LONDON BOROUGH OF RICHMOND UPON THAMES

STATEMENT OF ACCOUNTS 2016/17

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Director of Resources and Deputy Chief Executive

Audited
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These financial statements replace the unaudited financial statements certified by Mark Maidment on 30 June 2017

www.richmond.gov.uk

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NARRATIVE REPORT

INTRODUCTION

This is the Statement of Accounts of the London Borough of Richmond upon Thames for the financial year 2016/17. The Statement of Accounts is a complex, technical document, the form and content of which is governed by the Code of Practice on Local Authority Accounting in the United Kingdom (The Code). This report is intended to provide a fair, balanced and understandable guide to the most significant aspects of the Council's financial performance, year-end financial position and cash flow, as well as giving information as to how the Council will develop over the next few years.

The figures within this report and above the Net Cost of Services line on the Comprehensive Income and Expenditure Statement are based upon information that was reported to Members during the year and at the year-end. This is a new requirement of The Code 2016 for authorities to report on their internal structure rather than in line with SERCOP (Service Reporting Code of Practice). Where figures have been restated it is noted on the individual tables concerned. Other figures within the main body of the Statement of Accounts continue to be adjusted in line with International Financial Reporting Standards (IFRS) to allow comparisons between the Council and other similar bodies.

A new note, the Expenditure and Funding Analysis (Note 5) is included in 2016/17 Statement of Accounts to demonstrate how the funding available to the Council (i.e. Government Grants, rents, Council Tax and Business Rates) has been used in providing services, in comparison with those resources consumed by authorities in accordance with Generally Accepted Accounting Practices (GAAP). In practice, the Expenditure and Funding Analysis compares information that was reported to Members during the year, to information shown in the Comprehensive Income and Expenditure Statement. The Expenditure and Funding Analysis also shows how net expenditure is allocated for decision making purposes between the Council's 6 Directorates.

KEY FEATURES OF THE STATEMENT OF ACCOUNTS

This document comprises 3 key areas:

- The single entity Statement of Accounts of LB Richmond upon Thames
- The consolidated Group Accounts of LB Richmond upon Thames
- The Collection Fund Accounts.

The Statement of Accounts is made up of 4 core statements as listed in the table below:

Core Statement	Purpose/relationship with other statements
Comprehensive Income and Expenditure Statement (CI&ES)	This statement shows the accounting cost in the year of providing services in accordance with GAAP, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown both in the Expenditure and Funding Analysis and in the Movement in Reserves Statement.

Movement in Reserves Statement (MIRS)	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 unusable reserves. This statement also shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with GAAP and the statutory adjustments required to return to the amounts chargeable to Council Tax for the year. The increase/decrease (movement) in year line shows the statutory General Fund balance movements in the year following those adjustments.
Balance Sheet	This statement shows the value, as at the Balance Sheet date, of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.
Cash Flow Statement	This 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.

SHARED STAFFING ARRANGEMENT WITH THE LONDON BOROUGH OF WANDSWORTH (SSA)

In January 2015, the Leaders of LB Richmond and LB Wandsworth jointly announced their intention to create a shared staffing arrangement. This arrangement commenced on 1 October 2016. As at 31 January 2017 approximately 3,200 staff were jointly employed by both councils with cross-site working arrangements in place and both councils' IT networks joined. In addition, both councils' Pension Funds are now merged, and a single officer-level decision making process is in place which serves 2 sets of Members. There is also a single senior management structure in place.

The SSA has created one of the biggest staff groups in local government, which will enable both councils to retain quality, specialisms and expertise which are more sustainable in a larger organisation. The shared approach is projected to save each council on average an estimated £10m per year.

LB Richmond is not required to produce a joint Statement of Accounts with LB Wandsworth for the SSA, therefore this Statement of Accounts is for LB Richmond only. As both councils' Pension Fund have been merged since 1 October 2016, this Statement of Accounts also only includes the Pension Fund Accounts of LB Richmond for the period 1 April 2016 to 30 September 2016 (Technical Annexe 5).

REVENUE BUDGET AND OUTTURN

Since the commencement of the SSA with LB Wandsworth reporting has been based on a 6 Directorate structure which is the same for both councils.

The Council recorded a net underspend of £1.1m (0.9% of the 2016/17 Budget Requirement). There were over and underspends across the Directorates, reflecting the wide range of services provided. Further details are included in the Council's outturn report which is available on the following link: https://cabnet.richmond.gov.uk/ieListDocuments.aspx?CId=163&MId=4019 (item 535). The most significant items to note in each Directorate are set out below:

Directorate	Revised Budget £000	Outturn £000	Variance £000
AfC Client Side and Residual Functions*	37,722	39,992	2,270
Environment and Community Services	22,283	21,142	(1,141)
Adults Social Services	55,932	54,954	(978)
Housing and Regeneration	5,285	5,507	222
Chief Executive's Group	8,082	7,284	(798)
Resources	26,815	25,663	(1,152)
Central Items	(42,786)	(42,269)	517
	113,333	**112,273**	**-1,060**

* During 2013/14, both the Council and RB Kingston set up a community interest company called Achieving for Children (AfC) to provide their Childrens' Services. AfC Client Side and Residual Functions is the contract for the service and any minor residual services still held by the Council.

AfC Client Side and Residual Functions (£2.3m overspend)

The key areas are:

- A £2.2m overspend on the social care placement budget for looked after children (including unaccompanied asylum seekers and care leavers) and placement budgets for children who are supported but not looked after by the Council (e.g. adoption, special guardianship orders). Demand and the average cost of placements have remained consistently high throughout 2016/17.

