LONDON BOROUGH OF BRENT

STATEMENT OF ACCOUNTS

2012/13

C O N T E N T S

INTRODUCTION BY THE DEPUTY DIRECTOR OF FINANCE AND CORPORATE SERVICES

Brent's annual accounts show the financial performance of the Council for the year 2012/13. They present the financial position of the Council on 31st March 2013 and its income and expenditure for the year ending on that date.

It is intended that these accounts will provide a useful and important source of financial information for the community, Council Members and other interested parties. The Explanatory Foreword on the next few pages gives a brief summary of the Council's financial position in 2012/13.

I should also like to thank my staff and colleagues throughout the Council for their hard work and support during the year.

MICK BOWDEN
Deputy Director of Finance and Corporate Services

17 September 2013

EXPLANATORY FOREWORD

1. INTRODUCTION

The accounts for the year 2012/13 consist of:

Statement of Accounting Policies - This explains the basis of the figures in the accounts. The accounts can be properly appreciated only if the policies which have been followed in dealing with material items are explained.

CORE FINANCIAL STATEMENTS

Movement in Reserves Statement (MiRS) - This splits reserves into usable and unusable usable reserves including General fund balances.

Comprehensive Income and Expenditure Statement – This shows the accounting costs of providing services. This may be different to the amount raised from taxation in accordance with regulations. Differences are shown in the MiRS.

Balance Sheet - This is fundamental to the understanding of the Council's year-end financial position. It shows the balances and reserves at the Council's disposal and its long term indebtedness, the net current assets employed in its operations, and summarised information on the long term assets held. It excludes the Pension Fund.

Cash Flow Statement - This summarises the inflows and outflows of cash arising from transactions with third parties.

SUPPLEMENTARY FINANCIAL STATEMENTS

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

Collection Fund - The Collection Fund accounts independently for income related 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.

Group Accounts - In line with accounting requirements, group accounts are shown for Brent and its subsidiary Brent Housing Partnership (BHP).

Pension Fund - The Pension Fund is separately managed by Brent and the Fund's accounts are separate from the Council's accounts.

The accounts have been produced in line with the requirements of the 2011 Accounts and Audit Regulations, the 2012/13 Code of Practice on Local Council Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the Audit Commission Act 1998, except where specifically stated in the Statement of Accounting Policies.

2. General Fund Revenue Spending in 2012/13

The Council had an underspend of £744k on its 2012/13 revenue budget. The budget approved by the Council in March 2012 included £12.5 million of savings to keep within the lower spending allocations set by central government and deliver a freeze in Council tax.

The majority of savings were delivered through the One Council Programme, the Council's approach to improving services and efficiency. The medium term outlook for local government funding continues to be difficult and it is clear that the Council will need to continue to scrutinise how it provides services in the future to manage the challenge in a planned and structured manner.

2012/13 BUDGET COMPARED WITH OUTTURN

	Latest Budget £'000	Outturn £'000	Variance £'000
Service Area Budgets			
Adult Social Services	91,028	90,921	(107)
Children & Families	46,253	46,232	(21)
Environment & Neighbourhood Services	34,096	34,507	411
Regeneration & Major Projects	33,510	33,315	(195)
Corporate Departments	37,565	37,236	(329)
Service Total	**242,452**	**242,211**	**(241)**
Central Budgets	16,940	16,437	(503)
Net Cost of General Fund Services	**259,392**	**258,648**	**(744)**
Contribution to/(from) General Fund Balances	1,000	1,744	744
Budget Requirement	**260,392**	**260,392**	**0**
Financed By:			
Formula Grant	155,420	155,420	0
Council Tax Income	104,198	104,198	0
Surplus/(Deficit) on Collection Fund	774	774	0
Total	**260,392**	**260,392**	**0**

Explanation of Major Variances 2012/13

	(Under)/Overspending	
	£'000	**£'000**
Adult Social Services		
Directorate - Accommodation & IT recharge to PCT	(122)	
Reablement & Safeguarding - Vacant posts and other savings	(383)	
Support, Planning & Review - Vacant posts	(252)	
Mental Health - Vacant posts	(188)	
Day Centres - Vacant posts and transport savings	(154)	
Client Services - HIV grant spend and concessionary fares	(111)	
Older Peoples Services - Meals on Wheels underspend	(232)	
Older Peoples Services - underspend on delayed discharges and intermediate services	(199)	
Older Peoples Services - increase in proportion of dementia cases	617	
Older Peoples Services - underspend in commissioned domiciliary care	(180)	
Learning & Disability - Residential care contracts	143	
Learning & Disability - Demand for supported living	150	
Learning & Disability - Homecare Care use of direct payments	(95)	
Learning & Disability - Review of day care packages	(208)	
Mental Health - Residential Care	372	
Mental Health - Supported Living	613	
Mental Health - Day care client numbers and B&B budget underspends	(123)	
Physical Disabilities - homecare clients transferred to other provisions	(424)	
Physical Disabilities - telecare increased purchase of equipment	142	
Transitions - Residential care for clients aged 18 -25	590	
Other	(63)	
		(107)
Children & Families		
Alternative Education Services - closure of PRUs and One Council project savings	(585)	
Early Years - Additional 2 year old funding	(397)	
Services to Schools - additional traded services	(701)	
Social Care - purchasing/placements	2,280	
Social Care - section 17 and Section 17 overstayers safeguarding	(314)	
Central Support - School FM and redundancy costs, long term sickness and project budgets	(601)	
Placements Service - adoption costs, foster care training and additional staff costs	135	
Social Care - Children with Disabilities	100	
Other	62	
		(21)

Explanation of Major Variances 2012/13 (continued)

	(Under)/Overspending £'000	£'000
Environment & Neighbourhood		
Parks and Cemeteries - additional income and reduced insurance and transportation costs	(206)	
Sports Services - reduced employee and premises costs	(115)	
Emergency Planning - reduced contract costs and one off refunds	(128)	
Waste & Recycling - additional tonnages, more expensive mix of recycling and more waste to landfill	1,229	
Consumer & Business Protection	(111)	
Business Support - savings in supplies and services	(166)	
Other	(92)	
		411
Regeneration & Major Projects		
Housing		
Care Support, Travellers Site and other miscellaneous	(308)	
Supporting People - reduced contract costs	(208)	
Housing Needs - Staff and operational costs	(483)	
Housing Needs - Project costs & Staff costs	(142)	
Temporary Accommodation - delayed impact of housing reforms	(1,195)	
Temporary Accommodation - monies earmarked for costs of benefit caps	1,700	
Other	(30)	
		(666)
Non Housing		
Directorate & Business Support - reduced staffing and operational costs	(219)	
Civic Centre & Major Projects - shortfall in Town Hall Income	238	
Civic Centre & Major Projects - underspend on employment facilities budget	(330)	
Civic Centre & Major Projects - Contribution to reserves	822	
Other	(40)	
		471

Explanation of Major Variances 2012/13 (continued)

	(Under)/Overspending	
	£'000	**£'000**
Corporate Departments		
Customer & Community Engagement	(38)	
Legal & Procurement	261	
Strategy, Partnerships & Improvement	(300)	
Finance & Corporate Services	(252)	
		(329)
Central Items		
Capital Financing & Other Charges	(3,341)	
West London Waste Levy - supplementary levy	609	
Premature Retirement Compensation	(171)	
Redundancy & Restructuring - provisional for actuarial strain in future years	1,859	
Carbon Tax	(343)	
Project Costs	639	
Review of reserves and bad debt provisions	(140)	
Other provisions	(586)	
Legal/Section 106 Costs	321	
Insurance - additional provision for MMI costs	725	
Other	(75)	
		(503)
Total		**(744)**

3. Capital Expenditure – Disclosure

The Councils in-year expenditure in 2012/13 was £139.428m (2011/12 £124.423m). The Expenditure was within the definition of capital expenditure within the Local Government and Housing Act 1989. Capital expenditure has been financed from the following sources:

Funding Source	**2012/13 £000**
Borrowing	65,489
Grants	38,567
Capital Receipts	21,418
Major Repairs Reserve	6,905
General Fund Contributions	3,116
HRA Contributions	3,933
Total	**139,428**

Capital Projects and other significant capital expenditure in excess of £500k during the year were as follows:

Scheme	**2012/13 £000**
Section 106 - Parks	590
Section 106 - Transport	1,784
Delivering the Sports Strategy	900
Parks	811
Pavements, Roads and Street scene/Street Trees	3,099
Public Realm depot purchase	4,347
Transport for London Funded Schemes	4,445
Private Sector Renewal Support Grant and Disabled Facilities Grant council	4,770
Civic Centre	48,533
Crest Academies	12,165
Devolved Capital	966
Expansion of Secondary/Primary School Places	7,794
Kilburn Library refurbishment	618
Roundwood Youth Centre	1,636
South Kilburn Regeneration Project	14,826
Village School	12,963
Civic Centre IT	1,863
Oracle ERP System	1,608
Disabled Facilities Works (Unsupported Borrowing)	739
Health & Safety Works to Housing Blocks (Unsupported Borrowing)	532
Health & Safety Subtotal	684
Main Programme RCCO (HRA) + Major Repairs Allowance Works	7,931

Capital Expenditure incurred by Service Departments in 2012/13 is summarised below:

Department	2012/13 Programme £000	2012/13 Out-turn £000	2012/13 Variation £000
Adult Social Care	1,532	360	(1,172)
Corporate	3,938	4,105	167
Environment and Neighbourhoods	15,635	13,891	(1,744)
Housing	19,369	16,121	(3,248)
Regeneration and Major Projects	154,572	104,136	(50,436)
Children and Families	883	-	(883)
Total	**195,929**	**138,613**	**(57,316)**

£815k of spending was carried out directly by the schools and is outside the capital programme.

Outstanding capital commitments at 31st March 2013 amounted to £40.385m and are shown below.

Department	2012/13 £000
Adult Social Services	
Framework-I Implementation (Social Care/Mental Care SCP(C)) - St Gabriels/Walm Lane	94
Environment & Neighbourhood Services	
Delivering the Sports Strategy	225
Libraries RFID	3
Parks	35
Pavements, Roads and Street scene/Street Trees	27
Section 106 - Libraries	42
Section 106 - Parks	56
Section 106 - Transport	119
Transport for London Funded Schemes	266
Housing	
Disabled Facilities Works (on council properties)	53
Major repairs of council properties	45
Regeneration & Major Projects	
Access Initiatives	12
Ark Academy	6
Carbon Reduction Measures	55
Civic Centre	3,159
Co-Location Capital Grant	22
Crest Academies	23,201
Expansion of Secondary/Primary School Places	6,901
Kilburn Library Refurbishment	97

Department	2012/13 £000
Mora JMI School windows and playground scheme	1
Project Management - to provide additional resources to Service Areas	53
Property Management Plan	81
Roundwood Youth Centre	256
S106 Planning	16
South Kilburn Regeneration Project	697
Vernon House Self Funded Scheme	90
Village School	4,771
Willesden Green Library Development	2
Total	**40,385**

In addition to the above, the Council has the following capital commitments to existing schemes that extend beyond the 2012/13 Financial Year:

Department	2013/14 and Future Years £000
Regeneration & Major Projects	
Civic Centre	7,500
Dollis Hill House	100
Mora JMI School windows and playground scheme	1
Public Conveniences - Wembley Area	195
Village School	1,879
Total	**9,675**

Borrowing/Investments

During 2012/13 the Council's net borrowing (gross borrowing less investments) fell by £20m. This was largely due to the strong cash flow off setting borrowing to fund the capital programme of the Council. The repayment of debt as part of the HRA settlement meant that interest payable by the Council reduced from £28.586m in 2011/12 to £20.063m in 2012/13. Interest receivable by the Council increased from £0.275m in 2011/12 to £0.279m in 2012/13.

As set out in the Notes to the Balance Sheet (Note 16) £15m has been deposited with Icelandic banks that have gone into administration. It is anticipated that at least £13m will be recovered over the period to 2013.

The Council's borrowing is governed by a Prudential Code, under which the Council adopts a borrowing limit and restrictions on the types and pattern of debt in order to ensure that financing costs are sustainably affordable and the risk of unexpected costs is minimised. The limit was £823m for 2012/13 and the Council complied with this and the other limits established.

4. Pension Fund Deficit

The pension fund deficit is a long term liability. It is planned that the deficit will be eliminated over the next 22 years through a combination of investment returns and additional payments by Brent Council. Further information is shown in Note 48 to the Core Financial Statements.

5. HOUSING REVENUE ACCOUNT (HRA)

The Council originally budgeted for a carried forward surplus of £400k after a net transfer to earmarked reserves. It was reported to members, as part of the Housing Revenue Account (HRA) budget report for 2013/14 in February 2013 that the carried forward surplus for 2012/13 would be £1,972k, which is £1,572k more than the originally budgeted amount. The final accounts show a carried forward surplus of £2,587k, which is £615k more than the revised budgeted surplus carried forward for the year.

The main reasons for the additional favourable variances of (£615k) compared to the revised budgeted HRA surplus carried forward were income from dwellings rent (£405k), rent and rates (£256k), Special Services (£453k), Bad and doubtful Debts Provision (143k), Debt Management Expenses (£105k), capital interest charges (£610k), release of HRA Housing Subsidy reserve (£200k); offset by unfavourable variances on income from non dwellings rent (£117k), HRA recharges to the General Fund Account (£104k), Repairs and Maintenance (£1,141k), General Management Cost (£103k) and other miscellaneous items (92k).

6. SIGNIFICANT CHANGES FROM LAST YEAR'S ACCOUNTS

Following a review of the application of Service Reporting Code of Practice the Council's Expenditure on Concessionary Fares (£13.823m in 2011/12) has been reclassified under Highways and Transport Services rather than Adult Social Care.

7. FURTHER INFORMATION

Further information on these accounts may be obtained by writing to the Chief Finance Officer at Brent Civic Centre, Wembley, HA9 0FJ.

8. GLOSSARY

In the accounts which follow some technical accounting terms are used. Whenever possible, these are explained at the appropriate places in the accounts. However, if further information is needed please see the glossary of terms at the end of the accounts.

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

We have audited the financial statements of London Borough of Brent for the year ended 31 March 2013 on pages 15 to 141. 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 2012/13.

This report is made solely to the members of the Authority, as a body, in accordance with Part II of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, 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 members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Deputy Director of Finance and Corporate Services and auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Deputy Director of Finance and Corporate Services 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, and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's, the Group's and the Pension Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Deputy Director of Finance and Corporate Services; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority and the Group as at 31 March 2013 and of the Authority's and Group's expenditure and income for the year then ended;
- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2013 and the amount and disposition of the fund's assets and liabilities as at 31 March 2013, other than liabilities to pay pensions and other benefits after the end of the scheme year; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Matters on which we are required to report by exception

The Code of Audit Practice 2010 for Local Government Bodies requires us to report to you if:

- the annual governance statement which accompanies the financial statements does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- the information given in the explanatory foreword for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- any matters have been reported in the public interest under section 8 of Audit Commission Act 1998 in the course of, or at the conclusion of, the audit; or
- any recommendations have been made under section 11 of the Audit Commission Act 1998; or
- any other special powers of the auditor have been exercised under the Audit Commission Act 1998.

We have nothing to report in respect of these matters

Conclusion on London Borough of Brent's arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's responsibilities

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

Auditor's responsibilities

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

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

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those 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 2013.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, we are satisfied that, in all significant respects, London Borough of Brent put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2013.

Delay in certification of completion of the audit

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

Phil Johnstone
for and on behalf of KPMG LLP, Appointed Auditor

Chartered Accountants 15 Canada Square, Canary Wharf, London E14 5GL

26 September 2013

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 Deputy Director of Finance and Corporate Services;

- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;

- to approve the Statement of Accounts.

THE RESPONSIBILITIES OF THE DEPUTY DIRECTOR OF FINANCE AND CORPORATE SERVICES

The Deputy Director of Finance and Corporate Services 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 31st March 2013.

In preparing this statement of accounts, the Deputy Director of Finance and Corporate Services 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.

Certificate of the Deputy Director of Finance and Corporate Services

I certify that the accounts set out on pages 2 to 115 give a true and fair view of the financial position of the London Borough of Brent as at 31 March 2013 and its income and expenditure for the year then ended, and that the accounts set out on pages 116 to 141 give a true and fair view of the net assets of the London Borough of Brent Pension Fund as at 31 March 2013 and its income and expenditure for the year then ended.

MICK BOWDEN
Deputy Director of Finance and Corporate Services

17 September 2013

Certificate of the Chair of the Audit Committee

I confirm that these accounts were agreed by the Audit Committee at its meeting held on 25 September 2013.

DAVID EWART
Chair of the Audit Committee

25 September 2013

STATEMENT OF ACCOUNTING POLICIES

1. Code of Practice

The general policies adopted in preparing these accounts are in accordance with the 2012-13 Code of Practice on Local Council Accounting in the United Kingdom issued by the Chartered Institute of Public Finance Accountants (CIPFA) - Statement of Recommended Practice (SORP), 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).

2. Comprehensive Income and Expenditure Statement

2.1 Accruals of Expenditure and Income

The Statement of Accounts is prepared on an accruals basis set out in the International Accounting Standards Board Framework, with the effects of transactions and other events are recognised when they occur, and recorded in the accounting records and reported in the financial statements of the periods to which they relate. This informs users of the accounts not only of past events, but of future obligation to transfer funds and future rights to receive income.

The exception to this is the Cash Flow Statement, which shows the Council's cash flow as required by the Code of Practice, using International Accounting Standard (IAS) 7.

2.2 Revenue Recognition

Revenue is recognised in line with the Code of Practice and IAS 18.

2.3 VAT

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

2.4 Revenue Government and Non-Government Grants

Grants are accounted for in line with the Code of Practice. 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

External interest payable and the provision for depreciation are charged to the surplus or deficit on provision of services section of the Comprehensive Income and Expenditure Statement. This results in a charge to the General Fund for depreciation for all 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.

The charge made to the HRA is calculated on the basis determined by the Local Government and Housing Act 1989.

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 National Non Domestic Rates (NNDR)

Council Tax included in the Income and Expenditure (I and E) account is Brent's accrued income for the year. The collection of Council Tax on behalf of the Greater London Authority (GLA) is in substance an agency arrangement so these amounts are 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 'Revenue Activities' section of the cash flow statement only includes Brent's share of Council Tax cash collected during the year.

Brent collects NNDR under what is in substance an agency arrangement with the Government. Consequently NNDR income is not recognised in the surplus or deficit on provision of services section of the Comprehensive Income and Expenditure Statement. Similarly NNDR debtor and creditor balances with taxpayers are not recognised in Brent's balance sheet. In addition cash collected from NNDR taxpayers by Brent is collected for the Government so is not included in Brent's cash flow statement. Brent's accrued income from the distribution of NNDR will be shown in the taxation and non-specific grant section of the Comprehensive Income and Expenditure Statement.

2.7 Overheads/Cost of Support Services

The full costs of support services (also known as overheads) have been charged to services in the Comprehensive Income and Expenditure Statement in accordance with CIPFA's 'Service Reporting Code of Practice'. Charges have been made on a variety of bases. Appropriate statistics have been used, for example, Human Resources charges were based on staff numbers.

2.8 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 dominated assets disclosed on the balance sheet.

2.9 Accounting for the costs of the carbon reduction commitment scheme

The Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in its introductory phase which will last until 31 March 2014. The Council is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions ie carbon dioxide produced as energy is used. As carbon dioxide is emitted (ie as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Council is recognised and reported in the costs of the Council's services within the CIES and is apportioned to services on the basis of premises costs.

2.10 Exceptional items and prior period adjustments

These will be disclosed in line with the Code of Practice.

2.11 Events after the balance sheet date

These will be disclosed in line with the Code of Practice.

2.12 Jointly Controlled Operations

The council has a jointly controlled operation in the form of pooled budget conjunction with Brent NHS Trust. This is an operation undertaken that with a pooled budget between the NHS Trust and the council. 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

All expenditure on the acquisition, creation or enhancement of fixed assets above the Council's de minimus of £5,000 is capitalised on an accruals basis in the accounts. Repairs and maintenance expenditure is charged direct to service revenue accounts.

Fixed assets are 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) by the Council's In-house Valuer. Fixed assets are classified into the groupings required by the Code of Practice, with the exception of plant and furniture and equipment where two categories are combined due to the limited amount of plant held by the Council.

Individual categories of assets are valued on the following basis:

- Council dwellings are valued using a beacon principle (ie using sample dwellings) based on their Open Market Value (OMV) but adjusted to reflect their value as social housing in accordance with ACOP.
- 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.
- Assets held for sale are held at the lower of the asset's carrying value and fair value less costs to sell.
- 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. Heritage Assets are carried at valuation.
- Investment Properties are held at fair value and not depreciated.
- Assets under construction are held at their invoiced construction cost at year end.

Revaluations of fixed assets 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.

At 1st April 2009 those land and building assets held at 1st April 2004 values were revalued completing that 5 year cycle. There has been subsequent revaluation of elements of the asset base at 1st April 2010, 1st April 2011 and 1st April 2012 in line with the five year cycle. Council dwellings have been revalued at 1st April 2011 in line with the separate 5 year cycle, and their values have been up-rated to 31st March 2013 using Land Registry indices to reflect changes in property values.

3.1.1 Depreciation and Amortisation

Depreciation is the measurement of the cost or revalued amount of the economic benefits of the tangible fixed 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 tangible fixed 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.

With the exception of HRA dwellings depreciation is calculated on all building assets using the straight line method as set out below. Land Assets are not depreciated.

Buildings	5 – 60 years as determined by the Valuer
Infrastructure	10 – 40 years
Plant, Vehicles, Equipment and Machinery	Up to 10 years

Housing Revenue Account dwellings are depreciated by an estimate of the consumption of economic benefits. The Major Repairs Allowance calculated by central government is used as the basis for this.

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

The Code of Practice 2010-11 introduced component accounting for Plant, Property and Equipment. This is a prospective change, and 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.

Taking account of available guidance and reviews undertaken by CIPFA, componentisation will be undertaken where the value of the individual component is over £2 million and/or the value of that component is in excess of 20% of the total gross carrying value of the building.

