUSTMENT ACCOUNT	Total
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(61.8)	(1.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	63.4	0.0	0.0	0.0
Employer's pensions contributions and direct payments to pensioners payable in the year	38.7	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(40.2)	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	(2.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.8	0.0	0.0
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	(6.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.4	0.0
Surplus or deficit on revaluation of Property, Plant and Equipment assets	0.0	0.0	0.0	0.0	0.0	0.0	(208.5)	0.0	0.0	0.0	0.0	0.0	0.0	(208.5)
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	(288.6)	0.0	0.0	(288.6)
Earmarked reserve transfers	36.5	2.7	(39.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(Surplus) or deficit on the provision of services	(20.1)	10.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(9.7)
Opening balance 19/20	(15.1)	(1.4)	(254.1)	(25.4)	(72.4)	0.0	(390.6)	(674.3)	(3.2)	17.2	925.7	3.5	(3.2)	(493.3)
Closing balance 19/20	(15.1)	(1.4)	(293.3)	(11.6)	(75.4)	0.0	(591.2)	(694.9)	(3.2)	16.2	660.3	6.3	3.2	(1,000.1)

Brent Pension Fund Accounts

Pension Fund Accounts as at 31 March 2020

2018/19 £m		Notes	2019/20 £m
	Dealings with members, employers and others directly involved in the fund		
(52.1)	Contributions	7	(60.0)
(2.8)	Transfers in from other pension funds	8	(5.2)
(54.9)			**(65.2)**
45.9	Benefits	9	47.9
1.8	Payments to and on account of leavers	10	6.2
47.7			**54.2**
(7.2)	**Net (additions)/withdrawals from dealings with members**		**(11.1)**
6.8	Management expenses	11	3.8
(0.4)	**Net (additions)/withdrawals including management expenses**		**(7.3)**
	Returns on investments		
(1.4)	Investment income	12	(1.2)
0.0	Taxes on income	13	0.0
(61.7)	(Profits) and losses on disposal of investments and changes in the market value of investments	14	34.1
(63.1)	**Net return on investments**		**32.9**
(63.5)	**Net (increase)/decrease in the net assets available for benefits during the year**		25.6
(801.1)	**Opening net assets of the scheme**		**(864.6)**
(864.6)	**Closing net assets of the scheme**		**(839.0)**

Net Assets Statement

31 March 2019 £m		Notes	31 March 2020 £m
856.4	Investment assets	**14**	835.3
856.4			**835.3**
9.1	Current assets	**20**	4.0
0.0	Non-current assets		0.0
(0.9)	Current liabilities	**21**	(0.4)
864.6	**Net assets of the fund available to fund benefits at the period end**		**839.0**

The net asset statement includes all assets and liabilities of the Fund as at 31 March 2020 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 19.

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 40 employer organisations with active members within the Brent Pension Fund at 31 March 2020, 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
Convent of Jesus & Mary Language College
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
St Andrews and St Francis School
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 originally Europa Facility (Services Limited)
Barnardos
Caterlink
Conway Aecom
Local Employment Access Project (LEAP)
National Autistic Society (NAS)
Ricoh UK
Sudbury Neighbourhood Centre
Taylor Shaw
Veolia
Veolia (Ground Maintenance)

31 March 2019	**Brent Pension Fund**	**31 March 2020**
36	Number of employers with active members	40
	Number of employees in scheme	
5,209	Brent Council	5,239
1,547	Other employers	1,834
6,756	**Total**	**7,073**
	Number of pensioners	
6,193	Brent Council	6,320
537	Other employers	666
6,730	**Total**	**6,986**
	Deferred pensioners	
7,053	Brent Council	6,975
815	Other employers	935
7,868	**Total**	**7,910**

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 2020. 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

2019/20, 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

2. Basis of preparation

The Statement of Accounts summarises the Fund's transactions for the 2019/20 financial year and its position at year-end as at 31 March 2020. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 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 19 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 n 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 25.

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 19).

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 22).

4. Critical judgements in applying accounting policies

Unquoted private equity/infrastructure 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 and infrastructure investments are valued by the investment managers using guidelines set out by the British Venture Capital Association. The value of unquoted private equities and infrastructure investments at 31 March 2020 was £84m (£95m at 31 March 2019).