- There is an overspend of £3.9m (which is outside the figures in the above table) on LB Richmond's ring-fenced Dedicated Schools Grant (DSG). This relates to increased numbers of children with special educational needs and disability, including increased complexity of needs and an increase in children diagnosed with autism. Taking into account the deficit balance carried forward from previous years, the balance at 31 March 2017 is a deficit of £5.8m. This £5.8m deficit is held in the Council's reserves. AfC are leading work on behalf of the Council with the Schools Forum to look at how to address the deficit. The Schools Forum received reports in June and September 2016 setting out the latest position and action being taken to address the underlying deficit position on the DSG.

Environment and Community Services (£1.1m underspend)

This underspend is from a variety of areas. The key areas are:

- Parking Enforcement (£0.5m additional income). This is largely due to the continued increase in enforcement income received above budget, including the introduction of enforcement at box junctions to improve traffic flow.

- On and Off Street Parking (£0.4m additional income). Parking fee income increased in 2016/17, partly offset by an overspend on repairs and maintenance of parking equipment.

- Sports (£0.3m underspend). This is mainly due to a contract saving and additional income achieved at Pools on the Park.

- Waste Collection/Recycling (£0.2m underspend). This is mainly due to an underspend on vehicle hire and additional income from sales of recyclate and green waste, offset by an overspend on contract payments for commingled waste.

- Engineering 2 (£0.2m overspend). Engineering 2 comprises planned highways maintenance, street lighting and bridges. The increased overspend is due to the Council's anticipated contribution to the cost of work to Twickenham footbridge which is currently being agreed with Network Rail.

Adult Social Services (£1.0m underspend)

The key areas are:

- Business Resources (£1.1m underspend). This relates to various central Adults Social Services Directorate budgets being underspent such as Finance and the Director budget. This is due to savings generated in the lead up to and subsequent implementation of the SSA.

- Social Services (£0.2m overspend). This is due overspends in In House Care Provision, Transport Operations and Careline, which are partially offset by an underspend on Commissioned Services for all client groups.

Housing and Regeneration (£0.2m overspend)

The key areas are:

- Housing Services which includes Temporary Accommodation, Private Sector Housing and the Resettlement Service (£0.3m overspend). The service experienced an increase (40%) in demand for temporary accommodation during the year.

- Sundry Properties (£0.3m overspend). This relates to disposal costs, legal fees and a shortfall in rental income. The shortfall in rental income has been particularly affected in 2016/17 by a number of vacant properties resulting from new acquisitions and pending disposals.

- Office Accommodation (£0.3m underspend). This was due to the receipt of a large Business Rates rebate for the Civic Centre following an appeal.

Chief Executive's Group (£0.8 underspend)

The majority of this underspend is in Public Health (Core) (£0.5m). This is primarily from salaries budgets, due to the implementation of the SSA and the holding of vacancies in preparation. There is also an element arising from claw backs from underperforming contracts in Public Health and from preparatory work for savings requirements in the coming financial year. Public Health expenditure is now split between Adult Social Services Directorate and the Chief Executive's Group, with the majority of contracted service delivery being in Adults Public Health. The expenditure is funded from a ring-fenced grant which is fully spent in 2016/17.

Resources (£1.2m underspend)

The bulk of the underspend relates to staff salaries (£1.4m) where vacancies have been held before moving into the new SSA structures. Partially offsetting this have been overspends in Corporate Services where the Council has had to dual run some services (Serco IT and HR/Payroll), during the transition (from previously outsourced/shared services into the new SSA).

The other significant element of underspend is in relation to Rent Allowances where the Council does not budget for recovery from overpayments. The underspend represents 1% of the total amount of housing benefit paid out and has arisen from a reduction in claimant numbers and improved recovery of overpayments.

Central Items (£0.5 overspend)

This area shows a net overspend of £0.5m primarily as a result of the Council not needing to draw down against reserves as originally budgeted (£1.2m). This is offset by an underspend in the central contingency budget (£0.5m).

Treasury budgets have a nil variance against a budget of £5.4m, after applying £1.1m of underspends to fund the capital programme in the year.

REVENUE RESERVES

The Council General Fund Reserve remains unchanged at £9.9m which represents 8.3% of the Council Budget Requirement for 2017/18 and is within the guidelines agreed by the Council.

Reserves (including the General Fund Reserve), but excluding schools and grant reserves, have increased by £0.2m to £36.6m. Including schools, reserves have fallen by £5.7m largely as a result of a shortfall in Dedicated Schools Grant funding which is outside the Council's control but effectively forms a call on the Council's other reserves.

Of the £36.6m, £9.8m relates to the PFI and Insurance reserves which, whilst not statutory, are deemed essential and their use for other purposes would potentially lead to significant fluctuations in future revenue spend that are not budgeted within the Council's Medium Term Financial Strategy.

Further detail on all earmarked reserves is available in Note 14 and in the Council's outturn report (Appendix A).

CAPITAL OUTTURN

The Council has spent £51.9m on the capital programme in 2016/17. This is detailed in the table below. Overall expenditure increased significantly from the £38m expenditure in 2015/16 due to school's projects and environmental schemes.

Directorate	Revised Budget £000	Outturn £000	Variance £000
Education and Children Services	33,259	33,259	0
Environment and Community Services	10,163	10,121	(42)
Adults Social Services	7	2	(5)
Housing and Regeneration	3,436	3,436	0
Resources	5,048	5,048	0
	51,913	**51,866**	**(47)**

REVIEW OF 2016/17

The Council's key achievements in 2016/17 were:

- The achievement of £4.4m of budget efficiency savings through the re-procurement of contracts, restructuring of services and generation of additional income.

- The Council successfully commenced the SSA with LB Wandsworth on the 1 October 2016, under which both councils share staff. This shared staffing arrangement follows already successfully implemented delivery models for a number of shared services including Audit, Youth Offending, Pensions, and Legal services.