Housing Revenue Account assets are not componentised, in accordance with valuation guidance published by central government.

Consideration of the requirement for componentisation will be undertaken when buildings are valued/re-valued, or enhancement expenditure of £250,000 is spent on them, which will trigger a revaluation.

3.2 Investment Properties

Investment properties are properties held solely for capital appreciation or rental income. Investment properties are included in the balance sheet at OMV.

The Code of Practice requires that investment properties are not depreciated, but instead held at fair value, and their book value is adjusted annually where there has been a material change in value. The Council adjusts the book value of these assets when appropriate indices indicate that the property has changed in value by 15% or more since the last indexation or revaluation.

Investment properties have a full revaluation on the same five year cycle as Plant, Property and Equipment.

3.3 Heritage Assets

The Code of Practice 2011-12 introduced Heritage Assets based on FRS 30. 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.

The tangible assets that meet the definition of a Heritage Asset held by the Council are the collections of the Museums and Archive and the Civic Regalia.

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 which is an approach in line with CIPFA advice. 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.

Amortisation is the equivalent of depreciation for intangible assets. It spreads the cost of buying or developing an intangible asset over the life of the intangible asset.

Amortisation is also 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.

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. 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.
Impairment and reversal of impairment loss are not proper charges to the General Fund under legislation and the Code of Practice and will be reserved out of the General Fund in the Movement in Reserves Statement.

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 has no inventories obtained through non-exchange transactions.

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year

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 IAS 11. 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 Debtors and Creditors

The revenue accounts of the Council have been compiled on an accruals basis in accordance with IAS 18.

5.2 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 23 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 19 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 taking the moving average of insurance expense over the previous three years. All other current provisions are estimated by the officers of the Council in the relevant service area.

The provision for Council Tax debts is based on an assessment of the likely future collection of Council Tax arrears compared to the total level of arrears. Collection of arrears continues for several years after the original liability arises, and the provision is re-assessed each year based on collection trends and movements in amounts due. Debts are not actually written off until there is no realistic chance of collection, at which point the write-off reduces both the debtors and provision totals.

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 entity.

5.2.1 Employee benefits

The Code of Practice requires that 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 1st April for the previous financial year.

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2010 prohibit Council tax payers from being charged for this provision, so any movement in this provision is transferred to the Accumulated Absences Account (note 25) as advised by CIPFA’s IFRS transition guidance.

5.3 Reserves

Reserves are divided into usable and unusable reserves in line with the Code of Practice. Within the usable reserves there are amounts set aside for earmarked purposes out of the balances on the Council’s funds. One of the main financial statements details Movements in Reserves. Further details of Earmarked Reserves are given in Note 8 to the Core Financial Statements.

6 Balance Sheet - Financial Instruments

6.1 Financial Assets

Financial assets are classified into three types:

- Loans and receivables – assets that have fixed or determinable payments, but are not quoted in an active market
- Available for sale assets – assets that have a quoted market price and / or do not have fixed or determinable payments
- Fair value through income and expenditure

6.1.1 Loans and Receivables

Loans and Receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable plus interest outstanding, and interest credited to the financing and investment income and expenditure section of the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under a contract will not be made, the asset is written down and a charge made to the surplus or deficit on provision of services section of the Comprehensive Income and Expenditure Statement.

Any gains or losses that arise on the derecognition of the asset are credited/debited to the surplus or deficit on provision of services section of the Comprehensive Income and Expenditure Statement.

6.1.2 Available for Sale assets

Available for sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the financing and investment income and expenditure section of the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the financing and investment income and expenditure section of the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis
- Equity shares with no quoted market prices – independent appraisal of company valuations

Changes in fair value are balanced by an entry in the Available for Sale reserve and the gain/loss is recognised in the surplus or deficit on revaluation of available-for-sale financial assets line in the Comprehensive Income and Expenditure Statement. The exception is where impairment losses have been incurred – these are debited to the surplus or deficit on the provision of services section of the Comprehensive Income and Expenditure Statement, along with any net gain / loss for the asset accumulated in the Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement.

Any gains or losses that arise on the derecognition of the asset are credited/debited to the surplus or deficit on the provision of services section of the Comprehensive Income and Expenditure Statement, along

with any accumulated gains/losses previously recognised in the surplus or deficit on revaluation of available-for-sale financial assets line in the Comprehensive Income and Expenditure Statement.
Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

6.1.3 Fair value through income and expenditure
Investments where there is an active market (e.g. certificates of deposit or gilts). These are treated in the same manner as Loans and Receivables.

6.2 Premature Redemption of Debt
The practice for the Comprehensive Income and Expenditure Statement, in accordance with the Code of Practice as amended by Regulations, 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.

The Council's policy on repayment of debt is as follows:

- For strategic financial reasons, the optimum level of borrowing for an Council in the position of Brent is usually to maintain gross borrowing at the Council's overall Capital Financing Requirement, unless the yield curve indicates very low short term rates. Unless borrowing required to fund the capital programme is less than the Minimum Revenue Provision, this will always involve refinancing debt redeemed prematurely with new borrowing. Borrowing to fund Brent's capital programme is likely to exceed Minimum Revenue Provision by a substantial margin for the foreseeable future. However, at present the yield curve indicates that interest rates are likely to remain low, so that borrowing for shorter periods or at variable rates may be prudent.

- Given the current pattern of rates, there is a significant penalty incurred in redeeming much of the Council's debt prematurely. However, the cost of maintaining a higher borrowing portfolio than is immediately required is particularly high at present, and the current risks to balances on deposit indicate that these should be kept to a minimum prudent level (to cover cash flow). In practice, this suggests a policy of seeking opportunities to redeem individual loans where this is economical.

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 (note 25) 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. As central government has recently rescinded major capital grants prior to financial close, the Council will only recognise capital grants for specific projects in full at financial close of the specific project. Prior to financial close, income will be recognised as equal to expenditure on the project.

Where funds have been recognised, but not spent, they are transferred to the Capital Grants Unapplied Account within the usable reserves. Grants where conditions have not been met in full are credited to Capital Grants Receipts in Advance; once conditions have been met they will transferred to the Capital Grants Unapplied Account. Upon expenditure funds are transferred to the Capital Adjustment Account.

The Greater London Authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Authority) with appropriate planning consent. The income from the levy is accounted with Brent Council as agent under IAS 18 as the council collects these funds on behalf of the Greater London Authority.

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. On balance sheet leases are described as finance leases, 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.

In accordance with accounting convention, 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. In line with the Code of Practice, 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.

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 and the Code of Practice. The Council has analysed its contracts and other arrangements and has determined the five arrangements below to be *"service concessions".*
The Council has entered into three PFI projects which have generated assets to be used by the Council, these are:

- In 1998/99 a 20 year project to provide and maintain street lights throughout the Borough;
- In 2006/07 a 25 year project to provide and maintain a new sports centre and related facilities in Willesden.
- In 2008/09 a 20 year project to provide and maintain social housing and replacement residential facilities for people with learning disabilities.

The Council has entered into two other contracts that meet the definition of a Service Concession:

- In 2005/06 a 32 year agreement to provide and maintain social housing within Stonebridge.
- In 2006/07 a 5 year agreement to refurbish a sports centre in Wembley.

Where this analysis has resulted in new assets being identified these assets are recognised at fair value being the relevant elements of the capital cost in the PFI operators' financial model, as recommended by the Code of Practice.

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 calculated in line with the requirements of the Code of Practice 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 the Social Housing PFI. Legal title to the majority of assets from the Social Housing PFI will remain with the PFI operator, so these assets will be depreciated over the life of the contract, not their useful economic life.

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

7.3.2 Embedded Finance Leases

The Council has one major contract with significant value of assets funded by embedded finance leases within the contract. Due to the complex nature of this contract assets have been recognised on the basis appropriate to each contract:

- for the waste services contract, commenced in April 2007, assets have been recognised on the basis of an inventory provided by the contractor; and

Accounting for these assets and the corresponding liabilities follows the policies set out for leases above.

7.4 Minimum Revenue Provision

The Minimum Revenue Provision (MRP) included within the 2012/13 Accounts has been calculated on the basis of the 2011/12 outturn position, amended for the inclusion of PFI projects as per the requirements of the introduction of the International Financial Reporting Standards. In accordance with the revised regulations for the calculation of MRP issued in 2008 the Council adopted the following policy for non-HRA assets:

> *For supported borrowing, the Council will continue with the existing method (Option 1). This option, 'the regulatory method', continues to use the calculations that were used under the system that existed from 2004/05 when the previous regulations came into effect. This means that the amount of non-housing Capital Financing Requirement (CFR), adjusted as set out in the original regulations (Adjustment A'), is used as the starting position for the MRP calculation in 2008/09 and adjusted thereafter for supported borrowing in each year.*
>
> *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 years (unless there is a structure on the land with an asset life of more than 50 years, in which case the land would have the same asset life as the structure).*

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 Contributions from the Capital Adjustment Account

These represent expenditure which may properly be capitalised but which does not represent tangible fixed assets. Expenditure is included in the Comprehensive Income and Expenditure Statement and written off to the Capital Adjustment Account.

7.6 Income from the Sale of Fixed Assets

Income from the disposal of fixed assets 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.

Prior to 1st April 2012 the treatment of capital receipts was determined by the Local Government Act 2003. Under this Act and its supporting regulations, the Council was required to pay to the Secretary of State any 'pooled' HRA receipts. The value of these 'pooled' receipts was calculated as 75% of HRA dwellings and 50% of HRA land. The remaining proportions and 100% of General Fund capital receipts could be used to finance capital expenditure.

Post 1st April 2012, the treatment of capital receipts is determined by the Local Government Act 2003 as amended from 1st 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 2012/1324)

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 amended 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;

- Once these costs are deducted, the remaining net receipts are available to fund (and must be applied to) replacement affordable rented homes.

7.7 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 £100 million. 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 subsidiary Brent Housing Partnership (BHP) Limited and the Barham Park Trust. BHP is an Arms Length Management Organisation (ALMO). Barham Park Trust is a charity that is controlled by the council as a result of the council appointing all the trustees. The financial statements in the Group Accounts are prepared in accordance with the policies set out above.

Mick Bowden
Deputy Director of Finance and Corporate Services

Movement in Reserves Statement

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	HRA £'000	Earmarked HRA Reserves £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance as at 31 March 2011	**12,705**	**42,120**	**1,695**	**4,624**	**12,649**	**0**	**35,156**	**108,949**	**(222,096)**	**(113,147)**
Movement in reserves during 2011/12										
Surplus or (deficit) on the provision of services	54,561		247,374					301,935		301,935
Other comprehensive income & expenditure									(30,673)	(30,673)
Total comprehensive income & expenditure	**54,561**	**0**	**247,374**	**0**	**0**	**0**	**0**	**301,935**	**(30,673)**	**271,262**
Adjustments between accounting basis & funding basis under regulations (note 7)	(30,671)		(247,477)		(3,631)	4,503	32,353	(244,923)	244,923	0
Net increase/decrease before transfers to earmarked reserves	**23,890**		**(103)**		**(3,631)**	**4,503**	**32,353**	**57,012**	**214,250**	**271,262**
Transfers to/from earmarked reserves (note 8)	(12,092)	12,061	676	(645)						
Increase/decrease in 2011/12	**11,798**	**12,061**	**573**	**(645)**	**(3,631)**	**4,503**	**32,353**	**57,012**	**214,250**	**271,262**
Balance as at 31 March 2012 carried forward	**24,503**	**54,181**	**2,268**	**3,979**	**9,018**	**4,503**	**67,509**	**165,961**	**(7,846)**	**158,115**
Movement in reserves during 2012/13										
Surplus or (deficit) on the provision of services	30,674		32,221					62,895		62,895
Other comprehensive income & expenditure								0	(92,279)	(92,279)
Total comprehensive income & expenditure	**30,674**	**0**	**32,221**	**0**	**0**	**0**	**0**	**62,895**	**(92,279)**	**(29,384)**
Adjustments between accounting basis & funding basis under regulations (note 7)	938		(31,528)		180	3,838	22,685	(3,887)	3,887	0
Net increase/decrease before transfers to earmarked reserves	**31,612**		**693**		**180**	**3,838**	**22,685**	**59,008**	**(88,392)**	**(29,384)**
Transfers to/from earmarked reserves (note 8)	(32,410)	32,410	(375)	(2,143)		2,518		0		0
Increase/decrease in 2012/13	**(798)**	**32,410**	**318**	**(2,143)**	**180**	**6,356**	**22,685**	**59,008**	**(88,392)**	**(29,384)**
Balance as at 31 March 2013	**23,705**	**86,591**	**2,586**	**1,836**	**9,198**	**10,859**	**90,194**	**224,969**	**(96,238)**	**128,731**

Movement in Reserves Statement (Continued)

General fund balances include balances held by schools. The split between balances available to the Council to spend and balances for schools expenditure is shown on the right.

	Council balances £000	Schools balances £000	Total balances £000
31.3.11	5,641	7,063	12,704
31.3.12	10,316	14,187	24,503
31.3.13	12,060	11,645	23,705

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council tax setting and dwellings rent setting purposes. The Net Increase /Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Comprehensive Income & Expenditure Statement

2011/12 Gross Expenditure £'000	2011/12 Gross Income £'000	2011/12 Net Expenditure £'000		2012/13 Gross Expenditure £'000	2012/13 Gross Income £'000	2012/13 Net Expenditure £'000
59,163	(47,279)	11,884	Central services to the public	50,686	(43,993)	6,693
20,579	(2,648)	17,931	Cultural and related services	19,444	(3,777)	15,667
35,324	(5,055)	30,269	Environmental and regulatory services	35,105	(6,810)	28,295
4,440	(2,466)	1,974	Planning	6,370	(2,832)	3,538
47,266	(3,895)	43,371	Children’s social care	44,923	(2,566)	42,357
354,959	(323,016)	31,943	Education and children's services	306,312	(273,652)	32,660
47,901	(29,168)	18,733	Highways and transport services	53,120	(32,603)	20,517
36,915	(102,657)	(65,742)	Local authority housing (HRA)	38,805	(70,613)	(31,808)
402,450	(367,942)	34,508	Other housing services	410,421	(394,449)	15,972
104,254	(25,133)	79,121	Adult social care	100,978	(26,281)	74,697
8,609	(36)	8,573	Corporate and democratic core	3,717	(36)	3,681
1,633		1,633	Non distributed costs	2,018	(47)	1,971
1,123,493	**(909,295)**	**214,198**	**Cost of Services**	**1,071,899**	**(857,659)**	**214,240**
		9,190	Other operating expenditure (note 9)			30,368
		43,532	Financing and investment income and expenditure (note 10)			41,346
		74,213	Exceptional item – HRA settlement debt redemption costs			
		(272,213)	Exceptional item – HRA settlement capital grant			
		(370,855)	Taxation and non-specific grant income (note 11)			(348,849)
		(301,935)	**(Surplus) or Deficit on Provision of Services**			**(62,895)**
		(35,818)	Surplus or deficit on revaluation of Property, Plant and Equipment assets			(4,891)
		66,494	Actuarial (gains)/losses on pension assets and liabilities			97,172
		30,676	**Other Comprehensive Income and Expenditure**			**92,281**
		(271,259)	**Total Comprehensive Income and Expenditure**			**29,386**

Balance Sheet

31 March 2012 £'000		Notes	31 March 2013 £'000
1,246,961	Property, Plant & Equipment	12	1,322,460
498	Heritage Assets	13	498
2,772	Investment Property	14	2,751
2,623	Intangible Assets	15	3,727
100	Long Term Investments	16	100
44,780	Long Term Debtors	16	42,346
1,297,734	**Long Term Assets**		**1,371,882**
31,715	Short Term Investments	16	46,336
138	Inventories	17	97
43,895	Short Term Debtors	19	44,100
40,454	Cash and Cash Equivalents	20	36,131
116,202	**Current Assets**		**126,664**
(34,124)	Short Term Borrowing	16	(10,509)
(81,784)	Short Term Creditors	22	(81,517)
(5,208)	Provisions	23	(2,885)
(81)	Deferred income		
(121,197)	**Current Liabilities**		**(94,911)**
(38,275)	Long Term Creditors	16	(38,065)
(3,174)	Provisions	23	(2,803)
(403,094)	Long Term Borrowing	16	(428,003)
(690,081)	Other Long Term Liabilities	21	(806,034)
(1,134,624)	**Long Term Liabilities**		**(1,274,905)**
158,115	**Net Assets**		**128,730**
165,961	Usable Reserves	24	224,970
(7,846)	Unusable Reserves	25	(96,240)
158,115	**Total Reserves**		**128,730**

Cash Flow Statement

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

2011/12 £'000		2012/13 £'000
301,935	Net surplus or (deficit) on the provision of services	62,895
(139,231)	Adjustments for non-cash movements	(80,631)
89,416	Adjustments for investing and financing activities	81,888
252,120	**Net cash flows from Operating Activities (note 26)**	**64,152**
(21,079)	Investing activities (note 27)	(68,606)
(226,080)	Financing activities (note 28)	131
4,961	**Net increase or decrease in cash and cash equivalents**	**(4,323)**
35,493	Cash and cash equivalents at the beginning of the reporting period	40,454
40,454	**Cash and cash equivalents at the end of the reporting period (note 20)**	**36,131**

NOTES TO THE CORE FINANCIAL STATEMENTS

Note 1 – Accounting Policies
Accounting policies are shown separately in the document

Note 2 – Accounting Standards that have been issued but have not yet been adopted
There are a number of minor changes to accounting standards which will apply to future accounts beginning 1st April 2013:-
IAS 1 Presentation of Financial Statements
IFRS 7 Financial Instruments : Disclosures
IAS 12 Income Taxes
IAS 19 Employee Benefits
IFRS 13 Fair Value Measurement
There are no material impacts on Brent's accounts that require disclosure here.

Note 3 - Key Judgements and Material Estimates.
In preparing the Statement of Accounts, the authority has had to make judgements, estimates and assumptions that affect the application of its policies and reported levels of assets, liabilities, income and expenses. The estimates and associated assumptions have been based on historical experience, including the recovery of amounts due to the council, current trends and other relevant factors that are considered to be reasonable. These estimates and assumptions have been used to inform the basis for judgements about the carrying values of assets and liabilities, where these are not readily available from other sources. Future events may result in these estimates and assumptions being revised and could significantly change carrying balances in subsequent years Financial Statements.

Estimates and underlying assumptions are regularly reviewed. Changes in accounting estimates are adjustments of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with assets and liabilities. Changes in accounting estimates result from new information or new developments, and accordingly are not correction of errors. Changes to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The critical accounting judgements made and key sources of estimation uncertainty which have a significant effect on the financial statements:

. 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 48.

. Provisions – The authority is required to exercise judgement in assessing whether a potential liability should be accounted for as a provision or contingent liability in accordance with accounting policies. In calculating the level of provisions the authority also exercises some judgement; they are measured at the authority’s best estimate of the costs required to settle the obligation at the Balance Sheet date. The level of the authority’s provisions and details of its contingent liabilities are set out in notes 23 and 49 respectively.

.   Property, Plant and Equipment – Assets are depreciated over useful lives that are dependent on assumptions such as the level of repairs and maintenance that will be incurred in relation to individual type of asset, the expected length of service potential of the asset and the likelihood of the authority's usage of the asset. The authority carries out an annual impairment review of its asset base which takes in to account such factors as the current economic climate.

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.

.   Classification of Leases – The authority has entered into a number of lease arrangements in respect of property and other assets. The authority has exercised judgement in the classification of leases (i.e. operating or finance lease) using such factors as the length of the lease and rent levels and in reviewing contractual arrangements having the substance of a lease (e.g. contract values and length of contract). Details of the authority's leases and lease type arrangements are set out in note 42.

.   Treatment of PFI arrangements – The authority has entered into a number of PFI arrangements in respect of infrastructure. The authority has exercised judgement in the identification of service concessions and embedded leases within PFIs using such as arrangements that allow the council to control residual value of PFI assets without legal title. Initial assets and liabilities for the PFIs are calculated using financial model based upon the contractual terms and conditions and the operator's financial model; subsequent changes in the authority's PFI liabilities are estimated using the same model. Subsequent changes in the authority's PFI funded assets are measured in the same way as other non current assets. Details of the PFI and service concession type arrangements are set out in note 43.

.   Deposits with Icelandic banks – The authority has deposited £15M with Icelandic banks which are in administration. Based on the latest information from the administrators an impairment of £2M has been recognised to cover reasonably expected losses relating to Heritable Bank. Further information on deposits with Icelandic Banks is included in note 16 (3).

.   The estimate of depreciation chargeable on dwellings within the Housing Revenue Account is based on the Government's major repairs allowance. An external review of this has been undertaken to ensure this does not lead to a material misstatement in the accounts

.   Bad Debt Provision – The anticipated recovery of outstanding amounts due to the authority is calculated based on the experience of recovery of debt over the previous twelve months, categorised according to the age profile of that debt

Note 4 – 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.

Note 5 – Material items of Income and Expenses

The 2011/12 accounts include a significant one-off item relating to the establishment of self-financing of the Housing Revenue Account with effect from April 2012. In place of an annual subsidy the Government made a one-off repayment of debt £198 million of behalf of the Council on 28 March 2012 along with £74 million of associated early repayment costs.
There are no material items in relation to 2012/13.