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 19. 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 2020 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
Actuarial present value of promised retirement benefits (Note 19)	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	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 £136m. A 0.5% increase in assumed earnings inflation would increase the value of liabilities by approximately £8m, and a one-year increase

	advice about the assumptions to be applied.	in assumed life expectancy would increase the liability by approximately 3 to 5%. .

Item	Uncertainties	Effect if actual results differ from assumptions
Private equity/infrastructure	Private equity/infrastructure investments are valued at fair value in accordance with British Venture Capital Association guidelines. These investments are not publicly listed and as such, there is a degree of estimation involved in the valuation.	The total private equity/infrastructure investments in the financial statements are £84m. There is a risk that this investment may be under- or overstated in the accounts.

6. Events after the Reporting Date

There have been no events since 31 March 2020, and up to the date when these accounts were authorised that require any adjustments to these accounts.

7. Contributions receivable

By category

	2018/19 £m	2019/20 £m
Employees' contributions	9.2	8.5
Employers' contributions:		
Normal contributions	39.7	45.6
Deficit recovery contributions	1.7	1.7
Augmentation contributions	1.5	4.3
Total employers' contributions	42.9	51.5
Total	**52.1**	**60.0**

By authority

	2018/19 £m	2019/20 £m
Administering Authority	42.0	47.8
Scheduled bodies	8.5	10.3
Admitted bodies	1.6	1.8
Total	**52.1**	**60.0**

8. Transfers in from other pension funds

	2018/19 £m	2019/20 £m
Individual transfers	2.8	5.2
Total	**2.8**	**5.2**

9. Benefits payable

By category

	2018/19 £m	2019/20 £m
Pensions	37.7	38.6
Commutation and lump sum retirement benefits	7.1	8.5
Lump sum death benefits	1.1	0.8
Total	**45.9**	**47.9**

By authority

	2018/19 £m	2019/20 £m
Administering Authority and Scheduled bodies	44.1	47.4
Admitted bodies	1.8	0.5
Total	**45.9**	**47.9**

10. Payments to and on account of leavers

	2018/19 £m	2019/20 £m
Individual transfers	1.8	0.3
Refunds to members leaving service	0.1	0.0
Group transfers	(0.1)	5.9
Total	**1.8**	**6.2**

11. Management Expenses

	2018/19 £m	2019/20 £m
Administration costs	1.2	1.1
Investment management expenses	3.2	2.4
Oversight and governance costs	0.2	0.3
Other expenses	2.2	0.0
Total	**6.8**	**3.8**

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 £16.1k (21k 2018/19).

a) Investment management expenses

	2018/19	2019/20
	£m	£m
Management Fees	2.7	2.3
Custody Fees	0.1	0.0
One-off Transaction Costs	0.4	0.0
Total	**3.2**	**2.3**

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

	2018/19	2019/20
	£m	£m
Dividend income private	0.2	
equities/infrastructure		0.5
Income from pooled property investments	0.5	0.1
Income from private equities/infrastructure	0.2	0.3
Interest on cash deposits	0.5	0.3
Total	**1.4**	**1.2**

13. Taxes on income

	2018/19	2019/20
	£m	£m
Withholding tax	0.0	0.0
Total	**0.0**	**0.0**

14. Investments

	Market value 31 March 2019	Market value 31 March 2020
	£m	£m
Investment assets		
Pooled investments	737.7	697.0
Pooled property investments	0.2	0.1
Private equity/infrastructure	95.0	84.3
Total investments	**832.9**	**781.4**

14a) Investments 19/20

	Market value 1 April 2019	Purchases during the year	Sales during the year	Change in market value during the year	Market value 31 March 2020
	£m	£m	£m	£m	£m
Pooled investments	737.7	0.0	(1.2)	(39.5)	697.0
Pooled property investments	0.2	0.0	(3.3)	3.2	0.1

Private equity/infrastructure	95.0	3.2	(16.1)	2.2	84.3
	832.9	**3.2**	**(20.6)**	**(34.1)**	**781.4**
Other investment balances:					
Cash Deposit	23.5				53.9
Investment income due	0.0				0.0
Net investment assets	**856.4**				**835.3**

Investments 18/19

	Market value 1 April 2018	Purchases during the year	Sales during the year	Change in market value during the year	Market value 31 March 2019
	£m	£m	£m	£m	£m
Pooled investments	636.9	181.9	(122.0)	40.9	737.7
Pooled property investments	2.1	0.0	(1.4)	(0.5)	0.2
Private equity/infrastructure	98.3	6.2	(30.8)	21.3	95.0
	737.3	**188.1**	**(154.2)**	**61.7**	**832.9**
Other investment balances:					
Cash Deposit	94.0				23.5
Investment income due	0.0				0.0
Net investment assets	**831.3**				**856.4**