- Since 2010 the Council has spent £332m on the Capital Programme. The key achievements in this time include:

    - The creation of 3,479 primary school places, with the current programme funding a further 420 new places

    - The creation of 900 secondary school places, with the current programme funding a further 750 new places

    - The creation of 1,480 6th form places in the borough's secondary schools

    - The Uplift Programme in Hampton North, Ham, Whitton, Barnes and Mortlake and the purchase of the King Street/Water Lane site

    - 39,599 square metres of roads have been resurfaced in the last year

    - The Housing Capital Programme has part funded 259 affordable units.

PENSIONS DEFICIT

The Accounts show a deficit on the Council's pension liabilities of £266.3m at 31 March 2017 (increased from £155.2m at 31 March 2016). This figure is LB Richmond's share of pensions liabilities, so includes Richmond's share of the SSA staffing liabilities as well as pre-SSA costs of council staff. The deficit is therefore comparable with prior years, with the increase due to external factors, although the SSA have reduced staff numbers across both councils. This figure is calculated by the joint Pension Fund's Actuary and is an estimate of the shortfall in funds available to the Fund to meet all of its liabilities using the IAS 19 methodology. The calculation is heavily dependent on the assumptions made by the Actuary about factors such as investment return, longevity, and future inflation rates. The main reason for the increase in the deficit is changes in financial assumptions which include a decreased discount rate increasing the net present value of projected liabilities and expected inflation increases. There has been some offset from increased investment returns.

The March 2016 triennial valuation is now complete and data from this exercise has been used in all Fund reporting this year. This takes into account the transfer of Richmond upon Thames Pension Fund assets and liabilities into the Wandsworth Council Pension Fund as at 1 October 2016 as required by Local Government Pensions Scheme (Wandsworth and Richmond Fund Merger) Regulations 2016 SI 2016/1241. The merged Fund has a Funding Strategy Statement set which has the aim that all employers are fully funded within 12 years.

OTHER SIGNIFICANT ITEMS TO NOTE

There are a number of significant items included in the detail of the Accounts:

- Capital receipts totalling £3.2m were received in 2016/17 (£1.6m in 2015/16). The main items within this are the sale of 111-113 Mortlake High Street for £1.1m and Preserved Right to Buy receipts of £1.5m.

- The Council capitalised £2.2m of its costs in setting up the SSA with LB Wandsworth as allowed under the Flexible Use of Capital Receipts Strategy 2016/17-2018/19. This strategy allows councils to finance one off projects designed to deliver on-going efficiency savings from capital receipts within a 3 year period starting in 2016/17.

- In 2016/17 the Council increased its loan to the West London Waste Authority (WLWA) from £11.9m to £14.5m. The loan will form part of an overall loan of £15.0m, with the final amount payable upon completion of the defects period. The Council now shows a £14.7m loan on its Balance Sheet as a debtor. This is unusual as it is a loan made for policy and not treasury investment purposes. Further details can be found on the following link: https://cabnet.richmond.gov.uk/documents/s41063/West%20London%20Waste%20Authority%20residual%20waste%20funding%20issues.pdf.

- The Council purchased land at Egerton Road from Richmond upon Thames College to provide a new secondary school (Richmond upon Thames School) and special educational needs provision. The site was valued at £15m and the purchase completed in March 2017.

- The Council now receives Community Infrastructure Levy (CIL) receipts. These receipts in year totalled £6.5m, of which £4.1m related to the HM Revenues and Customs (HMRC) site in Ruskin Avenue, Kew.

CURRENT BORROWING FACILITIES AND CAPITAL BORROWING

The Council increased its underlying need to borrow (Capital Financing Requirement) by £21.4m during the year to £164.5m. This increase represented part funding for £51.9m of capital spend incurred during the year. The Council increased its actual borrowing by £15.0m in the form of Public Works Loans Board (PWLB) loans and made loan repayments of £3.7m. This increase reduced the gap between the underlying need to borrow and actual borrowing (replacing internal borrowing) but increased total external borrowing to £109.4m. The Council will occasionally borrow short term to fund cash flow but this year-end balance represents capital borrowing. Details of the Council's capital programme and treasury strategy are reported to Cabinet every February. These reports give further information on the nature of the capital spend being financed, and the decision making process around how and when to borrow for capital purposes. The February 2017 report is available on the following link:
https://cabnet.richmond.gov.uk/documents/s66187/A%20Treasury%20Management%20Policy%20Strategy%20201718.pdf.

INTERNAL AND EXTERNAL FUNDS TO MEET CAPITAL AND PFI COSTS

The Council sets a 6 year capital programme every February, detailing the current and next 5 years planned capital spend. This includes how the spend will be financed, and the relevant Prudential Indicators required to enable the Council to ensure all capital borrowing is affordable, sustainable and prudent. The capital programme totals £168.5m over a 6 year period. Education projects (52.7% of the total programme over the next 5 years) continue to dominate the programme. This reflects the Council's investment plans for primary, secondary and special school places. It is expected that this programme will now bring the number of extra primary school places since 2010 to 3,899 (28.8% increase) and provide a minimum of 1,650 (17.1% increase) secondary school places by 2017. The programme includes new schemes totalling just over £9m.

The Council has 2 PFI projects (see Note 21) and recognises £14.8m of long term liability as funding for the care homes and schools assets acquired under these 2 contracts. There are further financing leases which relate to vehicles and buildings, with an associated long term liability of £4.5m.

MEDIUM TERM FINANCIAL STRATEGY (MTFS)

The Council’s 2017/18 financial strategy is set against a background of on-going funding reductions which are being implemented by central Government as part of the deficit reduction policy.

The 2017 Local Government Finance Settlement (LGFS) built on the 2016 Settlement with additional reductions for the Council in New Homes Bonus and Education Support Grant over and above the numbers agreed in the 4 year Settlement. The overall 4 year general grant picture remains that in 2015/16, the Borough received £44.3m in Revenue Support Grant and Retained Business Rates. By 2019/20, that amount will have reduced to £14.9m, a 66% reduction. This level of reduction is twice the London and all England average and leaves Richmond as the lowest funded London Borough.