Note 6 – Events After the Balance Sheet Date

None identified

Note 7 - Adjustments Between Accounting Basis and Funding Basis under Regulations

2012/13	Useable Reserves				
	General Fund + HRA Balance £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
Charges for depreciation and impairment of non-current assets	34,224				(34,224)
Revaluation losses on Property Plant and Equipment	(17,721)				17,721
Movements in the market value of Investment Properties	(483)				483
Amortisation of intangible assets	1,708				(1,708)
Revenue expenditure funded from capital under statute	7,279				(7,279)
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	49,495				(49,495)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Statutory provision for the financing of capital investment	(14,891)				14,891
Capital expenditure charged against the General Fund and HRA balances	(10,245)				10,245
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(39,549)			39,549	
Application of grants to capital financing transferred to the Capital Adjustment Account	(18,507)			(16,864)	35,371
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(23,198)	23,198			
Use of the Capital Receipts Reserve to finance new capital expenditure		(22,038)			22,038
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	37	(37)			

Note 7 - Adjustments Between Accounting Basis and Funding Basis under Regulations (Continued)

2012/13	Useable Reserves				
	General Fund + HRA Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	943	(943)			
Adjustments primarily involving the Deferred Capital Receipts Reserve:					
Adjustment primarily involving the Major Repairs Reserve:					
Reversal of Major Repairs Allowance credited to the HRA	(10,743)		10,743		
Use of the Major Repairs Reserve to finance new capital expenditure			(6,905)		6,905
Adjustment primarily involving the Financial Instruments Adjustment Account:					
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	(5,137)				5,137
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (note 47)	49,474				(49,474)
Employer’s pensions contributions and direct payments to pensioners payable in the year	(32,857)				32,857
Adjustment primarily involving the Accumulated Absences Account:					
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	(419)				419
Total Adjustments	**(30,590)**	**180**	**3,838**	**22,685**	**3,887**

Note 7 - Adjustments Between Accounting Basis and Funding Basis under Regulations

2011/12 Comparative Figures	**Useable Reserves**				
	General Fund + HRA Balance £'000	**Capital Receipts Reserve £'000**	**Major Repairs Reserve £'000**	**Capital Grants Unapplied £'000**	**Movement in Unusable Reserves £'000**
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
Charges for depreciation and impairment of non-current assets	28,732				(28,732)
Revaluation losses on Property Plant and Equipment	(22,999)				22,999
Movements in the market value of Investment Properties	240				(240)
Amortisation of intangible assets	519				(519)
Revenue expenditure funded from capital under statute	21,474				(21,474)
HRA Settlement	(198,000)				198,000
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	13,607				(13,607)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Statutory provision for the financing of capital investment	(14,096)				14,096
Capital expenditure charged against the General Fund and HRA balances	(12,318)				12,318
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(61,137)			61,137	
Application of grants to capital financing transferred to the Capital Adjustment Account	(21,148)			(28,785)	49,933
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(7,243)	7,243			
Use of the Capital Receipts Reserve to finance new capital expenditure		(10,192)			10,192
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	58	(58)			

Note 7 - Adjustments Between Accounting Basis and Funding Basis under Regulations (Continued)

2011/12 Comparative Figures	Useable Reserves				
	General Fund + HRA Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	624	(624)			
Transfer from Deferred Capital Receipts Reserve upon receipt of cash					
Adjustments primarily involving the Deferred Capital Receipts Reserve:					
Adjustment primarily involving the Major Repairs Reserve:					
Reversal of Major Repairs Allowance credited to the HRA	(8,078)		8,078		
Use of the Major Repairs Reserve to finance new capital expenditure			(3,575)		3,575
Adjustment primarily involving the Financial Instruments Adjustment Account:					
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	(5,463)				5,463
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (note 47)	40,146				(40,146)
Employer's pensions contributions and direct payments to pensioners payable in the year	(29,819)				29,819
Adjustment primarily involving the Accumulated Absences Account:					
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	(3,248)				3,248
Total Adjustments	**(278,149)**	**(3,631)**	**4,503**	**32,352**	**244,925**

Note 8 - Transfers to/from Earmarked Reserves

	Balance at 31 March 2012 £'000	Transfers in 2012/13 £'000	Transfers out 2012/13 £'000	Balance at 31 March 2013 £'000
General Fund				
2Yr Old additional Funding	397		(397)	0
Affordable Housing PFI	5,568		(150)	5,418
Avenue School	108		(108)	0
BACES	210	128		338
Brent NHS Trust Joint Venture	3,672	5,371		9,043
Brent Performance Fund	111		(111)	0
Capital Financing	0	2,900		2,900
Capital Funding	605	1,408		2,013
Care of the Elderly	261			261
Chalkhill Community Building	1,853		(1,588)	265
Collection Fund	0	2,340		2,340
Crest Academy	0	165		165
Crest Academy/Surveys	176		(36)	140
DCLG - Flats Food Waste	0	154		154
Discretionary Housing Payment Grant	346		(346)	0
DWP LHA 2012/13	522	312		834
DWP Transitional Funding	109			109
Edward Harvist	45	86		131
Employment Initiatives	3,000	1,000		4,000
Financial Skills Systems	197			197
Green Deal Pioneer Places	0	130		130
Information Technology	0	458		458
Innovation Grant	0	100		100
Insurance	0	1,200		1,200
JFS School PFI	2,493	142		2,635
Legal Dispute Costs	132			132
Local Elections	100	100		200
Local Housing Allowance	288			288
Local Safeguarding Board	151	204	(198)	157
Long Term Sickness	365		(138)	227
Mortgage Repossession	177		(5)	172
Multi Agency Front Door	0	180		180
New Homes Bonus	226		(226)	0
New Initiatives	350			350

Note 8 - Transfers to/from Earmarked Reserves (Continued)

	Balance at 31 March 2012 £'000	Transfers in 2012/13 £'000	Transfers out 2012/13 £'000	Balance at 31 March 2013 £'000
General Fund				
Positive Activities for Young People	101			101
Preventing Homelessness	350		(50)	300
Proceeds of Crime	162		150	312
Property & Civic Centre	6,370	2,249		8,619
Public Health	0	316		316
Pupil Premium	132	197	(132)	197
Redundancy & Restructuring	2,000	2,250		4,250
Remuneration Strategy	735			735
Revenue & Benefit Contract	0	100		100
Revenue Contribution to Capital	0	2,350		2,350
S106 and Commuted Car Parking	14,077	4,086	(2,315)	15,848
Salix	101	69		170
Service Pressures	1,360	2,000	(1,360)	2,000
Service Pressures - Temporary Accommodation	0	1,700	1,000	2,700
Service to Schools - NHS Grants	0	150		150
South Kilburn	219		(219)	0
SP&I Community Safety Grant	0	187		187
SP&I Project	246		(138)	108
SP&I Voluntary Grants	0	102		102
SP&I Working with Families	0	633	105	738
Special Projects	0	355		355
Sports & Health Projects	168	128		296
Tackling Illegal Landlords	0	164	(6)	158
Tenancy Fraud Initiative	0	116		116
Transformation	2,702	1,399		4,101
Welfare Reform	0	3,510		3,510
Wembley Youth and Community	250		(9)	241
Willesden Sports Centre PFI	1,728	156		1,884
Winter Weather Grant (Warm Homes)	22	123	(22)	123
Working Neighbourhood Fund	300			300
Miscellaneous	1,696	661	(670)	1,687
Total	**54,181**	**39,379**	**(6,969)**	**86,591**
HRA				
Housing Revenue Account	3,979		(2,142)	1,837
Total	**3,979**	**0**	**(2,142)**	**1,837**

2Yr Old additional Funding - To fund 2 Year Old Places in Private & Voluntary Sector. No longer required as a general fund reserve.

Affordable Housing PFI - Monies set aside for affordable housing PFI.

Area Child Protection - Money received from Brent Local Safeguarding Children's Board for children's services to promote the welfare of children.

Avenue School - Income from closure of the Avenue Bank Account. Reserve no longer required.

BACES - Grant funded expenditure carried forward by way of an earmarked reserve.

Brent NHS Trust Joint Venture- This reserve is used to fund joint initiatives between the Council and Brent NHS that are beneficial to the social care and health needs of the client base and is spent according to decisions by the joint board.

Brent Performance Fund -The fund is used to pay for various service improvements across the Council.

Capital Financing -These are monies identified to smooth the impact of capital financing costs following the completion of the Civic Centre.

Capital Funding - This represents revenue contributions set aside to meet commitments included in the capital programme. This only relates to the General Fund. There are no contributions from the HRA in this reserve.

Care of the Elderly -Monies bequeathed by a former resident to be utilised for providing services for the elderly within the borough.

Chalkhill Community Building - MONIES earmarked for the development of a new community building on the Chalkhill estate.

Collection Fund – This reserve is for any surpluses on the operation of the collection fund and represents the amounts shared between the Council and GLA in 2013/14.

Crest Academy – This reserve is for a contractual commitment to TfL for project work payable over the next three years.

Crest Academy/Surveys - The reserve is required to meet future revenue cost that is attached to the construction process.

DCLG Flats Food Waste – Grant monies received for collecting food waste from flats.

Discretionary Housing Payment Grant - Balance of DHP grant received in 2011/12 allowed to be carried forward to 2012/13 by DWP due to delayed implementation of new HB caps.

DWP LHA 2012/13 - This funding is to assist in mitigating the impact of LHA caps.

DWP Transitional Funding - DWP funding for transitional help for claimants adversely affected by LHA caps. Money will used for the advisor team.

Edward Harvist – Brent distributes grant monies from the Edward Harvist Trust

Employment Initiatives - Monies set aside for employment initiatives.

Financial Skills & Systems - Monies set aside for financial systems and training across the council

Green Deal Pioneer Places – Grant monies from DECC to kick start green deal activities

Housing Revenue Account - Monies earmarked to spend on various Housing Revenue Account projects.

Innovation Grant – Monies allocated to the Willesden and Wembley Town Centres

Information Technology – Monies for additional costs incurred for the move to the Civic Centre

Insurance – Monies to meet historic costs arising from MMI

JFS School PFI - Grant relating to the setting up of JFS. (A secondary school in the Borough). The PFI agreement means that government funding exceeds contract payments in earlier years but tapers off in later years. The reserve was set up to take account of the funding profile.

Legal Discipline Disputes - Trading Standards - The Reserve is intended to be used as a contingency for unexpected legal costs that may arise as a result of the complex prosecutions that are undertaken on behalf of both Brent & Harrow councils. In addition to this the reserve has included incentivisation monies received from the Home Office under the Proceeds of Crime Act, which can only be used for Trading Standards purposes. Both Councils have received under this scheme will be used as part of the ongoing enforcement and prosecution activities undertaken by the Service.

Local Elections - Monies set aside to meet the costs of the local election in 2014.

Local Housing Allowance - Reserve for on-going implementation costs of the new Local Housing Allowance commencing in April 2008 – costs for staff training, software development, publicity, start-up activities.

Long Term Sickness - Monies expected to be required to pay for long term sickness in schools funded by contributions from schools.

Mortgage Repossession – DCLG monies to assist with prevent mortgage repossession

New Homes Bonus - Monies received in advance for 2012/13.

New Initiatives - The £100k Wembley projects involve completing various Environmental Initiatives.

Positive Activities for Young People - Monies set aside for planning activities for Youth Service.

Preventing Homelessness – Monies to manage the effects of Local Housing Allowance changes.

Proceeds of Crime – Monies from the Home Office as part of the Proceeds Act Incentive Scheme

Property and Civic Centre - Monies earmarked to be spent on repairs, maintenance and dilapidations to council freehold and leasehold buildings and costs associated with the move to the Civic Centre. This will support more efficient use of office accommodation and new ways of working.

Pupil Premium - Grant received from DfE in advance of payments due to Brent schools

Redundancy & Restructuring - Monies set aside to meet the future costs of restructuring.

Remuneration Strategy - Monies for the development and the implementation of the single status agreement for employees and other recruitment and retention initiatives.

Revenue & Benefits Contract – Additional monies to meet the costs of changes to the council tax and benefit rules.

Revenue Contribution to Capital – Monies to reduce the costs of the Authority's minimum revenue contribution in future years.

Salix – Grant funding for energy efficient measures

Section 106 and Commuted Car Parking - Amounts received under Section 106 of the Town and Country Planning Act 1990 which are earmarked for particular purposes arising from the related developments.

Service Pressures - A centrally held fund created to meet service pressures

Service Pressures Temporary Accommodation - Monies identified to mitigate the impact of the introduction of the overall benefit cap on the temporary accommodation budget.

Service to Schools NHS Grants – monies for a number of health and sports initiatives.

South Kilburn – Monies held centrally for delivering various regeneration projects- e.g. independent advice for residents and other general office administration costs associated with delivering the programme.

Strategy, Partnerships & Improvement Community Safety Grants - Grants to tackle drugs and crime and reduce re-offending.

Strategy, Partnerships & Improvement Project - Monies set aside for various projects e.g. Young Offenders & Young drinkers (CST), and Social Mobility Commission (Policy).

Strategy, Partnerships & Improvement Voluntary Sector – Unpaid quarter 4 main programme grants.

Strategy, Partnerships & Improvement Working with Families – Balance of the troubled families grant.

Special Projects – Various strategic and master planning commitments within Regeneration & Major Projects

Sports and Health Project - Various Sports and Health projects for Multi Use Parks and Voucher Scheme.

Tackling Illegal Landlords – Grants to support planning enforcement powers to deal with the problem of beds in sheds.

Tenancy Fraud Initiatives – Grant monies carried forward by Audit.

Transformation - Reserve is to provide monies for financial, HR and IT transformation as well as for Spend to Save initiatives.

Welfare Reform – Monies identified centrally to help with the impact of the welfare reforms

Wembley Youth and Community - Monies provided for the renovation of the Wembley Youth and Community Centre.

Willesden Sports Centre PFI - The new Willesden Sports Centre opened during 2006/07 is financed through a 25 year PFI agreement. This involves an arrangement whereby funds received from the Council's own budget and from Government PFI credits are used to cover payments to the contractor. At the start of the project surplus funds are paid into a reserve which will be utilised over the life of the project.

Winter Weather Grant - Formerly warm homes these are monies to help install insulation in homes.

Working Neighbourhood Fund - Programme of employment and skills provision through Brent into work.

Miscellaneous - This comprises of a variety of miscellaneous small reserves each totalling below £100,000. Some of these small reserves have relevance to more than one Service Area.

Note 9 - Other Operating Expenditure

2011/12 £'000		2012/13 £'000
2,203	Levies	3,129
624	Payments to the Government Housing Capital Receipts Pool	943
6,363	Gains/losses on the disposal of non-current assets	26,296
9,190	**Total**	**30,368**

Note 10 - Financing and Investment Income and Expenditure

2011/12 £'000		2012/13 £'000
25,319	Interest payable and similar charges	20,306
18,721	Pensions interest cost and expected return on pensions assets	24,635
(375)	Interest receivable and similar income	(3,177)
240	Income and expenditure in relation to investment properties and changes in their fair value	(484)
(373)	(Surplus)/Deficit on Trading Accounts	66
43,532	**Total**	**41,346**

Note 11 - Taxation and non-Specific Grant Incomes

2011/12 £'000		2012/13 £'000
(101,978)	Council tax income	(104,972)
(126,736)	Non domestic properties	(152,465)
(66,919)	Non-ringfenced government grants	(32,908)
(75,222)	Capital grants and contributions	(58,504)
(370,855)	**Total**	**(348,849)**

Note 12 - Property, Plant and Equipment - Movements on Balances

Movements in 2012/13	Council Dwellings £'000	Other Land and Buildings £'000	Infrastructure Assets £'000	Plant Vehicle & Equipment £'000	Surplus Assets £'000	Assets under Construction £'000	Total £'000	PFI Assets included in Property, Plant and Equipment £'000
Cost or valuation								
At 1 April 2012	**553,871**	**472,290**	**191,198**	**64,878**	**4,120**	**72,806**	**1,359,163**	**78,495**
Additions	11,325	32,355	11,506	1,857	0	78,778	135,821	6,341
Depreciation written out	0	(1,068)	0	0	0	0	(1,068)	
Revaluation increases/(decreases) recognised in the Revaluation Reserve		2,664				2,229	4,893	83
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	16,701	1,724		0	0	(704)	17,721	(140)
Derecognition - disposals	(6,726)	(43,321)		(19,505)	(48)	0	(69,600)	
Derecognition - other		(3,609)					(3,609)	
Assets reclassified (to)/from Held for Sale		0					0	
Reclassifications		505					505	
Other movements in cost or valuation		11,832				(11,832)	0	(4,912)
At 31 March 2013	**575,171**	**473,372**	**202,704**	**47,230**	**4,072**	**141,277**	**1,443,826**	**79,867**

Note 12 - Property, Plant and Equipment - Movements on Balances (Continued)

Movements in 2012/13	Council Dwellings £'000	Other Land and Buildings £'000	Infrastructure Assets £'000	Plant Vehicle & Equipment £'000	Surplus Assets £'000	Assets under Construction £'000	Total £'000	PFI Assets included in Property, Plant and Equipment £'000
Accumulated Depreciation and Impairment								
At 1 April 2012	**(8,078)**	**(27,810)**	**(36,440)**	**(39,761)**	**(113)**	**0**	**(112,202)**	**(7,112)**
Depreciation charge	(10,743)	(11,514)	(4,991)	(6,987)	(22)		(34,257)	(2,834)
Depreciation written out	0	1,068	0	0	0	0	1,068	
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	
Derecognition - disposals	0	866	0	19,505	48		20,419	
Derecognition - other	0	3,609	0	0	0		3,609	
At 31 March 2013	**(18,821)**	**(33,781)**	**(41,431)**	**(27,243)**	**(87)**	**0**	**(121,363)**	**(9,946)**
Net Book Value								
At 31 March 2013	**556,350**	**439,591**	**161,273**	**19,987**	**3,985**	**141,277**	**1,322,463**	**69,921**
At 31 March 2012	**545,793**	**444,480**	**154,758**	**25,117**	**4,007**	**72,806**	**1,246,961**	**71,383**

Note 12 - Property, Plant and Equipment - Movements on Balances (Continued)

Comparative Movements in 2011/12	Council Dwellings £'000	Other Land and Buildings £'000	Infrastructure Assets £'000	Plant Vehicle & Equipment £'000	Surplus Assets £'000	Assets under Construction £'000	Total £'000	PFI Assets included in Property, Plant and Equipment £'000
Cost or valuation								
At 1 April 2011	**537,440**	**439,319**	**181,342**	**63,335**	**9,711**	**22,697**	**1,253,844**	**65,012**
Additions	10,984	43,292	10,600	6,728	0	50,426	122,030	16,769
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	31,558	0	0	134	0	31,692	560
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	43,130	(14,502)	0	0	0	0	28,628	0
Derecognition - disposals	(737)	(7,305)	(3,657)	(6,847)	(4,294)	0	(22,840)	(3,655)
Reclassifications	0	1,404	(44)	252	(1,294)	(317)	1	0
Other movements in cost or valuation	(36,946)	(21,476)	2,957	1,410	(137)	0	(54,192)	(191)
At 31 March 2012	**553,871**	**472,290**	**191,198**	**64,878**	**4,120**	**72,806**	**1,359,163**	**78,495**

Note 12 - Property, Plant and Equipment - Movements on Balances (Continued)

Comparative Movements in 2011/12	Council Dwellings £'000	Other Land and Buildings £'000	Infrastructure Assets £'000	Plant Vehicle & Equipment £'000	Surplus Assets £'000	Assets under Construction £'000	Total £'000	PFI Assets included in Property, Plant and Equipment £'000
Accumulated Depreciation and Impairment								
At 1 April 2011	**(36,946)**	**(33,979)**	**(33,494)**	**(37,175)**	**(228)**	**0**	**(141,822)**	**(4,705)**
Depreciation charge	(8,078)	(10,476)	(3,646)	(6,575)	(22)		(28,797)	(2,528)
Depreciation written out to the Revaluation Reserve	0	(5,630)					(5,630)	
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	254					254	
Impairment losses/(reversals) recognised in the Revaluation Reserve	0						0	
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0						0	
Derecognition - disposals	0	727	3,657	4,965	0		9,349	121
Other movements in depreciation and impairment	36,946	21,294	(2,957)	(976)	137		54,444	0
At 31 March 2012	**(8,078)**	**(27,810)**	**(36,440)**	**(39,761)**	**(113)**	**0**	**(112,202)**	**(7,112)**
Net Book Value								
At 31 March 2012	**545,793**	**444,480**	**154,758**	**25,117**	**4,007**	**72,806**	**1,246,961**	**71,383**
At 31 March 2011	**500,494**	**405,340**	**147,848**	**26,160**	**9,483**	**22,697**	**1,112,022**	**60,307**

Note 13 - Heritage Assets

	Civic Regalia £000	Museum Collection £000	Total Assets £000
Cost or Valuation			
1 April 2011	0	0	0
Additions			
Disposals			
Revaluations	231	267	498
Impairment Losses/ (reversals) recognised in the Revaluation Reserve			
Impairment Losses/ (reversals) recognised Surplus/Deficit on Provision of Services			
Depreciation			
31-Mar-12	**231**	**267**	**498**
Cost or Valuation			
1 April 2012	231	267	498
Additions			
Disposals			
Revaluations			
Impairment Losses/ (reversals) recognised in the Revaluation Reserve			
Impairment Losses/ (reversals) recognised Surplus/Deficit on Provision of Services			
Depreciation			
31-Mar-13	**231**	**267**	**498**

Note 14 - Investment Properties

	2012/13 £'000	2011/12 £'000
Rental income from investment property	58	58
Direct operating expenses arising from investment property	0	0
Net gain/(loss)	**58**	**58**
Balance at start of the year	**2,772**	**2,993**
Additions		
Purchases		
Construction		
Subsequent expenditure		19
Disposals		
Net gains/losses from fair value adjustments	484	(240)
Transfers		
to/from inventories		
to/from Property, Plant and Equipment	(505)	
Other changes		
Balance at end of the year	**2,751**	**2,772**

Note 15 - Intangible Assets

	2012/13			2011/12		
	Internally Generated Assets £'000	Other Assets £'000	Total £'000	Internally Generated Assets £'000	Other Assets £'000	Total £'000
Balance at start of the year						
Gross carrying amounts	3,254	463	3,717	2,370	721	3,091
Accumulated amortisation	(1,094)		(1,094)	(269)	(145)	(414)
Net carrying amount at start of year	**2,160**	**463**	**2,623**	**2,101**	**576**	**2,677**
Additions:						
Internal development	1,105		1,105	280		280
Purchases	1,707		1,707	604		604
Acquired through business combinations						
Assets reclassified as held for sale						
Other disposals					(258)	(258)
Revaluation increases or decreases						
Impairment losses recognised or reversed directly in the Revaluation Reserve						
Impairment losses recognised in the surplus/deficit on the Provision of Services						
Reversals of past impairment losses written back to the surplus/deficit on the Provision of Services						
Amortisation for the period	(1,708)		(1,708)	(825)		(825)
Depreciation & Impairment Derecognition - Disposal					145	145
Net carrying amount at end of year	**3,264**	**463**	**3,727**	**2,160**	**463**	**2,623**
Comprising						
Gross carrying amounts	6,066	463	6,529	3,254	463	3,717
Accumulated amortisation	(2,802)		(2,802)	(1,094)		(1,094)
	3,264	**463**	**3,727**	**2,160**	**463**	**2,623**

The total amortisation stated in the above table is categorised as follows:

Department	2012/13 £'000	2011/12 £'000
Corporate	(1,578)	(716)
Education	(44)	(23)
Social Services	(83)	(83)
Environment	(3)	(3)
Total	**(1,708)**	**(825)**

Note 16.1 - Financial Instruments Categories

The following categories of financial instrument are carried in the Balance Sheet. In addition cash and cash equivalents are disclosed in note 20.