14b) Analysis of investments by category

	31 March 2019 £m	31 March 2020 £m
Pooled funds - additional analysis		
UK		
Fixed income unit trust	35.5	30.6
Unit trusts	224.6	212.1
Diversified growth funds	170.1	160.9
Overseas		
Unit trusts	307.5	293.4
Total Pooled funds	**737.7**	**697.0**
Pooled property investments	0.2	0.1
Private equity/infrastructure	95.0	84.3
Total investments	**832.9**	**781.4**

14c) Investments analysed by fund manager

Market value

31 March 2019 £m	%		31 March 2020 £m	%
422.9	50.8%	Legal & General	387.5	49.6%
0.2	0.0%	London CIV	0.2	0.0%
30.3	3.6%	Janus Henderson	0.0	0.0%
0.0	0.0%	JP Morgan	25.2	3.2%
69.4	8.3%	Capital Dynamics	59.2	7.6%
0.0	0.0%	Yorkshire Fund Managers	0.0	0.0%
121.5	14.6%	LCIV - Baillie Gifford	110.8	14.2%
48.6	5.8%	LCIV - Ruffer	50.1	6.4%
35.5	4.3%	LCIV- MAC (CQS)	30.6	3.9%
0.0	0.0%	LCIV - Infrastructure	0.5	0.1%
0.2	0.0%	Aviva	0.1	0.0%
25.6	3.1%	Alinda	24.6	3.1%
78.7	9.4%	Blackrock	92.6	11.9%
832.9	**100.0**	**781.4**		**100.0**

All of the above companies are registered in the United Kingdom.

d) Stock lending

The London Borough of Brent Pension Fund does not operate a Stock Lending programme.

15a. Valuation of financial instruments carried at fair value

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

Pooled investments – overseas unit trusts and property funds	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
Unquoted equity	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

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 2020.

	Assessed valuation range (+/-)	Value at 31 March 2020	Value on increase	Value of decrease
		£m	£m	£m
Private equity/ Infrastructure	24.3%	84.3	104.7	63.9

15b. 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.

	Quoted market price	**Using observable inputs**	**With significant unobservable inputs**	
Values at 31 March 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Financial assets				
Financial assets at fair value through profit and loss	0.0	697.1	84.3	781.4
Loans and receivables	53.9	0.0	0.0	53.9
Total Financial assets	**53.9**	**697.1**	**84.3**	**835.3**
Financial liabilities				
Financial liabilities at amortised cost	(0.4)	0.0	0.0	(0.4)

Total Financial liabilities	**(0.4)**	**0.0**	**0.0**	**(0.4)**
Net Financial assets	**53.5**	**697.1**	**84.3**	**834.9**

Values at 31 March 2019	Quoted market price Level 1 £m	Using observable inputs Level 2 £m	With significant unobservable inputs Level 3 £m	Total £m
Financial assets				
Financial assets at fair value through profit and loss	0.0	737.9	95.0	832.9
Loans and receivables	23.5	0.0	0.0	23.5
Total Financial assets	**23.5**	**737.9**	**95.0**	**856.4**
Financial liabilities				
Financial liabilities at amortised cost	(0.9)	0.0	0.0	(0.9)
Total Financial liabilities	**(0.9)**	**0.0**	**0.0**	**(0.9)**
Net Financial assets	**22.6**	**737.9**	**95.0**	**855.5**

15c. Transfers between Levels 1 and 2

There were no transfers between levels 1 and 2 during the year

15d. Reconciliation of Fair Value Measurements within Level 3

	£m
Value at 31 March 2019	95.0
Transfers into Level 3	0
Transfers out of Level 3	0
Purchases	3.2
Sales	(16.1)
Issues	0
Settlements	0
Unrealised gains/losses	0
Realised gains/losses	2.2
Value at 31 March 2020	84.3