The key objective of the 2017/18 MTFS is to set the lowest possible Council Tax consistent with caring for the most vulnerable. Driving this review are 4 key factors:

- Central Government policy in relation to local government funding as reflected in the LGFS
- The requirement for the Council to achieve further expenditure reductions whilst maintaining the quality of services
- The continuing need for capital and infrastructure investment
- The desire to restrict increases in Council Tax where possible.

Between 2011/12 and 2016/17, the Council has achieved efficiencies of £44.1m. These savings can broadly be categorised as £19.3m from internal restructuring and the sharing of services with other organisations, £14.2m from procurement and contract savings and £10.6m from income generation, inflation restrictions and other savings.

The funding issues faced by the Council will require additional savings to be identified and implemented in order to achieve the lowest possible Council Tax increases in future years. £12.7m of savings for 2017/18 and £8.5m of savings over the following 2 years has been identified at present. These figures include the projected £10m of savings related to the SSA with LB Wandsworth.

FORWARD LOOK

The Council’s key challenges for 2017/18 and beyond are:

- Recent Government funding changes have focused on help with Adult Social Care. The Council was awarded no Improved Better Care Fund and a very small proportion (lowest in London per head over 4 years) of the new Adult Social Care Grant announced in the Spring 2017 Budget. This means further savings will be required beyond 2018/19. The exact level of savings will depend on the Council Tax levels agreed and the outcome of the local government finance system review proposed by the Government.
- Although reserves remain robust, particular concern remains around the Dedicated Schools Grant as identified on page 7.

STATEMENT OF RESPONSIBILITIES

Responsibilities of the Council

The Council is required to:

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

Responsibilities of the Director of Resources and Deputy Chief Executive

The Director of Resources and Deputy Chief Executive is responsible for the preparation of the Council's Statement of Accounts, in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (The Code).

In preparing the Statement of Accounts, the Director of Resources and Deputy Chief Executive has:

- selected suitable Accounting Policies, and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with The Code.

The Director of Resources and Deputy Chief Executive has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate

I certify that the Statement of Accounts gives a true and fair view of the financial position of the London Borough of Richmond upon Thames as at the 31 March 2017 and its income and expenditure for the year ended 31 March 2017.

Mark Maidment
Director of Resources and Deputy Chief Executive
14 September 2017

CERTIFICATE OF APPROVAL

These financial statements were approved by the Statutory Accounts Committee on 14 September 2017.

Chairman
Statutory Accounts Committee
14 September 2017

Date authorised for issue: This Statement of Accounts is authorised for issue on 14 September 2017 and any events up to this date are reflected in the note on events after the Balance Sheet date – see Note 4.

THE CORE FINANCIAL STATEMENTS

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The Comprehensive Income and Expenditure Statement (CI&ES) shows the accounting cost in the year of providing services in accordance with GAAP, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown both in the Expenditure and Funding Analysis and in the Movement in Reserves Statement. The CI&ES has been restated for 2015/16 due to the 2016/17 Code requiring the Council's income and expenditure to be reported in line with what was reported to Members during the year and at the year-end.

		31 March 2017			31 March 2016 (Restated)		
		Expenditure	Income	Net	Expenditure	Income	Net
	Notes	£000	£000	£000	£000	£000	£000
AfC Client Side and Residual Functions		188,348	(122,041)	66,307	168,129	(121,456)	46,673
Environment and Community Services		61,110	(34,165)	26,945	64,119	(31,853)	32,266
Adults Social Services		96,768	(36,947)	59,821	83,157	(23,284)	59,873
Housing and Regeneration		16,759	(9,481)	7,278	16,417	(9,549)	6,868
Chief Executive's Group		17,452	(11,468)	5,984	16,316	(10,907)	5,409
Resources*		103,311	(73,985)	29,326	99,901	(75,788)	24,113
Central Items		0	(4,255)	(4,255)	0	(3,455)	(3,455)
Cost Of Services		**483,748**	**(292,342)**	**191,406**	**448,039**	**(276,292)**	**171,747**
Other Operating Expenditure	*8*	67,887	(5,948)	61,939	11,715	(5,273)	6,442
Financing and Investment Income and Expenditure	*9*	11,249	(2,892)	8,357	4,181	(2,617)	1,564
Taxation and Non-Specific Grant Income	*10*	0	(176,692)	(176,692)	0	(170,472)	(170,472)
(Surplus) or Deficit on Provision of Services		**562,884**	**(477,874)**	**85,010**	**463,935**	**(454,654)**	**9,281**
(Surplus) or deficit on revaluation of Property, Plant and Equipment	*17*	0	(91,368)	(91,368)	0	(12,767)	(12,767)
Actuarial (gains)/losses on pension assets/liabilities	*38*	96,943	0	96,943	0	(41,341)	(41,341)
Other Comprehensive Income and Expenditure		**96,943**	**(91,368)**	**5,575**	**0**	**(54,108)**	**(54,108)**
Total Comprehensive Income and Expenditure		**659,827**	**(569,242)**	**90,585**	**463,935**	**(508,762)**	**(44,827)**

* Resources Directorate includes Housing Benefit (£67.3m expenditure, £68m income in 2016/17, and £69.5m expenditure, £69.9m income in 2015/16).

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. This statement also shows how the movements in year are broken down between gains and losses incurred in accordance with GAAP and the statutory adjustments required to return to the amounts chargeable to Council tax for the year. The Net increase/decrease before Transfers to Earmarked Reserves line shows the change to the statutory General Fund (GF) balance before any discretionary transfers to or from Earmarked Reserves undertaken by the Council. The increase/decrease (movement) in year line shows the statutory General Fund balance movements in the year following those adjustments.