	Long Term			Current		
	31 March 2013 £'000	**31 March 2012 £'000**	**31 March 2011 £'000**	**31 March 2013 £'000**	**31 March 2012 £'000**	**31 March 2011 £'000**
Investments						
Loans and receivables				46,336	31,715	41,895
Unquoted equity investment at cost	100	100	168	-	-	-
Total investments	**100**	**100**	**168**	**46,336**	**31,715**	**41,895**
Debtors						
Loans and receivables	42,346	44,780	23,754			
Financial assets carried at contract amounts				28,093	22,392	42,253
Total Debtors	**42,346**	**44,780**	**23,754**	**28,093**	**22,392**	**42,253**
Borrowings						
Financial liabilities at amortised cost	428,003	403,089	584,530	10,509	34,124	77,117
Total Borrowings	**428,003**	**403,089**	**584,530**	**10,509**	**34,124**	**77,117**
Other Long Term Creditors						
PFI and finance lease liabilities	(38,065)	(38,275)	(31,832)			
Total Other Long Term Creditors	**(38,065)**	**(38,275)**	**(31,832)**			
Creditors						
Financial liabilities carried at contract amounts				61,501	68,514	73,675
Total Creditors				**61,501**	**68,514**	**73,675**

Note 16.2 - Financial Instruments - Income, Expense, Gains and Losses

	2012/13				
	Financial Liabilities measured at amortised cost £'000	Financial Assets: Loans and receivables £'000	Financial Assets: Available for sale £'000	Assets and Liabilities at fair value through profit and loss £'000	Total £'000
Interest expense	20,063				20,063
Losses on derecognition					0
Reductions in fair value					0
Impairment losses					0
Fee expense					0
Total expense in surplus or deficit on the provision of services	**20,063**	**0**	**0**	**0**	**20,063**
Interest income		(279)			(279)
Interest income accrued on impaired financial assets					0
Increases in fair value					0
Gains on derecognition					0
Fee income					0
Total income in surplus or deficit on the provision of services	**0**	**(279)**	**0**	**0**	**(279)**
Gains on revaluation					0
Losses on revaluation					0
Amounts recycled to the surplus or deficit on provision of services after impairment					0
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure					0
					0
Net gain/(loss) for the year	**20,063**	**(279)**	**0**	**0**	**19,784**

Note 16.2 - Financial Instruments - Income, Expense, Gains and Losses (Continued)

	2011/12				
	Financial Liabilities measured at amortised cost £'000	Financial Assets: Loans and receivables £'000	Financial Assets: Available for sale £'000	Assets and Liabilities at fair value through profit and loss £'000	Total £'000
Interest expense	28,586				28,586
Losses on derecognition					
Reductions in fair value					
Impairment losses					
Fee expense					
Total expense in surplus or deficit on the provision of services	**28,586**	**0**	**0**	**0**	**28,586**
Interest income		(275)			(275)
Interest income accrued on impaired financial assets					
Increases in fair value					
Gains on derecognition					
Fee income					
Total income in surplus or deficit on the provision of services	**0**	**(275)**	**0**	**0**	**(275)**
Gains on revaluation					
Losses on revaluation					
Amounts recycled to the surplus or deficit on provision of services after impairment					
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure					
Net gain/(loss) for the year	**28,586**	**(275)**	**0**	**0**	**28,311**

Note 16.3 - Fair Values of Assets and Liabilities

The Council's long term financial assets and financial liabilities are carried in the Balance Sheet at amortised cost. The portion of borrowings and investments due to be settled within 12 months of the Balance Sheet date are presented in the Balance Sheet under short term borrowings or short term investments. This includes accrued interest for long term investments and borrowings, as well as accrued interest for cash and cash equivalents.

The Council's long term borrowing at 31 March 2012 and 31 March 2013 consisted of loans from the Public Works Loan Board (PWLB) and market loans. The PWLB has provided the Council with Fair Value amounts in relation to its debt portfolio, assessed by calculating the amounts the Council would have had to pay to extinguish the loans on these dates. In the case of market loans, the Council's Treasury Adviser has calculated the fair value based on equivalent swap rates at the Balance Sheet date. The carrying amount of short-term borrowing is considered to be at fair value.

In the case of the Council's investments, these consisted almost entirely of term deposits with Banks and Building Societies. The maturity dates of these investments were within 12 months of the Balance Sheet date. The contracts of term deposits do not permit premature redemption. None of the investments were impaired (i.e. at risk of default), apart from the impairments incurred as a result of the Icelandic situation.

	31 March 2013		31 March 2012	
	Carrying Amount £'000	**Fair Value £'000**	**Carrying Amount £'000**	**Fair Value £'000**
Financial Liabilities				
Short Term Borrowing	10,509	10,509	34,124	34,124
Long Term Borrowing	428,003	608,637	403,089	550,082
Long Term Creditors	38,065	38,065	35,540	35,540

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				
Loans and Receivables	62,737	62,737	41,820	41,820
Long Term Debtors	42,346	42,346	44,780	44,780

The amortised value of investments is felt to be a good estimate of the Fair Value.

Impairment of Deposits with Icelandic Banks

Early in October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. The authority had £15m deposited across 2 of these institutions, with varying interest rates and maturity dates as follows:

	Amount £m	Interest Rate %	Maturity
Heritable	10	5.85	13.11.08
Glitnir	5	5.85	12.12.08

All monies within these institutions are currently subject to the respective administration and receivership processes. The amounts and timing of payments to depositors such as the Council will be determined by the administrators/receivers

The current situation with regards to recovery of the sums deposited varies between each institution. Based on the latest information available the Council considers that it is appropriate to consider an impairment adjustment for the deposits, and has taken the action outlined below. As the available information is not definitive as to the amounts and timings of payments to be made by the administrators/receivers, it is likely that further adjustments will be made to the accounts in future years

Heritable Bank

Heritable bank is a UK registered bank under Scots law. The company was placed in administration on 7th October 2008. The creditor progress report issued by the administrators Ernst and Young, dated 17th April 2009 outlined that the return to creditors was projected to be 86p in the £ by end 2012 with the first dividend payment of 16.1p in the £ due in the summer of 2009. The authority has therefore decided to recognise an impairment of £2m in order to cover any reasonably expectable loss. As at 31st March 2013, the Council had recovered £7.725m

Payments continue to be made by the liquidators but amounts and timing are now subject to circumstances.

Glitnir Bank hf

Glitnir Bank hf is an Icelandic entity. Following steps taken by the Icelandic Government in early October 2008 its domestic assets and liabilities were transferred to a new bank (new Glitnir) with the management of the affairs of Old Glitnir being placed in the hands of a resolution committee. Old Glitnir's affairs are being administered under Icelandic law. Old Glitnir's latest public presentation of its affairs was made to creditors on 6th February 2009 and can be viewed on its website. This indicates that full recovery of the principal and interest to 14th November 2008 is likely to be achieved. Court action in Iceland has confirmed that the Council is a preferential creditor and £4m has been repaid to the Council. The balance is being held in an escrow account in Icelandic krone. Recovery is subject to:

. The impact of exchange rate fluctuations on the value of sums held in the escrow account.

The authority has decided to recognise an impairment based on it recovering the full amount of principal and interest up to 14th November 2008 in the future. The impairment therefore reflects the loss of interest to the authority until the funds are repaid.

No information has been provided by the resolution committee about the timing of any payments to depositors. Since the value of deposits is small compared to the total asset value of the bank, in calculating the impairment the authority has therefore made an assumption that the repayment of priority deposits will be made by 31st March 2012.

Recoveries are expressed as a percentage of the authority's claim in the administration, which it is expected may validly include interest accrued up to 14th November 2008

Note 17 - Inventories

	Consumable Stores	
	2012/13	**2011/12**
	£'000	**£'000**
Balance outstanding at start of year	**138**	**104**
Purchases		
Recognised as an expense in the year	(41)	34
Balance outstanding at year end	**97**	**138**

Note 18 - Construction Contracts

At 31 March 2013 the Council had a single construction contract in progress, for the construction of the Crest Academies (previously known as the John Kelly Schools) on behalf of the Academy Partnership utilizing grant monies provided by the Department of Education. Upon completion of the scheme the buildings will be passed over to the Academy Partnership at nil consideration to the Council. The value of work completed at 31 March 2013 is as per the Council's Financial Information System as maintained by the scheme's Project Manager and based on consultants reports. The amount due from the Department of Education at 31 March 2013 is as follows:

	CREST Academies £000
Costs Incurred to date	17,314
Revenue recognized:	
• Before 1 April 2012	8,399
• During 2012/13	11,401
Profit/(Loss)	0
Advances Received	2,486
Gross Amount Due	0
Comprising:	
• Amounts not billed	0
• Retentions	0

Note 19 - Debtors

	31-Mar-13 £'000	**31-Mar-12 £'000**
Central government bodies	7,039	12,023
Other local authorities	4,471	7,621
NHS bodies	1,571	1,854
Public corporations and trading funds	2,926	5
Other entities and individuals	28,093	22,392
Total	**44,100**	**43,895**

Note 20 - Cash and Cash Equivalents

	31-Mar-13 £'000	**31-Mar-12 £'000**
Cash held by the Council	0	0
Bank current accounts	19,730	8,578
Short-term deposits	16,401	31,876
Total	**36,131**	**40,454**

Note 21 - Long-Term Liabilities

	31-Mar-13 £'000	31-Mar-12 £'000
Pension Fund Liability	772,290	658,501
Deferred Income	33,744	31,580
Total	**806,034**	**690,081**

Note 22 - Creditors

	31-Mar-13 £'000	31-Mar-12 £'000
Central government bodies	9,547	6,462
Other local authorities	9,039	6,597
NHS bodies	40	114
Public corporations and trading funds	1,390	97
Other entities and individuals	61,501	68,514
Total	**81,517**	**81,784**

Note 23 - Provisions

	Outstanding Legal Cases £'000	Compensation Claims £'000	Other Provisions £'000	Total £'000
<u>Short Term Provisions</u>				
Balance at 1 April 2012	**1,318**	**2,809**	**1,081**	**5,208**
Moved from long term		(116)	482	366
Additional provisions made in 2012/13		2,609	151	2,760
Amounts used in 2012/13	(318)	(3,168)	(953)	(4,439)
Unused amounts reversed in 2012/13	(1,000)	(10)		(1,010)
Balance at 31 March 2013	**0**	**2,124**	**761**	**2,885**
<u>Long Term Provisions</u>				
Balance at 1 April 2012	**154**	**2,398**	**622**	**3,174**
Moved to short term		116	(482)	(366)
Additional provisions made in 2012/13				0
Amounts used in 2012/13	(6)			(6)
Unused amounts reversed in 2012/13				0
Unwinding of discounting in 2012/13				0
Balance at 31 March 2013	**148**	**2,514**	**140**	**2,802**

<u>Outstanding legal claims</u>

Disrepair Cases - Estimated compensation due to Council tenants for disrepair cases.

Housing Repairs - To meet legal liabilities to repair leased properties.

<u>Compensation Claims</u>

Uninsured Losses - The Council meets a proportion of its insurance liabilities and claims from the Uninsured Losses provision. The level of the provision is reviewed annually on the basis of information from the Council’s advisers.

<u>Other Provisions</u>

Finance lease liability - provision for onerous lease

Carbon Reduction Commitment- provision to cover 2012/13 costs of scheme

Corporate Leases - Provision for photocopier leases

Note 24 - Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Note 8 to the accounts.

Note 25.1 - Unusable Reserves – Summary

31 March 2012 £'000		31 March 2013 £'000
161,178	Revaluation Reserve	157,253
	Available for Sale Financial Instruments Reserve	
523,069	Capital Adjustment Account	546,834
(28,501)	Financial Instruments Adjustment Account	(23,365)
1,250	Deferred Capital Receipts Reserve	1,250
(658,501)	Pensions Reserve	(772,290)
(6,341)	Accumulated Absences Account	(5,922)
(7,846)	**Total Unusable Reserves**	**(96,240)**

Note 25.2- Unusable Reserves - Movements in year

Revaluation Reserve

2011/12 £'000		2012/13 £'000
134,577	**Balance at 1 April**	161,178
36,158	Upward revaluation of assets	7,441
(340)	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the Provision of Services	(2,548)
35,818	Surplus or deficit on revaluation of non-current assets not posted to the surplus/deficit on the Provision of Services	4,893
(8,122)	Difference between fair value depreciation and historical cost depreciation	(2,791)
(1,095)	Accumulated gains on assets sold or scrapped	(6,027)
(9,217)	Amount written off to the Capital Adjustment Account	(8,818)
161,178	**Balance at 31 March**	**157,253**

Capital Adjustment Account

2011/12 £'000		2012/13 £'000
267,311	**Balance at 1 April**	523,069
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(28,732)	Charges for depreciation and impairment of non-current assets	(34,224)
22,999	Revaluation losses on Property, Plant and Equipment	17,721
(519)	Amortisation of intangible assets	(1,709)
(21,474)	Revenue expenditure funded from capital under statute	(7,279)
(13,607)	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	(49,495)
(41,333)		(74,986)
9,217	Adjusting amounts written out of the Revaluation Reserve	8,818
(32,116)	Net written out amount of the cost of non-current assets consumed in the year	(66,168)
	Capital Financing applied in the year:	
10,192	Use of the Capital Receipts Reserve to finance new capital expenditure	22,037
3,575	Use of the Major Repairs Reserve to finance new capital expenditure	6,905
49,932	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	35,371
0	Application of grants to capital financing from the Capital Grants Unapplied Account	0
198,000	Capital Grant applied to HRA debt repayment	0
14,096	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	14,891
12,319	Capital expenditure charged against the General Fund and HRA balances	10,246
288,114		89,450
(240)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	483
0	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	0
523,069	**Balance at 31 March**	**546,834**

Financial Instruments Adjustment Account

2011/12 £'000		2012/13 £'000
(33,964)	**Balance at 1 April**	(28,501)
0	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	
5,463	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	5,136
0	Impairment of deposits with Icelandic Banks	
(28,501)	**Balance at 31 March**	**(23,365)**

Pensions Reserve

2011/12 £'000		2012/13 £'000
(581,680)	**Balance at 1 April**	(658,501)
(66,494)	Actuarial gains or losses on pensions assets and liabilities	(97,172)
(40,146)	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(49,474)
29,819	Employer's pensions contributions and direct payments to pensioners payable in the year	32,857
(658,501)	**Balance at 31 March**	**(772,290)**

Deferred Capital Receipts Reserve

2011/12 £'000		2012/13 £'000
1,250	**Balance at 1 April**	1,250
0	Transfer of Deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0
0	Transfer to the Capital Receipts Reserve upon receipt of cash	0
1,250	**Balance at 31 March**	**1,250**

Accumulated Absences Account

2011/12 £'000		2012/13 £'000
(9,589)	**Balance at 1 April**	(6,341)
9,589	Settlement or cancellation of accrual made at the end of the preceding year	6,341
(6,341)	Amounts accrued at the end of the current year	(5,922)
3,248	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	419
(6,341)	**Balance at 31 March**	**(5,922)**

Note 26 - Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2011/12 £'000		2012/13 £'000
1,893	Interest received	2,639
(28,150)	Interest paid	(19,636)

Note 27 -Cash Flow Statement - Investing Activities

2011/12 £'000		2012/13 £'000
(120,743)	Purchase of property, plant and equipment, investment property and intangible assets	(135,873)
10,248	Net decrease in short-term and long-term investments	(14,621)
	Other payments for investing activities	
7,131	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	23,832
82,285	Capital grants received	58,056
(21,079)	**Net cash flows from investing activities**	**(68,606)**

Note 28 - Cash Flow Statement - Financing Activities

2011/12 £'000		2012/13 £'000
(224,429)	Net decrease in short-term and long-term borrowing	1,294
(1,651)	Cashflows relating to PFI schemes	(1,163)
(226,080)	**Net cash flows from financing activities**	**131**

Note 29 - Amounts Reported for Resource Allocation Decisions / Directorate Income and Expenditure

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting *Code of Practice*.
However, decisions about resource allocation are taken by the Council's Executive on the basis of budget reports analysed across departments. These reports are prepared on a different basis from the accounting policies used in the financial statements.

In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)

- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year

- expenditure on some support services is budgeted for centrally and not charged to departments.

Note 29 - Directorate Income and Expenditure

2012/13	Children and Families	Environment and Neighbourhood Services	Adult Social Services	Regeneration and Major Projects - Housing	Regeneration and Major Projects - Other	Central Units	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges and other service income	(32,673)	(37,471)	(15,778)	(88,793)	(7,843)	(24,008)	(206,566)
Government grants and Contributions	(241,357)	(4,105)	(11,977)	(3,448)	(559)	(385,933)	(647,379)
Total Income	**(274,030)**	**(41,576)**	**(27,755)**	**(92,241)**	**(8,402)**	**(409,941)**	**(853,945)**
Employee expenses	199,682	20,499	16,640	6,960	7,269	34,207	285,257
Other service expenses	102,868	45,704	94,613	101,793	10,370	388,046	743,394
Support service recharges	20,619	9,355	1,787	1,612	3,118	22,630	59,121
Total Expenditure	**323,169**	**75,558**	**113,040**	**110,365**	**20,757**	**444,883**	**1,087,772**
Net Expenditure	**49,139**	**33,982**	**85,285**	**18,124**	**12,355**	**34,942**	**233,827**

2011/12 Comparative Figures	Children and Families	Environment and Neighbourhood Services	Adult Social Services	Regeneration and Major Projects - Housing	Regeneration and Major Projects - Other	Central Units	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges and other service income	(37,089)	(40,672)	(16,933)	(78,147)	(8,783)	(28,154)	(209,778)
Government grants	(271,837)	(3,729)	(10,367)	(9,049)	(431)	(369,730)	(665,143)
Total Income	**(308,926)**	**(44,401)**	**(27,300)**	**(87,196)**	**(9,214)**	**(397,884)**	**(874,921)**
Employee expenses	224,054	21,842	18,114	7,950	6,699	34,676	313,335
Other service expenses	113,068	49,317	93,144	98,197	9,914	373,959	737,599
Support service recharges	23,284	9,410	2,414	914	4,764	18,454	59,240
Total Expenditure	**360,406**	**80,569**	**113,672**	**107,061**	**21,377**	**427,089**	**1,110,174**
Net Expenditure	**51,480**	**36,168**	**86,372**	**19,865**	**12,163**	**29,205**	**235,253**

Reconciliation to the Comprehensive Income and Expenditure Statements

2011/12 £'000		2012/13 £'000
235,253	**Net expenditure in the Directorate analysis**	**233,827**
16,893	Net expenditure of services and support services not included in the analysis	4,327
(38,321)	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	(23,848)
373	Amounts included in the analysis not included in the Comprehensive Income and Expenditure Statement	(66)
214,198	**Cost of Services in Comprehensive Income and Expenditure Statement**	**214,240**

Reconciliation to Subjective Analysis

2012/13	Directorate Analysis £'000	Services and support services not in analysis £'000	Amounts not reported to management for decision making £'000	Amounts not included in Income & Expenditure £'000	Allocation of Recharges £'000	Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, charges and other income	(206,566)	(11,957)	43,276			(175,247)		(175,247)
Surplus or deficit on associates and joint ventures						0		0
Interest and investment income						0	(3,111)	(3,111)
Income from council tax						0	(104,972)	(104,972)
Exceptional item -HRA Settlement capital grant						0		0
Government grants and contributions	(647,379)	(700)	(34,333)			(682,412)	(243,877)	(926,289)
Total Income	**(853,945)**	**(12,657)**	**8,943**	**0**	**0**	**(857,659)**	**(351,960)**	**(1,209,619)**
Employee expenses	285,257	11,131	(14,319)			282,069		282,069
Other service expenses	743,394	9,323	(55,565)	(66)		697,086		697,086
Support service recharges	59,121	(3,470)	1,359			57,010		57,010
Depreciation, amortisation and impairment			35,734			35,734		35,734
Interest payments			0			0	44,457	44,457
Precepts and levies						0	3,129	3,129
Payments to Housing capital receipts pool						0	943	943
Exceptional item -HRA Redemption costs						0		0
Gain or loss on disposal of fixed assets						0	26,296	26,296
Total expenditure	**1,087,772**	**16,984**	**(32,791)**	**(66)**	**0**	**1,071,899**	**74,825**	**1,146,724**
Surplus or deficit on the provision of services	**233,827**	**4,327**	**(23,848)**	**(66)**	**0**	**214,240**	**(277,135)**	**(62,895)**

Reconciliation to Subjective Analysis (Continued)

2011/12 comparative figures	Directorate Analysis £'000	Services and support services not in analysis £'000	Amounts not reported to management for decision making £'000	Amounts not included in Income & Expenditure £'000	Allocation of Recharges £'000	Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, charges and other income	(209,778)	(20,064)	26,189			(203,653)		(203,653)
Surplus or deficit on associates and joint ventures						0		0
Interest and investment income						0	(748)	(748)
Income from council tax						0	(101,978)	(101,978)
HRA settlement grant						0	(272,213)	(272,213)
Government grants and contributions	(665,143)	(4,304)	(13,515)			(682,962)	(268,877)	(951,839)
Total Income	**(874,921)**	**(24,368)**	**12,674**	**0**	**0**	**(886,615)**	**(643,816)**	**(1,530,431)**
Employee expenses	313,335	8,759	(38,895)			283,199		283,199
Other service expenses	737,599	26,322	(78,210)	373		686,084		686,084
Support service recharges	59,240	6,180	66,500			131,920		131,920
Depreciation, amortisation and impairment			28,732			28,732		28,732
Interest payments			0			0	44,280	44,280
Precepts and levies			0			0	2,203	2,203
Payments to Housing capital receipts pool			0			0	624	624
Exceptional item -HRA redemption						0	74,213	74,213
Gain or loss on disposal of fixed assets			(29,122)			(29,122)	6,363	(22,759)
Total expenditure	**1,110,174**	**41,261**	**(50,995)**	**373**	**0**	**1,100,813**	**127,683**	**1,228,496**
Surplus or deficit on the provision of services	**235,253**	**16,893**	**(38,321)**	**373**	**0**	**214,198**	**(516,133)**	**(301,935)**

Note 30 – Acquired and Discontinued Operations

The Council has no transactions to disclose.