16. 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 2019 Fair value through profit and loss £'000	Loans and receivables £'000	Financial liabilities at amortised cost £'000		31 March 2020 Fair value through profit and loss £'000	Loans and receivables £'000	Financial liabilities at amortised cost £'000
			Financial assets			
737.7			Pooled investments	697.0		
0.2			Pooled property investments	0.1		
95.0			Private equity/infrastructure	84.3		
	23.5		Cash		53.9	
	9.1		Debtors		4.0	
832.9	**32.6**	**0.0**	**Total Financial assets**	**781.4**	**57.9**	**0.0**
			Financial liabilities			
		(0.9)	Creditors			(0.4)
0	**0**	**(0.9)**	**Total Financial liabilities**	**0**	**0**	**(0.4)**
832.9	**32.6**	**(0.9)**	**Net Financial assets**	**781.4**	**57.9**	**(0.4)**

a) Net gains and losses on financial instruments

31 March 2019 £m		31 March 2020 £m
	Financial assets	
61.7	Fair value through profit and loss	(34.1)
61.7	**Total**	**(34.1)**

b) 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.

31 March 2019 Carrying Value £'000	Fair Value £'000		31 March 2020 Carrying Value £'000	Fair Value £'000
		Financial assets		
832.9	832.9	Fair value through profit and loss	781.4	781.4
32.6	32.6	Loans and receivables	57.9	57.9
865.5	**865.5**	**Total financial assets**	**839.3**	**839.3**
		Financial liabilities		

(0.9)	(0.9)	Financial liabilities at amortised cost	(0.4)	(0.4)
(0.9)	**(0.9)**	**Total financial liabilities**	**(0.4)**	**(0.4)**

The authority has not entered into any financial guarantees that are required to be accounted for as financial instruments.

17. 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 2019/20 reporting period. The potential price changes disclosed below are broadly consistent with a one-standard deviation movement in the value of the assets. 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

Asset Type	**31/03/2020 Value (£m)**	**Potential market movements (+/-)**
Bonds	123.2	7.6%
Equities	412.9	26.3%
Other Pooled investments	160.9	13.0%
Pooled Property investments	0.1	14.2%
Private Equity/Infrastructure	84.3	24.3%

Had the market price of the fund investments increased/decreased the change in the net assets available to pay benefits in the market price would have been as follows:

Asset Type	**31/03/2020 Value**	**Potential value on increase**	**Potential value on decrease**
Bonds	123.2	132.6	113.8
Equities	412.9	521.5	304.3
Other Pooled investments	160.9	181.8	140.0
Pooled Property investments	0.1	0.1	0.1
Private Equity/Infrastructure	84.3	104.7	63.9
Total	**781.4**	**940.7**	**622.1**

Interest rate risk- Asset exposure 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 2019 and 31 March 2020 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

	31 March 2019 £m	31 March 2020 £m
Cash balances	23.5	53.9
UK Fixed income unit trust	35.5	30.6
Total	**59.0**	**84.5**

Asset type	Carrying amount as at 31 March 2020	Change in year in the net assets available to pay benefits	
		+100 BPS	-100 BPS
	£m	£m	£m
Cash balances	53.9	0.5	(0.5)
UK Fixed income unit trust	30.6	0.3	(0.3)
Total change in assets available	**84.5**	**0.8**	**(0.8)**

Asset type	Carrying amount as at 31 March 2019	Change in year in the net assets available to pay benefits	
		+100 BPS	-100 BPS
	£m	£m	£m
Cash balances	23.5	0.2	(0.2)
UK Fixed income unit trust	35.5	0.4	(0.4)
Total change in assets available	**59.0**	**0.6**	**(0.6)**

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 2020 and as at the previous period end:

Currency risk exposure – asset type	**Asset value at 31 March 2019 £m**	**Asset value at 31 March 2020 £m**
Overseas unit trusts	307.5	293.4
Overseas pooled property investments	0.2	0.1
Overseas private equity/infrastructure	95.0	84.3
Total overseas assets	**402.7**	**377.8**

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:

	Asset value as at 31 March 2020	**Change to net assets available to pay benefits**	
		+1%	**-1%**
	£m	**£m**	**£m**
Overseas unit trusts	293.4	2.9	(2.9)
Overseas pooled property investments	0.1	0.0	(0.0)
Overseas private equity/infrastructure	84.3	0.8	(0.8)
Total change in assets available	**377.8**	**3.8**	**(3.8)**

	Asset value as at 31 March 2019	**Change to net assets available to pay benefits**	
		+1%	**-1%**
	£m	**£m**	**£m**
Overseas unit trusts	307.5	3.1	(3.1)
Overseas pooled property investments	0.2	0.0	(0.0)
Overseas private equity/infrastructure	95.0	1.0	(1.0)
Total change in assets available	**402.7**	**4.0**	**(4.0)**