	Notes	General Fund Balance £000	Earmarked GF Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Council Reserves £000
Balance at 31 March 2015 carried forward		**(9,956)**	**(49,501)**	**(1,903)**	**(6,263)**	**(67,623)**	**(527,783)**	**(595,406)**
Movement in reserves during 2015/16								
(Surplus) or deficit on Provision of Services	*CI&E*	9,281	0	0	0	9,281	0	9,281
Other Comprehensive Expenditure and Income	*CI&E*	(54,108)	0	0	0	(54,108)	0	(54,108)
Total Comprehensive Expenditure and Income		**(44,827)**	**0**	**0**	**0**	**(44,827)**	**0**	**(44,827)**
Adjustments between accounting basis and funding basis under regulations		48,875	0	(288)	(210)	48,377	(48,377)	0
Net increase/decrease before Transfers to Earmarked Reserves		**4,048**	**0**	**(288)**	**(210)**	**3,550**	**(48,377)**	**(44,827)**
Transfers to/from Earmarked Reserves		(4,048)	4,048	0	0	0	0	0
Increase/decrease (movement) in year		**0**	**4,048**	**(288)**	**(210)**	**3,550**	**(48,377)**	**(44,827)**
Balance at 31 March 2016 carried forward		**(9,956)**	**(45,453)**	**(2,191)**	**(6,473)**	**(64,073)**	**(576,160)**	**(640,233)**
Movement in reserves during 2016/17								
(Surplus) or deficit on Provision of Services	*CI&E*	85,010	0	0	0	85,010	0	85,010
Other Comprehensive Expenditure and Income	*CI&E*	5,575	0	0	0	5,575	0	5,575
Total Comprehensive Expenditure and Income		**90,585**	**0**	**0**	**0**	**90,585**	**0**	**90,585**
Adjustments between accounting basis and funding basis under regulations	*13*	(83,293)	(75)	(489)	(7,486)	(91,343)	91,343	0
Net increase/decrease before Transfers to Earmarked Reserves		**7,292**	**(75)**	**(489)**	**(7,486)**	**(758)**	**91,343**	**90,585**
Transfers to/from Earmarked Reserves		(7,292)	7,292	0	0	0	0	0
Increase/decrease (movement) in year		**0**	**7,217**	**(489)**	**(7,486)**	**(758)**	**91,343**	**90,585**
Balance at 31 March 2017 carried forward		**(9,956)**	**(38,236)**	**(2,680)**	**(13,959)**	**(64,831)**	**(484,817)**	**(549,648)**

BALANCE SHEET

This statement shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in 2 categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line; adjustments between accounting basis and funding basis under regulations.

	Notes	**31 March 2017 £000**	**31 March 2016 £000**
Property, Plant and Equipment	*17*	882,707	844,174
Heritage Assets	*18*	2,792	2,786
Investment Property	*19*	18,140	17,290
Intangible Assets	*20*	72	146
Long Term Investments	*28*	750	750
Long Term Debtors	*24/28*	23,856	25,452
Long Term Assets		**928,317**	**890,598**
Short Term Investments	*28*	20,649	21,567
Inventories		38	54
Short Term Debtors	*24*	48,728	38,069
Cash and Cash Equivalents	*28*	14,926	26,082
Current Assets		**84,341**	**85,772**
Short Term Borrowing	*28*	(3,893)	(4,906)
Short term Creditors	*25*	(52,595)	(44,811)
Provisions	*26*	(4,181)	(3,756)
Current Liabilities		**(60,669)**	**(53,473)**
Long Term Creditors	*25*	(1,460)	(1,069)
Grants Receipts in Advance - Capital	*25*	(1,131)	(4,321)
Provisions	*26*	(879)	(710)
Long Term Borrowing	*28*	(106,462)	(94,011)
Other Long Term Liabilities	*27*	(292,409)	(182,553)
Long Term Liabilities		**(402,341)**	**(282,664)**
Net Assets		**549,648**	**640,233**
Usable Reserves	*15*	(64,831)	(64,073)
Unusable Reserves	*16*	(484,817)	(576,160)
Total Reserves		**(549,648)**	**(640,233)**

CASH FLOW STATEMENT

This 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. Cash flows on investing activities include capital expenditure and changes in levels of short and long term investments (i.e. cash flows associated with assets). Cash flows on financing activities primarily include changes in long and short term borrowing and changes to principal balances on finance leases (i.e. include the changes to external borrowing of the Council).

	Notes	**31 March 2017 £000**	**31 March 2016 £000**
Net (surplus) or deficit on the Provision of Services		85,010	9,281
Adjustments to net (surplus) or deficit on the Provision of Services for noncash movements		(103,517)	(25,387)
Adjustments for items included in the net (surplus) or deficit on the Provision of Services that are Investing and Financing Activities		3,220	1,329
Net cash flows from Operating Activities		**(15,287)**	**(14,777)**
Investing Activities	*31*	38,272	36,963
Financing Activities	*32*	(11,829)	(30,439)
Net (increase) or decrease in cash and cash equivalents		**11,156**	**(8,253)**
Cash and cash equivalents at the beginning of the reporting period		26,082	17,829
Cash and cash equivalents at the end of the reporting period		**14,926**	**26,082**
Which is made up of the following:			
Cash held by the Council		14	24
Bank current accounts		(3,788)	(2,292)
Short term readily convertible investments		18,700	28,350
		14,926	**26,082**

HOW THE ACCOUNTS ARE PREPARED

NOTE 1 ACCOUNTING POLICIES AND STANDARDS

Accounting Policies

The Statement of Accounts summarises the Council's transactions for the 2016/17 financial year and its year-end position at 31 March 2017. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015. These regulations also require that the Accounts be prepared in accordance with proper accounting practices. These practices comprise the following:

- The Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (The Code)
- All relevant approved accounting standards issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Issues Committee (IFRIC)
- Relevant statutory guidance issued by Government.