Note 31- Trading Operations Accounts

	2011/12 £'000	2012/13 £'000
Trading Operation - Brent Transport Services		
Turnover	(6,253)	(5,503)
Expenditure	5,681	5,358
(Surplus)/Deficit	(572)	(145)
Trading Operation - Grounds Maintenance		
Turnover	(530)	(485)
Expenditure	335	322
(Surplus)/Deficit	(195)	(163)
Net (surplus)/deficit on trading operations	**(767)**	**(308)**
Net (surplus)/deficit on trading operations	**(767)**	(308)
Services to the public included in the Expenditure of Continuing Operations		
Support services recharged to Expenditure of Continuing Operations	394	374
Net (surplus) credited to Other Operating Expenditure	**(373)**	**66**

Brent Transport Service provides transport to schools and social care establishments.

Grounds Maintenance relates to work undertaken on behalf of the Council by the ex-DLO function of the Parks Service

Note 32 – Agency Services

The Council has no transactions to disclose.

Note 33 – Road Charging Schemes Under the Transport Act 2000 (or Transport (Scotland) Act 2001)

The Council has no transactions to disclose.

Note 34 - Pooled Budgets

The Council entered into partnership agreements under Section 31 of the Health Act 1999 with Brent NHS Trust for the Integrated Community Equipment Service Partnership Board. The London Borough of Brent is the host partner for Occupational Therapy equipment. Funding for Occupational Therapy equipment is split 40% London Borough of Brent and 60% NHS Brent. There is also a Section 31 arrangement with the Central and North West London NHS Foundation Trust (CNWLNFT) which is the host partner for Mental Health.

The Partnerships' income and expenditure for 2012/13 was:

	Mental Health £'000	Occupational Therapy £'000
Funding: London Borough of Brent	(500)	(450)
Brent NHS Trust	-	(654)
CNWLNFT	(1,158)	-
Total Funding	**(1,658)**	**(1,104)**
Expenditure	**1,620**	**1,244**
Net Overspend/(Underspend)	**(38)**	**140**
2011/12 Net Overspend/(Underspend)	**0**	**(31)**

Note 35 - Members Allowances

Total payments including National Insurance costs in 2012/13 were 940,000 (£943,000 in 2011/12). Details of the Members' Allowances scheme are available on Brent's website (www.brent.gov.uk).

Note 36 - Senior Employees' Remuneration

Senior employees are Brent's Chief Executive and direct reports (other than administration staff). This includes statutory chief officers.

		2011/12					2012/13				
Postholder	Note	Salary (including fees and allowances) £	Compen-sation for loss of office £	Total remuneration excluding pension contributions £	Employers pension contributions £	Total remuneration including pension contributions £	Salary (including fees and allowances) £	Compen-sation for loss of office £	Total remuneration excluding pension contributions £	Employers pension contributions £	Total remuneration including pension contributions £
Chief Executive – G Daniel (until September 2012)	1	**205,783**	-	205,783	26,070	231,853	119,485	200,702	320,187		320,187
Interim Chief Executive - C Gilbert (from 1 November 2012)	2			0		0	83,333		83,333		83,333
Director of Environment & Neighbourhood Services		**121,348**		121,348	16,261	137,609	126,751		126,751	16,985	143,736
Director of Housing & Community Care	5	**11,871**	-	11,871	1,591	13,462					
Director of Children & Families		**122,040**		122,040	16,353	138,393	127,461		127,461	17,080	144,541
Director of Finance & Corporate Services (left during 2012/13)	3	**132,623**		132,623	17,771	150,394	114,710	140,508	255,218	15,371	270,589
Deputy Director of Finance (section 151 officer from 19 September 2012)	3						63,410		63,410	8,497	71,907
Director of Strategy, Partnerships and Improvement		**140,508**	-	140,508	18,828	159,336	140,508		140,508	18,828	159,336
			-	0	0	0					
Director of Customer & Community Engagement		**108,084**	-	108,084	14,483	122,567	108,084		108,084	14,483	122,567

Note 36 - Senior Employees' Remuneration Continued)

Postholder	Note	2011/12 Salary (including fees and allowances) £	2011/12 Compen-sation for loss of office £	2011/12 Total remuneration excluding pension contributions £	2011/12 Employers pension contributions £	2011/12 Total remuneration including pension contributions £	2012/13 Salary (including fees and allowances) £	2012/13 Compen-sation for loss of office £	2012/13 Total remuneration excluding pension contributions £	2012/13 Employers pension contributions £	2012/13 Total remuneration including pension contributions £
Director of Legal and Procurement	4	**103,858**	-	103,858	13,917	117,775	122,065		122,065	16,357	138,422
Director of Adult Social Services		**108,084**		108,084	14,483	122,567	118,893		118,893	15,932	134,825
Director of Regeneration and Major Projects		**121,348**		121,348	16,261	137,609	126,751		126,751	16,985	143,736
Total		**1,175,547**	**0**	**1,175,547**	**156,018**	**1,331,565**	**1,251,451**	**341,210**	**1,592,661**	**140,517**	**1,733,178**

Note 1: The former Chief Executive's salary in 2011/12 included £9,504 for acting as counting officer for the May 2011 referendum paid by the Government and £1,452 for returning officer duties in Council by-elections paid by the Council as well as £277 for travel mileage. Remuneration in 2012/13 included £15,359 for Returning Officer duties on the GLA election, £761 for returning officer duties on a Council by election and £127 for travel mileage. The former Chief Executive's annualised salary, excluding returning officer duties and travel mileage, was £194,550 in 2011/12 and 2012/13. The postholder left the Council in September 2012.

Note 2: An interim Chief Executive was in place from November 2012. Annualised payments for this post were £200,000.

Note 3: The former Director of Finance and Corporate Service's contract of employment was terminated on 31^{st} January 2013. At the time of leaving his annualised salary was £140,508. The Deputy Director of Finance became Section 151 officer from 19th September 2012. His annualised salary is £108,084 and he receives an annualised amount of £10,809 for acting up.

Note4: The Director of Legal and Procurement was Acting Chief Executive from 10th September 2012 until 5th November 2012. She was paid £10,088 for additional responsibilities.

Note 5: The former Director of Housing and Community Care retired in April 2011. The department was re-organised. Some of the former duties are undertaken by the Director of Regeneration and Major Projects. In addition the statutory post of Director of Adult Social Services was created.

Note 36 - Officers' Remuneration

The number of employees whose remuneration in 2012/13 and 2011/12, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:-

	2012/13			2011/12		
Remuneration band £'s	**Schools Staff**	**Officers**	**Total**	**Schools Staff**	**Officers**	**Total**
50,000 - 54,999	190	53	243	281	63	344
55,000 - 59,999	94	36	130	105	39	144
60,000 - 64,999	33	19	52	61	12	73
65,000 - 69,999	23	15	38	41	20	61
70,000 - 74,999	18	5	23	23	13	36
75,000 - 79,999	18	5	23	17	1	18
80,000 - 84,999	5	3	8	9	2	11
85,000 - 89,999	13	7	20	13	5	18
90,000 - 94,999	1	1	2	1	4	5
95,000 - 99,999		6	6	3	3	6
100,000 - 104,999	4	2	6	8	2	10
105,000 - 109,999	1	5	6		6	6
110,000 - 114,999	1	2	3	1	3	4
115,000 - 119,999	1	1	2			
120,000 - 124,999		2	2	1	3	4
125,000 - 129,999		3	3			
130,000 - 134,999					1	1
135,000 - 139,999				1		1
140,000 - 144,999		1	1		1	1
190,000 - 194,999					1	1
255,000 - 259,999		1	1			
300,000 - 324,999		1	1			
Total	402	167	569	565	179	744

The table above includes senior employees. Further details concerning senior employees are shown in a separate note.
Bands over £145,000 are not shown above where there are no staff who earn within particular bands of £5,000.

The number of school staff earning over £50k have reduced because some schools converted into Academies and are no longer part of Brent's accounts.

Note 36 - Exit Packages

Exit Package cost band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other other departures		Total number of exit packages by by cost band (b) + (c)		Total cost of exit exit packages in each band £k	
	2011/12	**2012/13**	**2011/12**	**2012/13**	**2011/12**	**2012/13**	**2011/12**	**2012/13**
£0 - £20,000	63	63	115	87	178	150	1597	939
£20,001 - £40,000	17	8	48	17	65	25	1774	712
£40,001 - £60,000	1		11	3	12	3	612	158
£60,001 - £310,000	1	2	4	2	5	4	383	502
TOTAL	**82**	**73**	**178**	**109**	**260**	**182**	**4,366**	**2,311**
ADD amounts provided for in CIES not included in bandings							1,808	1,310
TOTAL cost included in CIES							**6,174**	**3,621**

Note 37 - External Audit Costs

	2011/12 £'000	2012/13 £'000
Fees payable to the Audit Commission with regard to external audit services carried out for the year	454	276
Fees payable to the Audit Commission in respect of statutory inspections		
Fees payable to the Audit Commission for the certification of grant claims and returns for the year	85	40
Fees payable in respect of other services provide by the Audit Commission during the year		
Total	**539**	**316**

Note 38 - Deployment of Dedicated Schools Grant

The Council’s expenditure on schools is funded by grant monies provided by the Department for Education(DfE), the Dedicated Schools Grant (DSG). The DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget.
In 2012-13, 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 restricted range of services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each school.
Over and underspends on the two elements (i.e. central expenditure and ISB) are accounted separately and the Council is able to (where it can afford) supplement the schools budget from its own resource**.**

The DSG received in 2012/13 was deployed as follows:		**Central Expenditure** £	**Individual Schools Budget** £	**Total** £
A.	Final DSG for 2012/13 before Academy Recoupment			254,702,854
B.	Academy figure recouped for 2012/13			44,383,803
C.	Total DSG after recoupment for 2012/13			210,319,051
D.	Brought Forward from 2011/12			(5,735,000)
E.	Carry Forward to 2012/13 agreed in advance			5,735,000
F.	Agreed initial budgeted distribution in 2012/13	39,413,342	170,905,708	210,319,051
G.	In year adjustments	(1,878,952)	1,878,952	0
H.	Final budgeted distribution for 2012/13	37,534,390	172,784,660	210,319,051
I.	Less Actual central expenditure	36,460,505		
J.	Less Actual ISB deployed to schools		172,784,660	
K.	Plus Local Authority contribution for 2012/13	0	0	0
L.	Carry Forward to 2013/14 agreed in advance	**1,073,886**	**(0)**	**(4,661,115)**

Note 39 - Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

Credited to Taxation and Non Specific Grant Income	**2012/13**	**2011/12**
	£'000	**£'000**
Grants:		
Basic Safety Needs	32,583	43,939
Devolved Formula	566	602
Football Foundation	100	219
Framework Academies	11,401	8,399
My Place	1,700	3,062
Surestart		76
Transport for London	4,403	4,170
Other Grants		591
LA Capital Maintenance	3,406	4,219
Short Breaks		170
ASC Adult Personal Social Services		652
ASC Capital Teaching PCT		450
NHS Public Health Pump Priming Grant	90	
2 Yr Old Entitlement Grant	149	
Roundwood & JBRC		41
London Marathon Grant		90
Sports England	20	
Targeted Capital Fund		2,825
Outer London Funding		332
Contributions:		
S106	4,086	5,385
Total	**58,504**	**75,222**

Credited to Services	2012/13 £'000	2011/12 £'000
Adult and Community Learning from Learning and Skills Council (LSC)	4,204	4,421
Capital Grant for Foundation Schools		10,680
Council Tax Benefit	35,289	35,117
Dedicated Schools Grant (DSG)	210,319	232,116
Discretionary Housing Payments	2,005	512
Highways Asset Management		346
Homelessness Strategy Grant		164
Housing Benefit And Council Tax Benefit Administration	3,650	3,813
Private Finance Initiative Housing Non HRA	3,418	3,418
Housing Benefit Transition Funding	312	753
Housing Subsidy		7,931
Improvement Grants		1,768
Private Finance Initiative Jewish Free School	884	884
Local Authority Central Spend Equivalent Grant (LACSEG)	609	
Mandatory Rent Allowances: Subsidy	295,105	286,381
Mandatory Rent Rebates outside HRA: subsidy	17,394	13,004
Music Grant	401	
Preventing Homelessness		1,675
Private Finance Initiative Public Lighting	787	787
Private Finance Initiative Willesden Sports Centre – PFI Res	1,242	1,242
Pupil Premium Grant	7,367	4,603
REFCUS revenue grants	3,638	
Rent Rebates Granted To HRA Tenants: Subsidy	30,822	29,669
Sixth Forms Funding From Learning And Skills Council (LSC)	10,806	16,955
Standards Fund (Excluding Elements Now In ABG)		3,219
Troubled Families	900	
Unaccompanied Asylum Seeking Children (UASC) Grant	544	996
Other Grants Misc. Total Per Workings Sheet	1,505	1,182
Total	**631,201**	**661,636**

Note 40 - 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.

Central Government provides grant income for the Council which is shown in the Notes 39 and 11 to the Core Financial Statements.

Councillors and Chief Officers complete related party transactions forms each year. Only 1 Councillor out of 63 has failed to reply for 2012/13. A number of voluntary organisations which received grants from the London Borough of Brent in 2012/13 have Brent Members as Directors, Trustees or employees. The following information has been obtained from Members' 2012/13 Declarations of Related Party Transactions:

	£'000
Brent Association of Disabled People	22
Brent Irish Advisory Service	22
Kings Hall Youth Club	1
Sudbury Neighbourhood Centre	4
Sudbury Town Residents Association	5

The Director of Environment and Neighbourhood Services is a Board Member of Pro-Active West London to which Brent contributed £3k last year.

London Borough of Brent Pension Fund - administrative support is provided to the Fund. The Pension Fund's accounts are shown separately in this document. The Council charged the Pension Fund £0.987m for administering the fund in 2012/13 (£1.027m in 2011/12).

Pooled Budgets - Details of partnerships with Brent tPCT and the North West London Mental Health Trust are shown in Note 34 to the Core Financial Statements.

Subsidiary Company - Brent has one subsidiary, Brent Housing Partnership (BHP) Limited. The Council paid a management fee to BHP of £8.192M in 2012/13 (£8.703M 2011/12). Barham Park Trust is also controlled by Brent and is included in Brent's group accounts. Further details are provided in the Group Accounts later in this document which combine the accounts of Brent, BHP and Barham Park Trust.

At 31 March 2013 the Council was owed £1k by Brent Irish Advisory Service and £1,398k by Brent Primary Care Trust. The Sudbury Neighbourhood Centre owed Brent £4k. Brent held £628k on behalf of the Barham Park Trust. There were no provisions for bad debts relating to any of the transactions above.

Note 41 - Capital Expenditure and Capital Financing

	2012/13 £'000	2011/12 £'000
Capital Investment		
Property, Plant and Equipment	129,956	102,187
Investment Properties	1	19
Intangible Assets	2,812	743
Assets Held for Sale	0	0
Revenue Expenditure Funded from Capital under Statute	6,659	21,474
Total Expenditure	139,428	124,423
Sources of Finance		
Capital Receipts	(21,418)	(10,080)
Government Grants and other Contributions	(38,568)	(62,604)
Direct revenue contributions	(13,954)	(3,222)
Borrowing	(65,488)	(48,517)
Total Resources	(139,428)	(124,423)
Net Balance	**0**	**0**
Calculation of Capital Financing Requirement		
Fixed Assets	1,325,709	1,250,232
Intangible Assets	3,727	2,623
Long term Debtors relating to Capital Transactions	0	0
Investments treated as Capital Expenditure	0	0
Revaluation Reserve	(157,253)	(161,178)
Capital Adjustment Account	(546,834)	(523,069)
Deferred Income	(33,744)	(31,661)
Capital Financing Requirement	**591,605**	**536,947**

Note 42: Leases

Authority as Lessee

Finance Leases
Brent Council leases some of its IT equipment and Vehicles under finance leases. The assets acquired are included in Plant, Property and Equipment in the balance sheet as part of Plant, Furniture, Vehicles and Equipment in the notes at the following net amounts

	31-Mar-13	31-Mar-12
Plant, Furniture, Vehicles and Equipment	607	1,296

The council is committed to making minimum payments comprising of repaying the outstanding liability for the capital purchase, and interest upon the outstanding liabilities. The minimum lease payments are made of the following amounts

	31-Mar-13	31-Mar-12
	£'000	£'000
Finance lease liabilities		
Current	688	848
Non-current	160	845
Finance costs payable in future years	55	227
Minimum lease payments	903	1,921

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	
	2012-13	2011-12	2012-13	2011-12
	£'000	£'000	£'000	£'000
Not Later than one year	740	1,020	688	848
Later than one year and not later than five years	162	900	160	845
Later than five years	0	0		0
	902	1,921	848	1,694

Operating Leases

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:

	2012-13	2011-12
	£'000	£'000
Not later than one year	1,740	2,838
Later than one year and not later than five years	3,271	6,377
Later than five years	1,012	7,253
Later than five year	6,023	16,468

The council sub-leases office accommodation and sports grounds. The future minimum sub lease payments to the council for these sub leases are:

	2012-13	2011-12
	£'000	£'000
Future Minimum Sublease Payments Receivable	0	154

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

	2012-13	2011-12
	£'000	£'000
Minimum Lease payments	3,290	4,460
(Sublease payments receivable)	(73)	(146)
	3,217	4,314

The council is required to disclose embedded leases in line with the principles of IFRIC 4. IFRIC 4 requires disclosure of the total payment required where payments cannot be separated in separate payments for services and for assets. Lease elements of contracts for Waste Services and Parking Enforcement have been separated and are disclosed above in the finance and operating lease sections.

The following payments are for an Adult Social Services contract and two Special Education contracts where payments cannot be separated, so are disclosed separately from other leases:

	2012-13	2011-12
	£'000	£'000
Minimum Lease payments	1,544	1,517

Future payments under this contract are:

	2012-13	2011-12
	£'000	£'000
Not later than one year	227	1,517
Later than one year and not later than five years		0
	227	1,517

Authority as Lessor

Finance Leases

Brent Council leases Northwick golf course to a commercial operator on a finance lease with a remaining term of 93 years.

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

	2012-13	2011-12
	£'000	£'000
Finance lease debtor		
Current	0	0
Non Current	1,249	1,250
Gross Investment in Lease	1,249	1,250

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

	Gross Investment in the Lease		Present Value of Minimum Lease Payments	
	2012-13	2011-12	2012-13	2011-12
	£'000	£'000	£'000	£'000
Not Later than one year	0	0	0	0
Later than one year and not later than five years	0	0	0	0
Later than five years	1,249	1,249	1,249	1,249
	1,249	1,249	1,249	1,249

The council receives additional contingent rent based on the turnover of the golf course. In 2012-13, £23,239 contingent rent was receivable.

Operating Leases

The council leases out a number of its properties both for commercial use and service provision. It also leases a small number of vehicles to Brent Housing Partnership.

Future minimum lease payments expected under these contracts are:

	2012-13	2011-12
	£'000	£'000
Not later than one year	874	965
Later than one year and not later than five years	2,280	1,617
Later than five years	7,639	7,174
	10,793	9,756

The council receives additional contingent rent for one of its properties based on the turnover of the lessee's business. In 2012-13, £43,932 contingent rent was receivable.

NOTE 43 - PRIVATE FINANCE INITIATIVE (PFI) AND SERVICE CONCESSIONS

The accounting rules that the Council has to use for these PFI projects changed in the 2010/11 financial year to use International Finance Reporting Standards. IFRIC 12 sets out the detailed criteria for determining if a PFI is on balance sheet. A detailed assessment of the Council's contract has been carried out, as a result of this assessment the PFI projects detailed below are accounted for as Service Concessions under IFRIC 12.

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

- In 1998/99 a 20 year project to provide and maintain street lights throughout the Borough, legal title to these street lights transfers to Brent at the end of the contract. The contract pays for the maintenance and operation of the streetlights throughout the contract period.
- In 2006/07 a 25 year project to provide, operate and maintain a new sports centre and related facilities in Willesden; legal title to this sports centre transfers to Brent at the end of the contract.
- In 2008/09 the Council entered into phase 1 of a 20 year project to provide and maintain social housing, and replacement residential facilities for people with learning disabilities. Phase 2 of this contract was signed in 2010-11 Legal title to the residential facilities for people with learning disabilities transfers to Brent. Brent controls the residual value of 158 units of the housing stock at the end of the contract by a combination of restrictions on the sale and use of the social housing built and guaranteed nomination rights to 158 of the properties built. The complexities of this contract are further detailed below.