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 2020 was £54.0m (31 March 2019: £23.5m). This was held with the following institutions:

	Rating	Balances as at 31 March 2019 £m	Balances as at 31 March 2020 £m
Bank deposit accounts			
NatWest	BBB+	1.1	0.8
Northern Trust		3.3	0.1
Money Market deposits	A+	19.1	53.1
Other short-term lending			
Local authorities		0.0	0.0
Total		**23.5**	**54.0**

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 2020 the value of illiquid assets was £84.4m, which represented 10% (31 March 2019: £95.2m, which represented 11%) 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 2020 are due within one year.

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.

18. Funding arrangements

In line with the LGPS (Administration) Regulations 2008, 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 March 2022.

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 taxpayer 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**
2018/19	33.8%
2019/20	35.0%
2020/21	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.

19. 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 18). 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 2020 was £1,489m (31 March 2019: £1,826m). 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.

Financial assumptions

Inflation/pensions increase rate	1.9%
Salary increase rate	2.2%
Discount rate	2.3%

Longevity assumption

The average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	22.1 years	24.3 years
Future pensioners*	23.0 years	25.5 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

Sensitivity to the assumptions for the year ended 31 March 2019	Approximate % increase to liabilities	Approximate monetary amount (£m)
0.5% p.a. increase in the Pension Increase Rate (CPI)	9%	127
0.5% p.a. increase in the Salary Increase Rate	1%	8
0.5% p.a. decrease in the discount rate	9%	136

20. Assets

a) Current assets

	31 March 2019 £m	31 March 2020 £m
Debtors:		
- Contributions due – employees	1.3	0.7
- Contributions due – employers	7.0	2.9
- Sundry debtors	0.8	0.5
Total	**9.1**	**4.0**

Analysis of debtors

	31 March 2019 £m	31 March 2020 £m
Central government bodies	0.1	0.4
Other local authorities	6.8	3.5
Other entities and individuals	2.2	0.1
Total	**9.1**	**4.0**

Non- current assets comprises of contributions due from employers, repayable later than a year from the Balance Sheet date.

21. Current liabilities

	31 March 2019	31 March 2020

	£m	£m
Group transfers	(0.1)	0.0
Sundry creditors	1.0	0.4
	0.9	**0.4**

Analysis of creditors

	31 March 2019	31 March 2020
	£m	£m
College of North West London	(0.1)	0.0
Other entities and individuals	1.0	0.4
Total	**0.9**	**0.4**

22. Additional voluntary contributions

	Market value 31 March 2019 £m	Market value 31 March 2020 £m
Clerical Medical	1.3	1.3
Equitable Life	0.2	0.2
Prudential	0.1	0.3
Total	**1.5**	**1.8**

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.

23. 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 £0.997m (2018/19: £0.796m) 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 £33.7m to the Fund in 2019/20 (2018/19: £32.5m).

Governance

There are no members of the Pension Fund Sub-Committee who are either in receipt of pension benefits from or active members of the Brent Pension Fund. 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 Assistant Chief Executive the Director of Legal & HR, the Chief Finance Officer (s.151 officer) 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:

	31st March 2019 £m	31st March 2020 £m
Short Term Benefits	0.036	0.039
Post Employment Benefits	0.008	0.011
Termination Benefits	0.000	0.000
Total Remunerations	**0.044**	**0.050**

24. Contingent liabilities

Outstanding capital commitments (investments) at 31 March 2020 totalled £76m (31 March 2019: £26.9m).

	31st March 2019 £m	31st March 2020 £m
Capital Dynamics	14.1	13.9
Alinda Fund II	2.9	3.1
Alinda Fund III	9.9	9.5
London CIV Infrastructure Fund	n/a	49.5
Total	**26.9**	**75.9**

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.

25. Contingent Assets

Other 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.

	31st March 2019 £m	31st March 2020 £m

Apleona HSG Limited (previously Bilfinger)	0.1	0.1
Conway Aecom	0.1	0.1
Total	**0.2**	**0.2**

26. Impairment Losses

The Fund had no contingent liabilities at 31 March 2020.

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.

GLOSSARY (Continued)

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 (ie 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.

GLOSSARY (Continued)

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.

GLOSSARY (Continued)

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
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
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
PCT	Primary Care Trust
PWLB	Public Works Loans Board