The Council has agreed and followed a detailed set of Accounting Policies in the preparation of this Statement of Accounts, a copy of which is available in Technical Annexe 1.

The most significant policies to note are:

- **Recognition of Income and Expenditure**
  Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

  Income – Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council. Revenue from the provision of services is recognised when it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

  Expenditure – Supplies are recorded as expenditure when they are consumed. Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- **Property Plant and Equipment**
  Recognition – Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

  Measurement – Assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

  Revaluation – Assets included in the Balance Sheet at fair value are revalued sufficiently and regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but no less often than every 5 years.

  Impairment – Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Depreciation – Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives.

- **Interests in Companies and Other Entities**
  Where the Council assess that its relationship with another entity is classified as a Subsidiary, Associate, or Joint Venture it will present its accounts to reflect these interests as follows:

  Subsidiary – An entity will be a subsidiary where the Council controls it. This control is determined by power over the entity, exposure or rights to returns from the entity, and the ability to affect the amount of those returns. Where material, the Council will consolidate the Accounts of this entity into its own Accounts on a line by line basis. 100% of all transactions and balances will be consolidated into the Council's Accounts and the Council will present both single entity and consolidated Group Accounts.

  Associate – An entity will be an Associate where the Council assesses that it has significant influence over the operations of another entity. Where this is the case the interest will be represented in the Council's Accounts using the equity method. The original investment will be adjusted for the current share of the net assets and the relevant share of profit or loss is recognised in the Comprehensive Income and Expenditure Statement.

  Joint Entities – These are either Joint Ventures or Joint Operations depending on the basis of asset/liabilities allocation between the controlling entities. If the Council enters into an agreement whereby there is joint control over another entity it will, where material, consolidate this interest using the proportionate line by line method. This entails consolidating the other entity's Accounts with the Council's Accounts in line with the proportion of control that is held.

- **Pension Schemes**
  Following the passing of the Local Government Pension Scheme (Wandsworth and Richmond Fund Merger) Regulations 2016 – SI 2016/1241, LB Richmond is no longer an administering authority of the Local Government Pension Scheme (LGPS). The London Borough of Richmond upon Thames Pension Fund no longer exists as an entity from 1 October 2016.

  The Council is now a scheduled employer in the Wandsworth Council Pension Fund and LB Wandsworth is the administering body for that Fund. The Wandsworth Council Pension Fund Accounts are presented in LB Wandsworth's Statement of Accounts only on this basis.

Critical Judgements in Applying Accounting Policies

In applying the Accounting Policies (set out in Technical Annexe 1, and above), the Council has made certain judgements about transactions, relationships, and uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty around the future funding for local government. In addressing the future risks that arise from this uncertainty the Council believes there are no indications that assets need to be impaired as a result of a need to close facilities and reduce levels of service provision.

- In view of the economic position and the uncertainty over future funding levels, the Council has planned efficiency savings. Staffing levels have been reduced and the cost of redundancies has generally been met from savings, flexible capital receipts and reserves. An earmarked reserve has been established to help meet the cost of implementing future efficiency savings, including redundancy costs. The Council is also making use of the option to use capital receipts to fund one off service reforms as reported to Cabinet in February 2017.

- The Council has established a trust; Orleans House Trust, that controls donated assets comprising of a historic building, adjacent properties, and an extensive art collection. During 2013/14 an on-going agreement was put in place between the Council and the Trust which records both parties' respective responsibilities in relation to their common purpose. The Trust continues to be assessed as a Subsidiary and has been included in the Council's consolidated Group Accounts on this basis.

- During 2013/14, both the Council and RB Kingston set up a community interest company called Achieving for Children (AfC) to provide their Childrens' Services. The aim of AfC is to focus on providing high quality frontline services by creating economies of scale and reducing management and overhead costs. The company was registered at Companies House in February 2014 and became fully operational on 1 April 2014.

  Both councils have joint control over the company and as such it is judged that the company is a Joint Entity (Joint Venture). Separate consolidated Group Accounts have therefore been presented since 2014/15. The Council's interest is 50% as both councils hold an equal share in AfC.

  AfC has been assessed as a going concern. A loss of £12.7m has been reported in 2016/17 compared to a profit of £4.9m in 2015/16. AfC have also reported a trading loss for 2016/17 of £2.0m. The difference between this loss from continuing operations and the position for total comprehensive expense is due to re-measurement of the pension liability under IAS 19.

  AfC's Balance Sheet includes a net pension liability of £28.2m (£15.5m in 2015/16). This change reflects a decrease in the discount rate used to calculate the present value of liabilities. The majority of AfC's employees are members of the LGPS which is a defined benefit scheme. When AfC started trading on 1 April 2014, the majority of its staff transferred their employment from the Council into AfC under TUPE, which included transferring their membership of the LGPS to AfC. AfC is an employer in the LGPS scheme, within the 2 pension funds administered by RB Kingston and LB Richmond (now administered by LB Wandsworth).

  AfC's net pension liability at 31 March 2017 is calculated under the provisions of IAS 19 whereas the employer's pension contributions that the company actually makes to the pension funds are based on an actuarial valuation undertaken under the rules of the LGPS. AfC's contributions are assessed at each triennial valuation for pension funds in the LGPS. The most recent valuation was carried out as at 31 March 2016 and has resulted in an increase in employer contribution rates from 15.5% to 16% (effective April 2017). The next triennial valuation is due as at 31 March 2019.