In addition, IFRIC 12 and Code of Practice require the Council to assess its other contracts to see if they are service concessions. The Council has reviewed its contracts and identified the following agreements that meet the definition of a Service Concession:

- In 2005/06 a 32 year agreement was made to provide and maintain social housing within Stonebridge. Whether or not a block of flats or house paid for by this contract appears on Brent's balance sheet was determined by a tenant's vote at the start of the contract. The PFI operator manages and maintains these properties on behalf of Brent.
- In 2006/07 a 5 year agreement was made to refurbish a sports centre in Wembley. This Sports Centre is on balance sheet, and the value of these refurbishments is controlled by Brent Council when the contract ends.

The assets that have been recognised on the balance sheet funded by PFIs and service concessions are shown in Note 12 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 carried out.

	2012-13	2011-12
	£'000	£'000
Balance outstanding at start of year	36,745	33,844
Payments during the year	(1,163)	(2909)
Additional liabilities	2,217	5,810
Balance outstanding at end of year	37,799	36,745

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

	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£'000	£'000	£'000	£'000
Payable in 2012/13	2,841	2,606	3,790	9,237
Payable with two to five years	12,761	10,785	13,624	37,171
Payable within 6 to 10 years	11,852	12,329	13,707	37,887
Payable within 11 to 15 years	9,924	16,006	11,038	36,968
Payable within 16 to 20 years	7,021	12,803	7,953	27,777
Payable within 21 to 25 years	1,665	7,329	4,945	13,938
Payable within 25 to 30 years	0	0	0	0
Total	46,064	61,858	55,057	162,978

Where a PFI asset is paid for by third party payments, the statement of recommended practice requires recognition of deferred income, recognising the expected future third party payments. The following deferred income balance has been recognised in line with the Code of Practice:

	2012-13	2011-12
	£'000	£'000
Deferred Income opening balance	(31,661)	(22,527)
Additions	(4,090)	(10,680)
Amortisation	2,007	1,546
Deferred Income closing balance	(33,744)	(31,661)

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

1. Residential facilities for people with learning disabilities Legal title to 20 units 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 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.

Note 44 – Impairment Losses

No impairment losses have been incurred.

Note 45 – Capitalisation of Borrowing Costs

As per International Financial Reporting Standards and International Accounting Standard 23 – Borrowing Costs, from 2011/12 the London Borough of Brent has adopted an accounting policy of capitalising borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset which takes in excess of three years to get ready for intended use and has forecast expenditure in excess of £100 million. The Civic Centre scheme is currently the Council's only qualifying asset.

Amount of Borrowing Costs Capitalised

	2012/13	**2011/12**
Total Borrowing Costs Capitalised	**4,070,002**	**1,530,946**

Capitalisation Rate used to determine borrowing costs eligible for capitalisation

	2012/13	**2011/12**
Annual Borrowing Rate at Year End	5.58%	4.79%

Note 46 - Termination Benefits

Information on termination benefits is included within the exit packages note (Note 36)

Note 47 - Pension Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Authority are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Authority is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. In 2012/13, the Council paid £11.1m to Teachers' Pensions in respect of teachers' retirement benefits, representing 14.1% of pensionable pay. The figures for 2011/12 were £13.3m and 14.1%. The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 48.

Note 48.1 - Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement. The Council participates in two post employment schemes:
(1) 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.
(2) Arrangements for the award of discretionary post retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

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:

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	31 March 2013 £'000	**31 March 2012 £'000**	**31 March 2013 £'000**	**31 March 2012 £'000**
Comprehensive Income and Expenditure Statement				
Cost of Services:				
Current service cost	23,946	20,026		
Past service costs	191	58		
Settlements and curtailments	690	1,341		
Financing and investment Income and Expenditure:				
Interest cost	47,168	48,987	4,573	4,902
Expected return on scheme assets	(27,094)	(35,168)		
Total PostEmployment Benefit Charged to the Surplus or Deficit on the Provision of Services	**44,901**	**35,244**	**4,573**	**4,902**
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement				
Actuarial gains and losses	118,575	60,212	(21,403)	6,282
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**163,476**	**95,456**	**(16,830)**	**11,184**
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(44,901)	(35,244)	(4,573)	(4,902)
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to the scheme	**27,777**	**24,895**		
Retirement benefits payable to pensioners			**5,080**	**4,924**

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2013 is a loss of £357.6 million.

Note 48.2 - Assets and Liabilities in Relation to Post Employment Benefits

Reconciliation of present value of the scheme liabilities

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Discretionary Benefits Arrangements	
	31 March 2013 £'000	31 March 2012 £'000	31 March 2013 £'000	31 March 2012 £'000
Opening Balance at 1 April	**982,329**	**908,400**	**97,780**	**91,520**
Current service cost	23,946	20,026		
Interest cost	47,168	48,987	4,573	4,902
Contributions by scheme participants	6,119	6,570		
Actuarial gains and losses	148,448	27,428	(21,403)	6,282
Benefits paid	(30,261)	(30,481)	(5,080)	(4,924)
Past service costs	191	58		
Entity combinations				
Curtailments	690	1,341		
Settlements				
Expected return on scheme assets				
Closing Balance at 31 March	**1,178,630**	**982,329**	**75,870**	**97,780**

Reconciliation of fair value of the scheme assets

-

	Local Government Pension Scheme	
	31 March 2013 £'000	31 March 2012 £'000
Opening Balance at 1 April	**421,608**	**418,240**
Expected return on assets	27,094	35,168
Actuarial gains and losses	29,873	(32,784)
Employer contributions	27,777	24,895
Contributions by scheme participants	6,119	6,570
Benefits paid	(30,261)	(30,481)
Entity combinations		
Settlements		
Closing Balance at 31 March	**482,210**	**421,608**

Note 48.3 -Scheme History

	31 March 2013 £'000	31 March 2012 £'000	31 March 2011 £'000	31 March 2010 £'000
Present Value of Liabilities:				
Local Government Pension Scheme	1,178,630	982,329	908,400	977,480
Discretionary Benefits	75,870	97,780	91,520	99,100
Fair Value of Assets in the Local Government Pension Scheme	482,210	421,608	418,240	402,700
Surplus/(Deficit) in the Scheme:				
Local Government Pension Scheme	(696,420)	(560,721)	(490,160)	(574,780)
Discretionary Benefits	(75,870)	(97,780)	(91,520)	(99,100)
Total	**(772,290)**	**(658,501)**	**(581,680)**	**(673,880)**

The liabilities show the underlying commitments that the Council has in the long run to pay post employment (retirement) benefits. The total liability of £1,254.5m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a negative overall net liability of £772.290m. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary

- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2014 is £24.966m. Expected contributions for the Discretionary Benefits scheme in the year to 31 March 2014 is £5.0m.

Note 48.4 - Basis for Estimating Assets and Liabilities

The latest actuarial valuation of the London Borough of Brent's liabilities took place as at 31 March.2010. 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:

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2012-13	2011-12	2012-13	2011-12
	£'000	£'000	£'000	£'000
Long-Term Expected Rate of Return on Assets in the Scheme				
Equity Investments	4.5%	6.3%		
Private Equity / Infrastructure	4.5%	10.0%		
Hedge Funds	4.5%	6.3%		
Property	4.5%	4.4%		
Government Bonds	4.5%	4.0%		
Corporate Bonds	4.5%	4.0%		
Cash	4.5%	3.5%		
Other				
Mortality Assumptions (years):				
Longevity at 65 for current pensioners:				
Men	23.8	23.8	23.8	23.8
Women	26.6	26.6	26.6	26.6
Longevity at 65 for future pensioners:				
Men	25.6	25.6		
Women	28.6	28.6		
Rate of inflation - RPI				
Rate of Inflation - CPI	2.8%	2.5%	2.8%	2.5%
Rate of increase in salaries	5.1%	4.8%		
Rate of increase in pensions	2.8%	2.5%	2.8%	2.5%
Rate for discounting scheme liabilities	4.5%	4.8%	4.5%	4.8%
Take-up of option to convert annual pension into retirement lump sum	25.0%	25.0%		

The Discretionary Benefits arrangements have no assets to cover the liabilities. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	31/03/2013	31/03/2012
Equity Investments	57.0%	60.0%
Private Equity / Infrastructure	17.0%	16.0%
Hedge Funds		
Property	6.0%	7.0%
Bonds	20.0%	15.0%
Corporate Bonds		
Cash	0.0%	2.0%
Other		
Total	**100.0%**	**100.0%**

Note 48.5 - History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March each year:

	2012-13	2011-12	2010-11	2009-10
	%	%	%	%
Local Government Pension Scheme				
Differences between the expected and actual return on assets	6.20	(7.80)	(4.40)	17.50
Experience gains and losses on liabilities	0.10	(1.30)	(2.10)	0.80
Discretionary Benefit Arrangements				
Experience gains and losses on liabilities	30.90	(2.40)	0.70	3.00

Note 49 - Contingent Liabilities

The Council has a number of contingent liabilities listed below. The potential maximum liability for all the issues could be in the region of £2.5m. Figures are not shown against contingent liabilities where there are legal proceedings or the disclosure would adversely affect the outcome**.**

The Council has received a claim form a company that owns a piece of land, in which it bought from the Council, stating that the Council is liable to decontaminate the land. The Council is resisting the claim and is making no specific provision. This matter has not progressed over the past three years.

A number of claims to Employment Tribunals have been made against the Council. The Council is disputing these claims.

A number of primary schools within the borough have disputes about leases in respect of photocopiers and other IT equipment.

Note 50 - Exceptional Items

There was one exceptional item in the 2011/12 accounts. The Localism Act 2011 ended the HRA subsidy system with effect from 1 April 2012. In preparation for the new arrangements, under which each authority's HRA would need to be self-financing, the government repaid £198m of the Council's long term borrowing and £74m of associated early repayment costs.

There were no exceptional items in the 2012/13 accounts.

Note 51 - Nature and extent of risks arising from Financial Instruments

The Council’s investment activities expose it to a variety of financial risks, including:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.

Market risk - the possibility that financial loss might arise for the Council as a result of interest rate movements or other market changes.

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- · The Council's overall borrowing;
- · Its maximum and minimum exposures to fixed and variable rates;
- · Its maximum and minimum exposures the maturity structure of its debt;
- · Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

These items are required to be reported and approved as part of the Council's annual Council Tax setting budget. They are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Members.

These policies are implemented by a central treasury team. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

Credit risk
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.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on the Council's experience of its default levels.

	Amount at 31 March 2013	**Historical experience of default**	**Estimated maximum exposure to default**
	£'000	**%**	**£'000**
	(a)	(b)	
Deposits with banks and financial institutions			
Building societies			
Certificates of deposit			
Total short term investments	**2,000**		**2,000**
Trade debtors	71,241	60.6%	43,148
	73,241		**45,148**

The short term investments are loans and receivables and shown at amortised cost.

The Council expects some losses from non-performance by its Icelandic counterparties 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.

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.

Historical experience of default has been used to determine the bad debt provision for trade debtors.

Liquidity risk

The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and whilst the Public Works Loans Board (PWLB) provides access to longer term funds, it also acts as a lender of last resort to Councils. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through cash flow management procedures required by the Code of Practice.

Refinancing and Maturity Risk

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

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

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

- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of borrowing is as follows:

	£'000
Less than one year	10,509
Between one and two years	4,341
Between two and five years	13,023
Between five and ten years	25,477
Between ten and twenty years	8,750
Between 20 and 30 years	20,308
Between 30 and 40 years	76,282
Between 40 and 50 years	184,317
Uncertain date	95,500
	438,507

*The Council has £95.5m of "Lender's option, borrower's option" (LOBO) loans where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. Due to current low interest rates, in the unlikely event that the lender exercises its option, the Council is likely repay these loans. The maturity date is therefore uncertain**.**

The maturity analysis of investments is as follows:

	£'000
Less than one year	46,336
Between one and two years	
Between two and three years	
More than three years	
	46,336

Market risk – The variation in interest paid is 1% on the principal sum except for fixed rate long term loans. The variation in fair value is a pro rata figure assessed by comparing current rates with the average rate paid on current debt and adjusting the difference between fair value and nominal value to 1%. The figure is highly approximate as the actual figure will be sensitive to the detail pattern of rates at the time of assessment, the commercial circumstances of the parties to the loan, the detailed maturity profile, and the proposed details of refinancing and the direction of movement of rates.

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

- borrowings at variable rates – the interest expense charged to the Income and Expenditure Account may rise;

- borrowings at fixed rates – the fair value of the borrowing liability will fall;

- investments at variable rates – the interest income credited to the Income and Expenditure Account will rise; and

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

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure Account or STRGL. However, changes in interest payable and receivable on variable rate borrowings and investments affect Income and Expenditure Account and the General Fund Balance. Movements in the fair value of fixed rate investments will be reflected in the STRGL, unless the investments have been designated as Fair Value through the Income and Expenditure Account.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The treasury team monitors market and forecast interest rates within the year and adjusts exposures appropriately. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns. The risk of interest rate loss is partially mitigated by Government grant payable on financing costs for the Housing Revenue Account.

If all interest rates had been 1% higher with all other variables held constant the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings	
Increase in interest receivable on variable rate investments	(645)
Impact on Income and Expenditure Account	(645)
Increase in Government grant receivable for financing costs	
Share of overall impact debited to the HRA	
Decrease in fair value of fixed rate investment assets Impact	
Decrease in fair value of fixed rate borrowings liabilities	**101,650**

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

Price risk - The Council, excluding the pension fund, does not invest in equity shares.

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

Fair Value

The Council follows the CIPFA Treasury Code, and only invests in very high quality institutions so that the risk of capital loss is minimised. The in-house team makes cash deposits for periods up to three years. The external manager (Aberdeen Asset Management) is allowed to invest in a wider range of instruments (cash, gilts, supranational bonds, certificates of deposit) with institutions that are named on the Council's lending list. The manager has invested in cash and certificates of deposit (CDs) with less than one year to maturity. As CDs are more volatile than cash, the Council has accounted for them at market value as at 31st March 2013.

Note 52 - Heritage Assets: 5 Year summary of transactions

(information not given for periods before 1.4.10 as not practicable)

	2012/13	**2011/12**	**2010/11**
	£000	**£000**	**£000**
Cost of Acquisitions			
Civic Regalia	267	267	267
Grange Museum Collection	231	231	231
TOTAL	**498**	**498**	**498**

Note 53 - Heritage Assets: Further information

Heritage assets comprise:-

1. Civic regalia - items associated with the Mayor and other borough functions.
2. Grange museum collection - historic documents relating to Brent including display cabinets.

Brent Museum's collections reflect working and domestic life in the London Borough of Brent from the mid-nineteenth century to the present day.

The collection is comprised over 10,000 artefacts relating to the borough, and also includes video and oral history recordings.

Note 54 – 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. Locata's turnover was £2,077k in 2012/13
(£2,199k 2011/12). Locata's net assets were £471k in 2012/13 (£443k in 2011/12).

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, Crown Way, Maindy, Cardiff CF14 3UZ or from www.companieshouse.gov.uk.

HOUSING REVENUE ACCOUNT – 2012/2013

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31st MARCH 2013

	2012/2013 £'000	2011/2012 £'000
Income		
Dwelling Rents	(47,100)	(44,506)
Non Dwelling Rents(Gross)	(442)	(496)
Tenants Charges for Services and Facilities	(3,010)	(2,992)
Contribution Towards Expenditure	(284)	(466)
Leaseholders' charge for services and Facilities	(3,076)	(3,067)
Upward revaluation of assets	(16,701)	(43,130)
HRA Subsidy Receivable		(8,000)
Total Income	**(70,613)**	**(102,657)**
Expenditure		
Repairs and Maintenance	8,992	7,797
Supervision and Management	12,749	13,278
Special Services	4,314	5,319
Rent and Rates and Other Charges	1,317	1,459
Depreciation of Fixed Assets	10,826	8,104
Bad or Doubtful Debts	515	736
Debt Management Expenses	92	222
Total Expenditure	**38,805**	**36,915**
Net Cost of Services included in the Council's Income and Expenditure Account	**(31,808)**	**(65,742)**
Exceptional items - downward revaluation of assets		
HRA share of Corporate and Democratic Core	121	368
Net Cost of HRA Services	**(31,687)**	**(65,374)**
HRA share of the operating income and expenditure included in the Council's income and expenditure		
Payments to capital receipts pool	943	624
(Gain) or Loss on Sale of HRA fixed Assets	(7,380)	540
Interest payable and similar charges	6,115	14,860
Exceptional item – HRA settlement debt redemption costs		74,213
Exceptional item – HRA settlement capital grant		(272,213)
HRA Investment Income/Mortgage Interest	(49)	(145)
Pension interest and expected return on pension assets	117	121
(Surplus)or Deficit for the Year on HRA Services	**(31,941)**	**(247,374)**

Movement on the HRA Statement	2012/2013 £'000	2011/2012 £'000
Housing Revenue Account brought forward	**(2,268)**	**(1,695)**
(Surplus) or deficit on the provision of services	(31,941)	(247,374)
Other comprehensive income & expenditure		
Total comprehensive income & expenditure	**(31,941)**	**(247,374)**
Adjustment between accounting basis and funding basis under regulations	31,248	247,477
Net increase/decrease before transfers to earmarked reserves	**(693)**	**103**
Transfers to/(from) earmarked reserves	375	(676)
(Increase)/decrease in HRA balance	(318)	(573)
Balance as at 31 March carried forward	**(2,586)**	**(2,268)**

HRA adjustments between accounting basis and funding basis under regulations

	2012/13 £000	2011/12 £000
Gain / (Loss) on sale of HRA non-current assets	7,380	(540)
Capital expenditure funded by HRA	3,933	3,222
Amortised payment and discount	4,535	4,862
Revaluation of assets	16,701	43,130
Exceptional items – HRA settlement		198,000
Payments to the capital receipts pool	(943)	(624)
Pooled capital receipts – contribution to administration costs		(58)
Contribution towards admin costs	(37)	
Pension interest cost and expected return on pension assets	(117)	(121)
HRA share of CDC	(121)	(368)
Transfers to / from Major Repairs Reserve	10,743	(26)
Transfers to / from Capital Adjustment Account	(10,826)	0
TOTAL adjustments between accounting basis and funding basis under regulations	**31,248**	**247,477**

NOTES TO THE HOUSING REVENUE ACCOUNT

Note 1: Housing Stock

The Council's stock of dwellings reduced during the year from 9,000 to 8,860, a net reduction of 133 Dwellings. These reductions resulted from Right to Buy sales, demolition of dwellings as a result of the on going regeneration work at South Kilburn, transfers to Housing Associations on Short Term Leases, and transfers to the Council General Fund to be used for Temporary Accommodation for Homelessness households

The stock at the end of the year was made up as follows:

	31st March 2013	31st March 2012
Leasehold	288	297
Freehold	8,572	8,703
Total	**8,860**	**9,000**

Note 2: Rent Arrears

The level of rent arrears at 31st March 2013 was £2.770m Movement on the arrears and related provisions are shown below

	Arrears	Provision	Net Arrears
	£'000	**£'000**	**£'000**
Balances at 31 March 2012	2,609	2,609	0
Amounts written off and rent arrears movement during the year	(233)	(233)	
(Decrease)/Increase in Arrears during the year	394	0	394
(Decrease)/Increase in Provision in year	0	394	(394)
Balances at 31 March 2013	**2,770**	**2,770**	**0**

Note 2A:Other HRA Debtors-RTB Leaseholders

	Arrears	Provision	Net Arrears
	£'000	**£'000**	**£'000**
Balances at 31 March 2012	4,682	2,911	1,771
Decrease/Increase during arrears	(512)	0	(512)
Amounts written off and rent arrears movement during the year	(9)		(9)
Decrease/Increase in provision during arrears	0	120	(120)
Balances at 31 March 2013	**4,161**	**3,031**	**1,130**

Note 3: Fixed Assets

	Council Dwellings	Non-Operational	Total
	£'000	£'000	£'000
Gross Book Value at 1 April 2012	553,871	9,773	563,644
Revaluation in 2012/13	16,701	3	16,704
Impairment (Note 5)	0	0	0
Expenditure during the Year	11,325	0	11,325
Disposals	(6,726)	0	(6,726)
Gross Book Value at 31st March 2013	**575,171**	**9,776**	**584,947**
Accumulated Depreciation B/fwd	(8,078)	(280)	(8,358)
Write out of Accumulated Depreciation	381	0	381
Depreciation/adjustment for current year	(10,743)	(82)	(10,825)
Net Book Value at 31st March 2013	**556,731**	**9,414**	**566,145**

Note 4: Vacant Possession Value of HRA Dwellings

The vacant possession value of dwellings within the HRA at 31 March 2013 is £2.183 billion. 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 5: Impairment Charge.

During the financial year 2012-13 the Council undertook an impairment review of the HRA Assets and found that there were no factors that necessitated an impairment charge to the HRA Account.

Note 6: Major Repairs Reserve

	2012/13	2011/12
	£000`s	£000`s
Balance at 1st April	4,503	0
Transfer to Major Repairs Reserve	13,261	8,104
Transfer from Major Repairs Reserve	0	(26)
Capital expenditure finance from Major Repairs Reserve	(6,905)	(3,575)
Balances at 31st March	**10,859**	**4,503**

Note 7: HRA Subsidy

	2011/12 £000`s
Management Allowance	7,813
Maintenance Allowance	12,953
Major Repairs Allowance	8,078
Capital Charges	22,852
Interest On Receipt	(8)
Other Reckonable Expenditure	118
Interest Adjustment(HRA Self Finance Debt Settlement)	(104)
	51,702
Guideline Rent Income	(43,771)
Housing Subsidy Due	**7,931**
Housing Subsidy Audit Adjustment	69
Total	**8,000**

The Housing Subsidy System was abolished from 1 April 2012 and replaced by a new HRA Self financing System.

Note 8(A): HRA Capital Expenditure Funding In 2012/13

	2012/13 £000`s	2011/12 £000`s
Borrowing	0	3,726
Capital Receipts	0	0
External Grants and Contributions	37	311
Earmarked Reserves	53	0
Revenue Contribution	3,880	3,222
Major Repairs Reserve	6,905	3,575
Total	**10,875**	**10,834**

NOTE 8 :(B) HRA Capital Receipts In 2012/13

	2012/13 £000`s	2011/12 £000`s
Land	0	0
Houses	14,111	4,522
Other Properties	0	33
Total	**14,111**	**4,555**

NOTE 9: Depreciation

	2012/13 £000`s	2011/12 £000's
Operational Assets		
-Dwellings	10,743	8,078
-Other land and Buildings	0	0
Non Operational Assets	83	26
Total	**10,826**	**8,104**

Note 10: Net Interest Charged To The HRA

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

	2012/13 £000's	2011/12 £000's
Interest on HRA mid year Capital Financing Requirement	6,114	14,891
Audit adjustment	0	(31)
	6,114	**14,860**

Note 11: Brent Housing Partnership

In October 2002, the Council formed Brent Housing Partnership Limited, an arms length management organisation. Brent Housing Partnership Limited is responsible for the provision of services associated with the Council's Housing stock (repairs, lighting, cleaning). The housing stock remains in the ownership of the Council and the rents are collected by Brent Housing Partnership Limited. The Council has entered into a contract with Brent Housing Partnership Limited to provide these services. The income and expenditure arising from these activities are shown in the Council's accounts in accordance with requirement of the current CIPFA Code of Practice and legislation. Brent Housing Partnership Limited is required by law to prepare a set of accounts which shows its management and administrative cost.

Note 12: Revaluation of HRA Dwellings in 2012/13

HRA dwellings are valued at Existing Use Value. 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. In addition there was an instruction from Central Government to reduce the social housing factor. The HRA Non Operational Assets have been revalued by the Council's Internal Valuers. The revaluation values have been incorporated into the value of HRA Non Operational Assets shown in Note 3.

COLLECTION FUND

These statements represent the transactions of the Collection Fund. 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. Administration costs are borne by the General Fund.

COLLECTION FUND ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2013

Notes		2012/13 £000	2011/12 £000
	Income		
1	Income from Council Tax	104,936	101,450
	Transfers from General Fund		
	- Council Tax Benefits	35,586	34,586
4	Collection Fund Deficit (Surplus)		1,300
2	Income from Non Domestic Rates	102,894	91,111
		243,416	**228,447**
	Expenditure		
3	Precepts and Demands	134,378	133,115
2	Non-Domestic Rates:-		
	- Payment to National Pool	102,477	90,689
	- Cost of Collection Allowance	417	422
	Bad and Doubtful Debts:		
1	- Write-offs made in year	(15)	14,253
1	- Provisions for uncollectable amounts	5,159	(10,032)
4	- Collection Fund Surplus	1,000	
		243,416	**228,447**
	Deficit/Surplus for Year	**0**	**0**
	Collection Fund Account Reserves		
	Fund Balance Brought Forward	(1,300)	(1,300)
	Increase/(Decrease) in Fund Balance	2,300	0
	Fund Balance Carried Forward	1,000	(1,300)

NOTES TO THE COLLECTION FUND

NOTE 1: COUNCIL TAX

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands estimating 1st April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the precepting authorities 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 98,398 for 2012/13. This basic amount of Council Tax for a Band D property £1,365.66 for 2012/13 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 and property numbers for Bands A to H:

Proportion of Band D Charge		Number of Band D Equivalent Properties	
Band A	0.67	1,462	
Band B	0.78	7,915	
Band C	0.89	25,364	
Band D	1.00	28,208	
Band E	1.22	24,186	
Band F	1.44	8,334	
Band G	1.67	5,042	
Band H	2.00	410	
		100,921	x 97.5% Collection Rate = 98,398

The final income of £139.537m for 2012/13 (including adjustments to debits during the year) was receivable from the following sources:

	£000
Billed to Council Tax Payers	103,951
Council Tax Benefits	35,586
	139,537

This total includes the adjustment required for the collection fund surplus of £1,000,000 (see Note 4).

The differences between 2011/12 and 2012/13 for write-offs and provisions relate to a very large write-off of old uncollectable debts in 11/12, which was largely met from reducing the provision. This did not re-occur in 12/13.

NOTE 2: NATIONAL NON-DOMESTIC RATES (NNDR)

Non Domestic Rates are organised on a national basis. The Government specified a rate of 45.8p in the £ for 2012/13 (45.0p for small businesses having a rateable value of below £12,000) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. There was a nation-wide re-valuation of all properties which took effect from 1st April 2010. The Council is responsible for collecting rates due from the ratepayers in the area with a total non-domestic rateable value of £272,743,885 at 31st March 2013, but pays the proceeds into a national NDR Pool administered by the Government. The Government redistributes the sums paid into the Pool back to local authorities on the basis of a Formula Grant calculation. The amounts collected from the ratepayers on behalf of the Government and paid into the Pool can be analysed as follows:

	2012/13 £000	2011/12 £000
Gross Debit	122,286	114,796
Transitional Relief	(518)	(3,146)
Charitable Relief	(6,728)	(5,981)
Provision for Uncollectable Amounts	(3,877)	(3,738)
Other Adjustments	(3,201)	(6,601)
Empty/Void Relief	(5,070)	(4,219)
Net NNDR Income	102,894	91,111
Cost of Collection Allowance Payable to General Fund	(417)	(422)
Amount Payable to NNDR Pool	**102,477**	**90,689**

In addition to the above, properties with a rateable value of over £55,000 pay an additional business rates supplement of 2.0p in the £ to the Greater London Authority, to pay towards the costs of the Crossrail project. This supplement began on 1st April 2010, and for 2012/13 £2.959m was paid over to the GLA.

NOTE 3: PRECEPTS

	2012/13 £000	2011/12 £000
London Borough of Brent	104,197	102,985
Greater London Authority	30,181	30,130
	134,378	**133,115**

The Greater London Authority (GLA) functions include London's policing, fire and emergency planning services, and transport.

NOTE 4: ESTIMATED SURPLUS AND DEFICIT

An adjustment is also made for each authority paying a precept to the Greater London Authority in respect of the estimated surplus or deficit for the previous year on the Collection Fund.

	2012/13 £000	2011/12 £000
London Borough of Brent	(774)	1,006
Greater London Authority	(226)	294
Deficit / (Surplus)	**(1,000)**	**1,300**

GROUP ACCOUNTS

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

Brent has one subsidiary, Brent Housing Partnership (BHP) Limited. This is an arms length management organisation (ALMO) which was set up in October 2002 to manage Council properties on behalf of Brent.
BHP is a limited company. It is limited by a guarantee with no share capital. It is fully owned by the London Borough of Brent. The London Borough of Brent has an obligation to meet BHP's pension fund liabilities. BHP's accounts may be obtained from their interim director of finance Peter Benz at Chancel House, Neasden Lane, London, NW10 2UF, e-mail address peter.benz@bhphousing.co.uk.

The group accounts also consolidate the accounts of the Barham Park Trust.

The accounts of BHP & Barham Park Trust have been consolidated as a subsidiaries using the acquisition basis of combination.
The following group financial statements have been prepared:

- Group Movement in Reserves Statement
- Group Comprehensive Income and Expenditure Account
- Group Balance Sheet
- 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 earlier in this document.

Group Movement in Reserves Statement

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	HRA £'000	Earmarked HRA Reserves £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance as at 31 March 2011	**19,688**	**42,120**	**1,695**	**4,624**	**12,649**	**0**	**35,156**	**115,932**	**(235,156)**	**(119,223)**
Movement in reserves during 2011/12										
Surplus or (deficit) on the provision of services	53,421		247,374					300,795		300,795
Other comprehensive income & expenditure									(32,362)	(32,362)
Total comprehensive income & expenditure	**53,421**		**247,374**					**300,795**	**(32,362)**	**268,433**
Adjustments between accounting basis & funding basis under regulations	(31,010)		(247,477)		(3,632)	4,502	32,353	(245,264)	245,264	0
Net increase/decrease before transfers to earmarked reserves	**22,411**	**0**	**(103)**	**0**	**(3,632)**	**4,502**	**32,353**	**55,531**	**212,902**	**268,433**
Transfers to/from earmarked reserves	(12,092)	12,061	676	(645)				0		0
Increase/decrease in 2011/12	**10,319**	**12,061**	**573**	**(645)**	**(3,632)**	**4,502**	**32,353**	**55,531**	**212,902**	**268,433**
Balance as at 31 March 2012 carried forward	**30,007**	**54,181**	**2,268**	**3,979**	**9,017**	**4,502**	**67,509**	**171,463**	**(22,253)**	**149,209**
Movement in reserves during 2012/13										
Surplus or (deficit) on the provision of services	30,938		32,221					63,159		63,159
Other comprehensive income & expenditure								0	(95,507)	(95,507)
Total comprehensive income & expenditure	**30,938**	**0**	**32,221**	**0**	**0**	**0**	**0**	**63,159**	**(95,507)**	**(32,348)**
Adjustments between accounting basis & funding basis under regulations	1,576		(31,528)		180	3,838	22,685	(3,249)	3,249	0
Net increase/decrease before transfers to earmarked reserves	**32,514**	**0**	**693**	**0**	**180**	**3,838**	**22,685**	**59,910**	**(92,258)**	**(32,348)**
Transfers to/from earmarked reserves	(32,410)	32,410	(375)	(2,143)		2,518		0		0
Increase/decrease in 2012/13	**104**	**32,410**	**318**	**(2,143)**	**180**	**6,356**	**22,685**	**59,910**	**(92,258)**	**(32,348)**
Balance as at 31 March 2013	**30,111**	**86,591**	**2,586**	**1,836**	**9,197**	**10,858**	**90,194**	**231,373**	**(114,511)**	**116,862**

GROUP COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31st MARCH 2013

2011/12 Gross Expenditure £'000	2011/12 Gross Income £'000	2011/12 Net Expenditure £'000		2012/13 Gross Expenditure £'000	2012/13 Gross Income £'000	2012/13 Net Expenditure £'000
59,163	(46,411)	12,752	Central services to the public	50,686	(43,993)	6,693
20,579	(2,648)	17,931	Culture and related services	19,576	(3,901)	15,675
35,324	(5,055)	30,269	Environment and Regulatory services	35,105	(6,810)	28,295
4,440	(2,466)	1,974	Planning	6,370	(2,832)	3,538
47,266	(3,895)	43,371	Children's Social Care	44,923	(2,566)	42,357
354,959	(323,016)	31,943	Education and Children's services	306,312	(273,652)	32,660
47,901	(29,168)	18,733	Highways and transport services	53,120	(32,603)	20,517
44,068	(105,910)	(61,842)	Local authority housing (HRA)	38,202	(72,997)	(34,795)
401,812	(367,880)	33,932	Other housing services	410,421	(394,449)	15,972
104,231	(25,133)	79,098	Adult social care	100,978	(26,281)	74,697
8,609	(36)	8,573	Corporate and democratic core	3,717	(36)	3,681
0		0	Exceptional item - downward revaluation of assets	0	0	0
0		0	Reduction in past service pension costs	0	0	0
1,633		1,633	Non distributed costs	2,018	(47)	1,971
1,129,985	**(911,618)**	**218,367**	**Cost of Services**	**1,071,428**	**(860,167)**	**211,261**
		9,190	Other operating expenditure			30,368
		45,255	Financing and investment income and expenditure			44,061
		74,213	Exceptional item – HRA settlement debt redemption costs			0
		(272,213)	Exceptional item – HRA settlement capital grant			0
		(375,607)	Taxation and non-specific grant income			(348,849)
		(300,795)	**(Surplus) or Deficit on Provision of Services**			**(63,159)**
		(35,479)	Surplus or deficit on revaluation of Property, Plant and Equipment assets			(6,433)
			Surplus or deficit on revaluation of available for sale financial assets			
		67,841	Actuarial gains/losses on pension assets and liabilities			101,940
		32,362	**Other Comprehensive Income and Expenditure**			**95,507**
		(268,433)	**Total Comprehensive Income and Expenditure**			**32,348**

GROUP BALANCE SHEET AS AT 31ST MARCH 2013

31 March 2012 £'000		31 March 2013 £'000
1,286,634	Property, Plant & Equipment	1,364,012
498	Heritage Assets	498
8,242	Investment Property	8,221
2,623	Intangible Assets	3,727
	Assets Held for Sale	
100	Long Term Investments	100
1,657	Long Term Debtors	1,323
1,299,754	**Long Term Assets**	**1,377,881**
31,715	Short Term Investments	46,336
	Assets Held for Sale	0
819	Inventories	370
45,920	Short Term Debtors	42,177
42,188	Cash and Cash Equivalents	37,493
120,642	**Current Assets**	**126,376**
(34,124)	Short Term Borrowing	(10,509)
(84,230)	Short Term Creditors	(80,723)
(5,208)	Provisions	(2,885)
(81)	Deferred income	
(123,643)	**Current Liabilities**	**(94,117)**
(38,275)	Long Term Creditors	(38,065)
(3,174)	Provisions	(2,803)
(403,094)	Long Term Borrowing	(428,003)
(702,997)	Other Long Term Liabilities	(824,404)
	Capital Grants Receipts in Advance	
(1,147,540)	**Long Term Liabilities**	(1,293,275)
149,213	**Net Assets**	**116,865**
171,466	Usable Reserves	231,375
(22,253)	Unusable Reserves	(114,510)
149,213	**Total Reserves**	**116,865**

GROUP CASH FLOW STATEMENT

2011/12 £'000		2012/13 £'000
300,795	Net surplus or (deficit) on the provision of services	63,159
(117,787)	Adjustments for non-cash movements	(79,001)
89,416	Adjustments for investing and financing activities	81,888
272,424	Net cash flows from Operating Activities	**66,046**
(42,975)	Investing activities	(70,872)
(226,080)	Financing activities	131
3,369	**Net increase or decrease in cash and cash equivalents**	**(4,695)**
38,819	Cash and cash equivalents at the beginning of the reporting period	42,188
42,188	**Cash and cash equivalents at the end of the reporting period**	**37,493**

NOTES TO THE GROUP ACCOUNTS

SUMMARY OF ITEMS IN GROUP ACCOUNTS

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

2011/12.

	Brent	BHP	Adjustments	Group
	£000	£000	£000	£000
Financing and investment income	43,532	1,723	0	45,255
Local Authority housing (HRA)	(65,742)	(583)	4,483	(61,842)
Property plant and equipment	1,246,961	39,673	0	1,286,634
Investment properties	2,772	5,470	0	8,242
Long term debtors	44,780	0	(43,123)	1,657
Inventories	138	681	0	819
Short term debtors	43,895	4,911	(2,886)	45,920
Cash and cash equivalents in hand	44,435	1,734	0	46,169
Short term creditors	(81,784)	(5,332)	2,886	(84,230)
Other long term liabilities	690,081	12,916	0	702,997
Usable reserves	165,961	5,505	0	171,466
Unusable reserves	(7,846)	(14,407)	0	(22,253)
Cash flow from investing activities	(21,079)	(21,896)	0	(42,975)

2012/13

	Brent	BHP	Barham Park	Adjustments	Group
	£000	£000	£000	£000	£000
Financing and investment income	41,346	2,714	0	0	44,060
Local Authority housing (HRA)	(31,808)	(2,987)	0	0	(34,795)
Property plant and equipment	1,322,460	40,647	905	0	1,364,012
Investment properties	2,751	5,470	0	0	8,221
Long term debtors	42,346	0	0	(41,023)	1,323
Inventories	97	273	0	0	370
Short term debtors	44,100	3,958	628	(6,509)	42,177
Cash and cash equivalents in hand	36,131	1,362	0	0	37,493
Short term creditors	(81,517)	(5,715)	0	6,509	(80,723)
Other long term liabilities	806,034	18,370	0	0	824,404
Usable reserves	224,970	5,777	628	0	231,375
Unusable reserves	(96,240)	(19,175)	905	0	(114,510)
Cash flow from investing activities	(68,606)	(2,266)	0	0	(70,872)

London Borough of Brent Pension Fund accounts as at 31 March 2013

	Notes	2011/12 £'000	2012/13 £'000
Dealings with members, employers and others directly involved in the fund			
Contributions	7	(41,663)	(43,782)
Transfers in from other pension funds	8	(2,152)	(1,361)
		(43,815)	**(45,143)**
Benefits	9	34,292	34,172
Payments to and on account of leavers	10	3,132	3,283
Administration expenses	11	1,013	954
		38,437	**38,409**
Net (additions)/withdrawals from dealings with members		**(5,378)**	**(6,734)**
Returns on investments			
Investment income	12	(8,236)	(3,450)
(Profits) and losses on disposal of investments and changes in the market value of investments	14a	7,477	(45,240)
Investment management expenses	13	2,599	1,438
Net return on investments		**1,840**	**(47,252)**
Net (increase)/decrease in the net assets available for benefits during the year		**(3,538)**	**(53,986)**

Net Assets Statement	Notes	31 March 2012 £'000	31 March 2013 £'000
Investment assets	14	484,824	538,297
		484,824	**538,297**
Current assets	19	8,955	8,660
Non current assets	20	1,921	1,357
Current liabilities	21	(1,803)	(431)
Net assets of the fund available to fund benefits at the period end		**493,897**	**547,883**

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 Council is the reporting entity for this Pension Fund.

The following description of the Fund is a summary only. For more detail, reference should be made to the Brent Pension Fund Annual Report 2012/13 and the underlying statutory powers underpinning the scheme, namely the Superannuation Act 1972 and the Local Government Pension Scheme (LGPS) Regulations.

a) General

The Fund is governed by the Superannuation Act 1972. The Fund is administered in accordance with the following secondary legislation:

- the LGPS (Benefits, Membership and Contributions) Regulations 2007 (as amended)
- the LGPS (Administration) Regulations 2008 (as amended)
- the LGPS (Management and Investment of Funds) Regulations 2009.

It is a contributory defined 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 within the borough area. Teachers, police officers and firefighters are not included as they come within other national pension schemes.

The Fund is overseen by the Brent Pension Fund Sub-Committee, which is a committee of Brent Council.

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 35 employer organisations with active members within the Brent Pension Fund at 31 March 2013, listed below:

Scheduled bodies
London Borough of Brent
Alperton High School
ARK Academy
Brent Housing Partnership
Capital City Academy
Newman Catholic College
Claremont High School
College of North West London
Convent of Jesus & Mary RC Language College
Crest Boys Academy
Crest Girls Academy
Islamia Primary School
Jewish Free School
Kilburn Park School
Kingsbury High School
Malorees Junior School
North West London Jewish Day School
Oakington Manor Primary School
Preston Manor High School
Queens Park Community School
St Gregory's RC School
St Joseph's RC School
Sudbury Primary School
The Copland Community School & Technology Centre
Wembley Technology Academy

Admitted bodies
Brent Association of Disabled People
Brent Society for Mentally Handicapped Children (Mencap)
Capita Business Services Limited
Europa Facility Services Limited
National Autistic Society
Sudbury Neighbourhood Centre
Wetton Cleaning and North Grounds Maintenance Services
Wetton South Grounds Maintenance Services
Willow Housing & Care Limited
Xerox (UK) Limited

Brent Pension Fund	31 March 2012	31 March 2013
Number of employers with active members	26	35
Number of employees in scheme		
Brent Council	4,467	4,091
Other employers	931	1,282
Total	**5,398**	**5,373**
Number of pensioners		
Brent Council	5,402	5,381
Other employers	571	669
Total	**5,973**	**6,050**
Deferred pensioners		
Brent Council	6,187	6,749
Other employers	707	374
Total	**6,894**	**7,123**

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 2007 and range from 5.5% to 7.5% of pensionable pay for the financial year ending 31 March 2013. Employee contributions are matched by employers' contributions which are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2010. During 2012/13, the most commonly applied employer contribution rate within the Brent Pension Fund was 26.9% of pensionable pay.

d) Benefits

Pension benefits under the LGPS are based on final pensionable pay and length of pensionable service, summarised below:

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

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits. For more details, please refer to the Brent Pension Fund's website:
https://www.mylgpspension.co.uk/

Benefits are index-linked in order to keep pace with inflation. In June 2010, the Government announced that the method of indexation would change from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI). This change took effect from 1 April 2011.

LGPS 2014

A reformed Local Government Pension Scheme (LGPS) will be introduced from April 2014. The main elements of the new scheme are:

- a pension scheme design based on career average;
- 1/49th accrual rate with revaluation of active members' benefits based on Consumer Prices Index (CPI);
- scheme normal pension age to be equal to the state pension age for both active members and deferred members;
- the earliest point at which retirement benefits can be taken is age 55;
- contributions based on actual pay (including part time employees) with an average member contribution yield of 6.5%, as now, with tiered contributions. Higher earners paying a higher proportion of their earnings in contributions than lower earning colleagues;
- a low cost option allowing members to pay 50% contributions for half the main benefits;
- all accrued rights are protected and benefits built up to April 2014 will be linked to final salary when members leave the scheme;

2. Basis of preparation

The Statement of Accounts summarises the Fund's transactions for the 2012/13 financial year and its position at year-end as at 31 March 2013. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, is disclosed at Note 18 of these accounts.

3. Summary of significant accounting policies

Fund Account – revenue recognition

a)Contribution income

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

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

b)Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations (see Notes 8 and 10).

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

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) 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.

j) 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.

k)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.

l) 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.

m)Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards.

As permitted under IAS 26, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement (Note 18).

n) 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 Clerical Medical 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(2)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (SI 2009/3093) 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 2013 was £100m (£81m at 31 March 2012).
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 17. 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 2013 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	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of approximately £187m. A 0.25% increase in assumed earnings inflation would increase the value of liabilities by approximately £35m, and a one-year increase in assumed life expectancy would increase the liability by approximately £37m.

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 £100m. There is a risk that this investment may be under- or overstated in the accounts.
Fund of hedge funds	The fund of hedge funds is valued at the sum of the fair values provided by the administrators of the underlying funds plus adjustments that the fund of hedge funds' directors or independent administrators judge necessary. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total fund of hedge funds value in the financial statements is £27m. There is a risk that this investment may be under- or overstated in the accounts. The custodian reports a tolerance of +/- 5% around the net asset values on which the fund of hedge funds valuation is based. This equates to a tolerance of +/- £1m.