- The SSA with LB Wandsworth commenced on 1 October 2016. Whilst each council retains its sovereignty as a separate body, many costs (largely staff costs) are now shared between the 2 councils. Generally, the amounts charged to each council are calculated by service area and apportioned according to each council's requirement for the SSA. A separate schedule is prepared and maintained by each of the council's Section 151 Officers which details the initial apportionment (and methodology) of the shared costs of the SSA. This schedule will be reviewed annually. Full details on the basis for sharing the costs is set out in a formal agreement approved by the Council in May 2016. This document can be found at the following link: https://cabnet.richmond.gov.uk/documents/s61476/Appendix%201%20IAA.pdf.

  The majority of costs are split between the two councils based upon historic budget apportionments in each council unless the service is not yet or will never work jointly, in which case staff are charged to their respective council prior to the SSA. Non salary costs have not been charged as part of the SSA as in the main they are clearly attributable to a sovereign council. Running costs relating to staffing e.g. travel and expenses have been charged to their respective council and analysed to ensure similar apportionments have been incurred by LB Richmond and LB Wandsworth during 2016/17 as per previous historic data.

Accounting Standards Issued Not Yet Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (The Code) introduces changes in Accounting Policies which will need to be adopted fully by the Council in the 2017/18 financial statements. Minor changes listed for 2017/18 relate to either clarification of requirements or additional guidance, but do not change the requirements of The Code, therefore they have no impact on 2016/17 Accounts.

The update to the 2016/17 Code reversed the previous implementation provisions for the new measurement requirements of Highways Network Assets, following the decision by CIPFA/LASAAC (Chartered Institute of Public Financial Accountants (England, Northern Ireland and Wales)/Local Authority (Scotland) Accounts Advisory Committee). There are therefore no financial reporting requirements for local authorities on Highways Network Assets.

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

NOTE 2 RESTATEMENT OF PRIOR YEAR FIGURES

Restatement is only undertaken where there is a change in Accounting Policies or required by The Code. No restatement is required for 2015/16 comparative figures as a result of changes to the Council's Accounting Policies.

Restatement has occurred for 2015/16 comparator figures as a result of changes required by the 2016/17 Code. The new requirement is to report the figures above the Net Cost of Services line on the Comprehensive Income and Expenditure Statement on information that was reported to Members during the year and at the year-end. This is a key change from 2015/16 Accounts therefore figures have been restated where necessary and noted on the single entity and group Comprehensive Income and Expenditure Statements. The Code also states this change does not require a 3rd Balance Sheet.

NOTE 3 ACQUIRED AND DISCONTINUED OPERATIONS

As part of existing partnership arrangements with NHS Richmond Clinical Commissioning Group (Richmond CCG), from 1 July 2016 the Council became responsible for the brokerage and payments function in relation to continuing healthcare and funded nursing care. Costs for these functions are fully reimbursed by Richmond CCG.

NOTE 4 EVENTS AFTER THE BALANCE SHEET DATE

None to report.

NOTE 5 EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis (EFA) is presented to demonstrate how the funding available to the Council (i.e. Government Grants, rents, Council Tax and Business Rates) has been used in providing services in comparison with those resources consumed by authorities in accordance with GAAP. The EFA also shows how this expenditure is allocated for decision making purposes between the Council's 6 Directorates. The Council has reported on 6 Directorates since the start of the SSA with LB Wandsworth on 1 October 2016. The EFA is new in the 2016/17 Statement of Accounts, therefore 2015/16 figures have been included for comparative purposes and on the same 6 Directorate basis.

Information for the year ended 31 March 2017	Net expenditure chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net expenditure in the CI&E
	£000s	**£000s**	**£000s**
AfC Client Side and Residual Functions	39,992	26,315	66,307
Environment and Community Services	21,142	5,803	26,945
Adults Social Services	58,321	1,500	59,821
Housing and Regeneration	5,508	1,770	7,278
Chief Executive's Group	3,917	2,067	5,984
Resources	25,664	3,662	29,326
Central Items	(41,211)	36,956	(4,255)
Net Cost of Services	**113,333**	**78,073**	**191,406**
Other Operating Expenditure	0	61,939	61,939
Financing and Investment Income and Expenditure	0	8,357	8,357
Taxation and Non-Specific Grant Income	(113,333)	(63,359)	(176,692)
(Surplus) or deficit on Provision of Services	**0**	**85,010**	**85,010**
Opening General Fund	9,956		
Less (surplus) or deficit on General Fund in Year	0		
Opening General Fund at 31 March 2017	**9,956**		

Information for the year ended 31 March 2016	Net expenditure chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net expenditure in the CI&E
	£000s	**£000s**	**£000s**
AfC Client Side and Residual Functions	35,620	11,053	46,673
Environment and Community Services	23,263	9,003	32,266
Adults Social Services	59,051	822	59,873
Housing and Regeneration	7,239	(371)	6,868
Chief Executive's Group	3,772	1,637	5,409
Resources	25,151	(1,038)	24,113
Central Items	(43,769)	40,314	(3,455)
Net Cost of Services	**110,327**	**61,420**	**171,747**
Other Operating Expenditure	0	6,442	6,442
Financing and Investment Income and Expenditure	0	1,564	1,564
Taxation and Non-Specific Grant Income	(110,327)	(60,145)	(170,472)
(Surplus) or deficit on Provision of Services	**0**	**9,281**	**9,281**
Opening General Fund	9,956		
Less (surplus) or deficit on General Fund in Year	0		
Opening General Fund at 31 March 2016	**9,956**		