6. Events after the Balance Sheet date

There have been no events since 31 March 2013, and up to the date when these accounts were authorised, that require any adjustments to these accounts.

7. Contributions receivable

By category

	2011/12 £'000	2012/13 £'000
Employers	33,883	36,278
Members	7,780	7,504
Total	**41,663**	**43,782**

By authority

	2011/12 £'000	2012/13 £'000
Scheduled bodies	40,727	42,626
Admitted bodies	936	1,156
Total	**41,663**	**43,782**

8. Transfers in from other pension funds

	2011/12 £'000	2012/13 £'000
Individual transfers	2,152	1,361
Total	**2,152**	**1,361**

9. Benefits payable

By category

	2011/12 £'000	2012/13 £'000
Pensions	25,642	28,183
Commutation and lump sum retirement benefits	7,805	5,590
Lump sum death benefits	845	399
Total	**34,292**	**34,172**

By authority

	2011/12 £'000	2012/13 £'000
Scheduled bodies	32,553	32,941
Admitted bodies	1,739	1,231
Total	**34,292**	**34,172**

10. Payments to and on account of leavers

	2011/12 £'000	2012/13 £'000
Refunds to members leaving service	25	14
Payments for members joining state scheme	-3	-2
Individual transfers	3,110	3,271
Total	**3,132**	**3,283**

11. Administration expenses

	2011/12 £'000	2012/13 £'000
Pension administration costs	914	899
External audit fees	33	25
Actuarial fees	66	30
Total	**1,013**	**954**

12. Investment income

	2011/12 £'000	2012/13 £'000
Fixed interest securities	2,310	21
Equity dividends	3,043	1,179
Pooled property investments	1,714	1,798
Interest on cash deposits	65	31
Private equity/infrastructure	944	421
Other	160	0
Total	**8,236**	**3,450**

13. Investment management expenses

	2011/12 £'000	2012/13 £'000
Management fees	2,510	1,383
Performance monitoring service	20	20
Other advisory fees	69	35
Total	**2,599**	**1,438**

The management fees disclosed above include all investment management fees directly incurred by the Fund including those charged on pooled fund investments.

14. Investments

	Market value 31 March 2012 £'000	Market value 31 March 2013 £'000
Investment assets		
Fixed interest securities	77,040	0
Equities	86,491	0
Pooled investments	205,281	405,064
Pooled property investments	34,739	33,320
Private equity/infrastructure	80,729	99,913
Investment income due	544	0
Total investments	**484,824**	**538,297**

a) Reconciliation of movements in investments

	Market value 1 April 2012 £'000	Purchases during the year £'000	Sales during the year £'000	Change in market value during the year £'000	Market value 31 March 2013 £'000
Fixed interest securities	77,040	0	(77,040)	0	0
Equities	86,491	0	(86,491)	0	0
Pooled investments	205,281	275,238	(118,020)	42,565	405,064
Pooled property investments	34,739	0	0	(1,419)	33,320
Private equity/infrastructure	80,729	25,306	(10,216)	4,094	99,913
	484,280	**300,544**	**(291,767)**	**45,240**	**538,297**
Other investment balances:					
Investment income due	**544**				**0**
Net investment assets	**484,824**				**538,297**

	Market value 1 April 2011 £'000	Purchases during the year £'000	Sales during the year £'000	Change in market value during the year £'000	Market value 31 March 2012 £'000
Fixed interest securities	84,965	128,760	(139,748)	3,063	77,040
Equities	247,060	58,461	(210,619)	(8,411)	86,491
Pooled investments	42,286	164,787	0	(1,792)	205,281
Pooled property investments	33,093	1,200	(18)	464	34,739
Private equity/infrastructure	60,183	25,175	(5,456)	827	80,729
Global Tactical Asset Allocation	18,827	0	(17,199)	(1,628)	0
	486,414	**378,383**	**(373,040)**	**(7,477)**	**484,280**
Other investment balances:					
Investment income due	**489**				**544**
Net investment assets	**486,903**				**484,824**

Transaction costs are included in the cost of purchases and in sale proceeds. These include costs charged directly to the Fund, such as commissions, stamp duty and other fees.

b) Analysis of investments

	31 March 2012 £'000	31 March 2013 £'000
Fixed interest securities		
UK		
Public sector quoted	66,094	0
Corporate quoted	1,141	0
Overseas		
Public sector quoted	9,805	0
	77,040	**0**
Equities		
UK		
Quoted	86,491	0
	86,491	**0**
Pooled funds – additional analysis		
UK		
Fixed income unit trust	0	82,898
Unit trusts	15,980	99,392
Fund of hedge funds	40,494	27,231
Diversified growth funds	0	33,953
Overseas		
Unit trusts	148,807	161,590
	205,281	**405,064**
Pooled property investments	34,739	33,320
Private equity/infrastructure	80,729	99,913
	115,468	**133,233**
	484,280	**538,297**

Investments analysed by fund manager

	Market value 31 March 2012 £'000	%	Market value 31 March 2013 £'000	%
Legal & General	117,764	24.3	202,617	37.6
Henderson	93,020	19.2	105,243	19.5
Brent in-house investment team	87,035	17.9	0	0
Capital Dynamics	63,861	13.1	81,199	15.1
Yorkshire Fund Managers	1,402	0.3	1,144	0.2
Fauchier	40,494	8.4	27,231	5.1
Baillie Gifford	0	0	33,953	6.3
Aviva	34,739	7.2	33,320	6.2
Dimensional	31,043	6.4	36,945	6.9
Alinda	15,466	3.2	16,645	3.1
Total	**484,824**	**100.0**	**538,297**	**100.0**

All the above companies are registered in the United Kingdom.

Concentration of investments

During the year, no individual investment exceeded 5% of the total value of the Fund's net assets.

c) Stock lending

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

15. Financial instruments

a) 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 2012				31 March 2013		
Fair value through profit and loss	**Loans and receivables**	**Financial liabilities at amortised cost**		**Fair value through profit and loss**	**Loans and receivables**	**Financial liabilities at amortised cost**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
			Financial assets			
77,040			Fixed interest securities	0		
86,491			Equities	0		
205,281			Pooled investments	405,064		
34,739			Pooled property investments	33,320		
80,729			Private equity/infrastructure	99,913		
	5,591		Cash		5,534	
544			Other investment balances	0		
	5,285		Debtors		4,483	
484,824	**10,876**	**0**		**538,297**	**10,017**	**0**
			Financial Liabilities			
		(1,803)	Creditors			(431)
484,824	**10,876**	**(1,803)**	**Totals**	**538,297**	**10,017**	**(431)**

b) Net gains and losses on financial instruments

31 March 2012 £'000		31 March 2013 £'000
	Financial assets	
(7,477)	Fair value through profit and loss	45,240
(7,477)	**Total**	**45,240**

c) 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 2012			31 March 2013	
Carrying value	**Fair value**		**Carrying value**	**Fair value**
£'000	**£'000**		**£'000**	**£'000**
		Financial assets		
484,824	484,824	Fair value through profit and loss	538,297	538,297
10,876	10,876	Loans and receivables	10,017	10,017
495,700	**495,700**	**Total financial assets**	**548,314**	**548,314**
		Financial liabilities		
(1,803)	(1,803)	Financial liabilities at amortised cost	(431)	(431)
(1,803)	**(1,803)**	**Total financial liabilities**	**(431)**	**(431)**

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

d) Valuation of financial instruments carried at fair value

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

Level 1

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

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.

The values of the investment in hedge funds are based on the net asset value provided by the fund manager. Assurances over the valuation are gained from the independent audit of the value.

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 2013	**Level 1**	**Level 2**	**Level 3**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Financial assets				
Financial assets at fair value through profit and loss	411,153		127,144	538,297
Loans and receivables	10,017			10,017
Total financial assets	**421,170**	**0**	**127,144**	**548,314**
Financial liabilities				
Financial liabilities at amortised cost	(431)			(431)
Total financial liabilities	**(431)**	**0**	**0**	**(431)**
Net financial assets	**420,739**	**0**	**127,144**	**547,883**

	Quoted market price	**Using observable inputs**	**With significant unobservable inputs**	
Values at 31 March 2012	**Level 1**	**Level 2**	**Level 3**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Financial assets				
Financial assets at fair value through profit and loss	363,601		121,223	484,824
Loans and receivables	10,876			10,876
Total financial assets	**374,477**	**0**	**121,223**	**495,700**
Financial liabilities				
Financial liabilities at amortised cost	(1,803)			(1,803)
Total financial liabilities	**(1,803)**	**0**	**0**	**(1,803)**
Net financial assets	**372,674**	**0**	**121,223**	**493,897**

16. Nature and extent of risks arising from financial instruments

Risk and risk management

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

Responsibility for the Fund's risk management strategy rests with the Pension Fund Sub-Committee. Risk management policies are established to identify and analyse the risks faced by the Pension Fund's operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

a) Market risk

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

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

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

The Fund manages these risks in two ways:

- the exposure of the Fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels
- specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

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 WM Company plc, the Pension Fund has determined that the following movements in market price risk are reasonably possible for the 2013/14 reporting period:

Asset type	Potential market movements (+/-)
Fixed interest	3.8%
UK equities	12.7%
Overseas equities	13.9%
Property	2.5%
Alternative investments	5.3%
Cash	0.0%

The potential price changes disclosed above 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 advisers' most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Had the market price of the Fund investments increased/decreased in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows (the prior year comparator is shown below):

Asset type	**Value at 31 March 2013**	**Percentage change**	**Value on increase**	**Value on decrease**
	£’000	**%**	**£’000**	**£’000**
Cash and cash equivalents	5,534	0.0	5,534	5,534
Investment portfolio assets:				
Fixed interest	82,898	3.8	86,048	79,748
UK equities	99,392	12.7	112,015	86,769
Overseas equities	161,590	13.9	184,051	139,129
Property	33,320	2.5	34,153	32,487
Alternative investments	161,097	5.3	169,635	152,559
Total	**543,831**		**591,436**	**496,226**

Asset type	Value at 31 March 2012	Percentage change	Value on increase	Value on decrease
	£'000	%	£'000	£'000
Cash and cash equivalents	5,591	0.0	5,591	5,591
Investment portfolio assets:				
Fixed interest	77,040	3.8	79,968	74,112
UK equities	103,015	12.7	116,098	89,932
Overseas equities	148,807	13.9	169,491	128,123
Property	34,739	2.5	35,607	33,871
Alternative investments	121,223	5.3	127,648	114,798
Total	**490,415**		**534,403**	**446,427**

Interest rate risk

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

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 2013 and 31 March 2012 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

	31 March 2012 £'000	31 March 2013 £'000
Cash balances	5,591	5,534
Fixed interest securities	77,040	82,898
Total	**82,631**	**88,432**

Interest rate risk sensitivity analysis

The Pension Fund recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. A 100 basis point (BPS) movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy. Experience suggests that long-term average rates are expected to move less than 100 basis points from one year to the next.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 100 BPS change in interest rates:

Asset type	Carrying amount as at 31 March 2013	Change in year in the net assets available to pay benefits	
		+100 BPS	(100) BPS
	£'000	£'000	£'000
Cash balances	5,534	55	(55)
Fixed interest securities	82,898	829	(829)
Total change in assets available	**88,432**	**884**	**(884)**

Asset type	Carrying amount as at 31 March 2012	Change in year in the net assets available to pay benefits	
		+100 BPS	(100) BPS
	£'000	£'000	£'000
Cash balances	5,591	56	(56)
Fixed interest securities	77,040	770	(770)
Total change in assets available	**82,631**	**826**	**(826)**

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 2013 and as at the previous period end:

Currency exposure – asset type	Asset value at 31 March 2012 £'000	Asset value at 31 March 2013 £'000
Overseas fixed income	9,805	0
Overseas unit trusts	148,807	161,590
Overseas pooled property investments	6,294	5,487
Overseas private equity/infrastructure	80,729	99,913
Total overseas assets	**245,635**	**266,990**

Currency risk – sensitivity analysis

Following analysis of historical data in consultation with WM Company PLC, the Pension Fund considers the likely volatility associated with foreign exchange rate movements to be 9%.

This analysis assumes that all other variables, in particular interest rates, remain constant.

A 9% 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 2013	Change to net assets available to pay benefits	
		+9%	-9%
	£'000	£'000	£'000
Overseas fixed income	161,590	176,133	147,047
Overseas unit trusts	5,487	5,981	4,993
Overseas pooled property investments	99,913	108,905	90,921
Overseas private equity/infrastructure			
	266,990	**291,019**	**242,961**
Total change in assets available			

	Asset value as at 31 March 2012	Change to net assets available to pay benefits	
		+9%	-9%
	£'000	£'000	£'000
Overseas fixed income	9,805	10,687	8,923
Overseas unit trusts	148,807	162,200	135,414
Overseas pooled property investments	6,294	6,860	5,728
Overseas private equity/infrastructure	80,729	87,995	73,463
Total change in assets available	**245,635**	**267,742**	**223,528**

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. Given the relatively low level of cash held by the Pension Fund at any one time, it is not considered necessary to place deposits with other banks and financial institutions to provide diversification.

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 2013 was £5.534m (31 March 2012: £5.591m). This was held with the following institutions:

	Rating	Balances as at 31 March 2012	Balances as at 31 March 2013
		£'000	£'000
Bank deposit accounts			
NatWest	A	5,591	5,534
Total		**5,591**	**5,534**

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. As at 31 March 2013 the value of illiquid assets was £160.5m, which represented 30% of the total fund assets (31 March 2012: £156.0m, which represented 32% 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 2013 are due within one year.

Refinancing risk

The key risk is that the Pension Fund will be bound to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. However, the Pension Fund does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategies.

17. Funding arrangements

In line with the LGPS (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 2010. The next valuation will take place as at March 2013.

The key elements of the funding policy are:

- to ensure the long-term solvency of the Fund, i.e., that sufficient funds are available to meet all pension liabilities as they fall due for payment
- to ensure that employer contribution rates are as stable as possible
- to minimise the long-term cost of the Scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return
- to reflect the different characteristics of employing bodies in determining contribution rates where the administering authority considers it reasonable to do so
- to use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a period of 22 years from 1 April 2013 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 2010 actuarial valuation, the Fund was assessed as 61% funded (72% at the March 2007 valuation). This corresponded to a deficit of £294m (2007 valuation: £194m) at that time.

Contribution increases were phased in over the three-year period ending 31 March 2014 for both Scheme employers and admitted bodies. The most commonly applied employer contribution rate within the Brent Pension Fund is:

Year	Employers' contribution rate
2011/12	25.1%
2012/13	26.9%
2013/14	27.4%

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 2010 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 2010 actuarial valuation were as follows:

Discount rate for periods

In service	
Scheduled bodies	7.50% a year
Admission bodies	6.25% a year
After leaving service	
Scheduled bodies	7.50% a year
Admission bodies	4.75% a year

Inflation (assumed to be RPI)	3.80% a year
Salary increases (assumed to be 1.5% over RPI)	5.30% a year
Pension increases (CPI assumed to be 0.5% less than RPI)	3.30% a year

Mortality assumptions

Future life expectancy based on the Actuary's fund-specific mortality review was:

Mortality assumption at age 65	**Male**	**Female**
Current pensioners	23.7 years	26.5 years

Commutation assumption

It is assumed that future retirees will take 25% of the maximum additional tax-free lump sum up to HMRC limits for pre-April 2008 service and 75% of the maximum for post-April 2008 service.

18. Actuarial present value of promised retirement benefits

In addition to the triennial funding valuation, the Fund's Actuary also undertakes a valuation of the pension fund liabilities, on an IAS 19 basis, every year using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year.

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.

The actuarial present value of promised retirement benefits at 31 March 2013 was £1,587m (31 March 2012: £1,294m). 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 2010 triennial funding valuation (see Note 18) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

Assumptions used

Inflation/pension increase rate assumption 2.8%
Salary increase rate 5.1%
Discount rate 4.5%

19. Current assets

	31 March 2012 £'000	31 March 2013 £'000
Debtors:		
- Contributions due – employees	103	146
- Contributions due – employers	2,102	2,596
- Sundry debtors	1,159	384
Cash balances	5,591	5,534
Total	**8,955**	**8,660**

Analysis of debtors

	31 March 2012 £'000	31 March 2013 £'000
Central government bodies	112	245
Other local authorities	2,449	2,742
Other entities and individuals	803	139
Total	**3,364**	**3,126**

20. Non current assets

	31 March 2012 £'000	31 March 2013 £'000
Non current assets	1,921	1,357
Total	**1,921**	**1,357**

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

21. Current liabilities

	31 March 2012 £'000	31 March 2013 £'000
Sundry creditors	1,803	431
Total	**1,803**	**431**

Analysis of creditors

	31 March 2012 £'000	31 March 2013 £'000
Central government bodies	10	5
Other entities and individuals	1,793	426
Total	**1,803**	**431**

22. Additional voluntary contributions

	Market value 31.March 2012 £'000	Market value March 2013 £'000
Clerical Medical	1,138	1,190
Equitable Life	175	172
Total	**1,313**	**1,362**

AVC contributions of £79,000 were paid to Clerical Medical during the year (2011/12: £88,000). The Pension Fund's former provider, Equitable Life, no longer accepts AVC contributions from Scheme members.

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 £0.987m (2011/12: £1.027m) 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 £31.576m to the Fund in 2012/13 (2011/12: £30.482m). All monies owing to and due from the Fund were paid in year.

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

Paragraph of the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 (the Code) exempts local authorities from the key management personnel disclosure requirements of IAS 24, on the basis that the disclosure requirements for officer remuneration and members' allowances detailed in section 3.4 of the Code (which are derived from the requirements of Regulation 7(2)-(4) of the Accounts and Audit (England) Regulations 2011) satisfy the key management personnel disclosure requirements of paragraph 16 of IAS 24. This applies in equal measure to the accounts of the Brent Pension Fund.

The disclosures required by Regulation 7(2)-(4) of the Accounts and Audit (England) Regulations can be found in the main accounts of Brent Council.

24. Contingent liabilities

The Fund had no contingent liabilities at 31 March 2013.

25. Contractual commitments

Outstanding capital commitments (investments) at 31 March 2013 totalled £64.979m (31 March 2012: £89.093m).

	31 March 2012	**31 March 2013**
	£'000	**£'000**
Capital Dynamics	77,545	54,077
Alinda	10,435	10,636
Yorkshire Fund Managers	1,113	266
Total	**89,093**	**64,979**

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.

26. Contingent assets

Five 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

	31 March 2012	**31 March 2013**
	£'000	**£'000**
Wettons (Estate Cleaning & North Grounds Maintenance)	158	158
Wettons (South Grounds Maintenance)	145	145
Capita	123	123
Willow Housing & Care Ltd	45	45
Xerox (UK) Ltd	0	29
Total	**471**	**500**

27. Impairment losses

The Fund had no impairment losses at 31 March 2013.

GLOSSARY

ACCRUALS

Amounts charged to the accounts for goods and services received during the year for which payments have not been made.

AREA BASED GRANT

Area Based Grant is paid by the Government to local authorities starting from 2008/09. It is a non-ringfenced general grant.

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.

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.

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.

CORPORATE MANAGEMENT

Those activities which relate to the general running of the Council. These provide the infrastructure that allows services to be provided whether by the Council or not and the information required for public accountability. Activities relating to the provision of services, even indirectly, are overheads on those services, not a charge to corporate management.

CREDITORS

Amounts owed by the Council at 31st March for goods received or services rendered but not yet paid for.

DEBTORS

Amounts owed to the Council which are collectable or outstanding at 31st March.

GLOSSARY (Continued)

DEMOCRATIC REPRESENTATION AND MANAGEMENT

This concerns corporate policy making and all other member-based activities. It includes the costs of officer time spent on appropriate advice and support activities plus subscriptions to local authority associations.

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.

FORMULA GRANT

The amount provided by Government to local authorities in the form of Revenue Support Grant and redistributed National Non-Domestic Rates based on relative needs and council tax base.

GOING CONCERN

The concept that the Council will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

GOVERNMENT GRANTS - SPECIFIC

Assistance by Government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to the Council in return for past or future compliance with certain conditions relating to the activities of the Council.

INFRASTRUCTURE ASSETS

A classification of fixed assets, whose life is of indefinite length and which are not usually capable of being sold, e g highways, street lighting and footpaths.

LONG TERM INVESTMENTS

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Council. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

Investments which do not meet the above criteria should be classified as current assets.

LEVIES

These are payments to London-wide bodies whose costs are borne by local authorities in the area concerned.

LONG-TERM CONTRACTS

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as long-term contracts if they are sufficiently material to the activity of the period.

MINIMUM REVENUE PROVISION

The minimum amount the Council must charge to the revenue accounts each year to repay loans as defined by Government regulation.

NATIONAL NON DOMESTIC RATE (NNDR)

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 and paid into a central pool (NNDR POOL) which is administered by the Central Government. The total collected is then redistributed to councils as part of Formula Grant.

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.

REVENUE SUPPORT GRANT

A general grant paid to local councils from national taxation which, together with redistributed National Non Domestic Rates, makes up total Formula Grant.

ABBREVIATIONS

ALMO	Arms Length Management Organisation
AVC	Additional Voluntary Contribution
BHP	Brent Housing Partnership
CIPFA	Chartered Institute of Public Finance and Accountancy
CLG	Communities and Local Government
DfE	Department for Education
FTE	Full Time Equivalent
GLA	Greater London Authority
HRA	Housing Revenue Account
IFRS	International Financial Reporting Standards
I&E Account	Income and Expenditure Account
LABGI	Local Authority Business Growth Incentive
LGPS	Local Government Pension Scheme
LPFA	London Pensions Fund Authority
MRA	Major Repairs Allowance
MRP	Minimum Revenue Provision
NNDR	National Non Domestic Rates (also called Business Rates)
PFI	Private Finance Initiative
PPP	Public Private Partnership
PWLB	Public Works Loans Board
SORP	Statement of Recommended Practice