Information for the year ended 31 March 2017	Adjustments for capital purposes £000s	Net charges for pension adjustments £000s	Other differences £000s	Total adjustments £000s
AfC Client Side and Residual Functions	24,030	1,861	424	26,315
Environment and Community Services	6,326	1,555	(2,078)	5,803
Adults Social Services	978	1,178	(656)	1,500
Housing and Regeneration	2,211	265	(706)	1,770
Chief Executive's Group	22	570	1,475	2,067
Resources	724	2,869	69	3,662
Central Items	0	(545)	37,501	36,956
Net Cost of Services	**34,291**	**7,753**	**36,029**	**78,073**
Other Operating Expenditure	0	0	61,939	61,939
Financing and Investment Income and Expenditure	0	6,416	1,941	8,357
Taxation and Non-Specific Grant Income	0	0	(63,359)	(63,359)
Difference between (surplus) or deficit and the CI&ES (surplus) or deficit on the Provision of Services	**34,291**	**14,169**	**36,550**	**85,010**

Information for the year ended 31 March 2016	Adjustments for capital purposes £000s	Net charges for pension adjustments £000s	Other differences £000s	Total adjustments £000s
AfC Client Side and Residual Functions	10,127	904	22	11,053
Environment and Community Services	8,945	1,097	(1,039)	9,003
Adults Social Services	658	1,056	(892)	822
Housing and Regeneration	1,985	204	(2,560)	(371)
Chief Executive's Group	18	382	1,237	1,637
Resources	3,780	(4,251)	(567)	(1,038)
Central Items	0	0	40,314	40,314
Net Cost of Services	**25,513**	**(608)**	**36,515**	**61,420**
Other Operating Expenditure	0	0	6,442	6,442
Financing and Investment Income and Expenditure	(6,768)	0	8,332	1,564
Taxation and Non-Specific Grant Income	0	0	(60,145)	(60,145)
Difference between (surplus) or deficit and the CI&ES (surplus) or deficit on the Provision of Services	**18,745**	**(608)**	**(8,856)**	**9,281**

NOTE 6 INCOME AND EXPENDITURE BY NATURE

	31 March 2017 £000	31 March 2016 £000
Expenditure		
Employee benefits expenses	129,233	124,993
Other services expenses*	323,748	301,093
Support service recharges	2,827	2,356
Depreciation, amortisation and impairment	33,368	18,745
Interest payments	5,660	5,033
Precepts and levies	8,147	8,368
Payments to Housing Capital Receipts Pool	25	10
Gain on the disposal of assets**	59,876	3,337
	562,884	**463,935**
Income		
Fees, charges and other service income*	(108,878)	(88,332)
Interest and investment income	(2,892)	(2,617)
Income from Council Tax and Business Rates	(136,277)	(131,848)
Government grants and contributions	(229,827)	(231,857)
	(477,874)	**(454,654)**
(Surplus) or deficit on Provision of Services	**85,010**	**9,281**

* LB Richmond became responsible for continuing health care during 2016/17. Transaction levels have therefore significantly increased as the Council makes payments on Richmond CCG's behalf and then is reimbursed.

** Please see Note 8 for further details on the disposal of assets.

NOTE 7 MATERIAL ITEMS OF INCOME AND EXPENSE

A material item is an item of expenditure or income that is unusual in scale and non-recurring. In 2016/17 the following material items were reported as part of the accounts:

Capital receipts totalling £3.2m were received in 2016/17 (£1.6m in 2015/16). The main items within this are the sale of 111-113 Mortlake High Street for £1.1m and Preserved Right To Buy receipts of £1.5m.

The Council now receives CIL receipts. These receipts in year totalled £6.5m, of which £4.1m related to the HMRC site in Ruskin Avenue, Kew. The Council also continues to receive Section 106 contributions with £3.1m received in total in 2016/17 with no single contribution above £1m (as in 2015/16).

The Council purchased land at Egerton Road from Richmond upon Thames College to provide a new secondary school (Richmond upon Thames School) and special educational needs provision. The site was valued at £15m and the purchase completed in March 2017.

In 2016/17 the Council increased its loan to the WLWA from £11.9m to £14.7m. The loan will form part of an overall loan of £15.0m, with the final amount payable upon completion of the defects period. The Council now shows a £14.7m loan on its Balance Sheet as a debtor. This is unusual as it is a loan made for policy and not treasury investment purposes. Further details can be found on the following link:
https://cabnet.richmond.gov.uk/documents/s41063/West%20London%20Waste%20Authority%20residual%20waste%20funding%20issues.pdf.

The Council capitalised £2.2m of its costs in setting up the SSA with LB Wandsworth as allowed under the Flexible Use of Capital Receipts Strategy 2016/17-2018/19. This strategy allows councils to finance one off projects designed to deliver on-going efficiency savings from capital receipts within a 3 year period starting in 2016/17.

NOTE 8 OTHER OPERATING EXPENDITURE

	2016/17 £000	2015/16 £000
Levies payable		
West London Waste Authority	7,166	7,466
Lee Valley Regional Park	248	257
London Pensions Fund Authority	318	325
Environment Agency	195	196
Coroner's Service	220	124
Payment of housing capital receipts to Gov't Pool	25	10
(Gain)/loss on disposal of Non-Current Assets*	53,647	(1,936)
HLU distribution of capital receipts	120	0
Total	**61,939**	**6,442**

*The loss on disposal includes the following:

- Schools' buildings written off where a long lease has been granted at nil value to the academy or Voluntary Aided (VA) school now using the site. The value of school buildings written off in this way totals £43.1m.

- There were a further £4.1m of schools assets which were demolished which is linked to the schools capital works being undertaken to expand and improve borough schools.

- £12.1m of assets were also written off where sites are now used under operating leases.

NOTE 9 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2016/17 £000	2015/16 £000
Interest payable and similar charges	5,660	5,032
Pensions interest cost and expected return on pensions assets	6,416	5,897
Interest receivable and similar income	(2,327)	(1,959)
Income and expenditure in relation to investment properties and changes in their fair value	(1,392)	(7,406)
Total	**8,357**	**1,564**

Trading accounts are also included under Financing and Investment Income and Expenditure. These accounts net to nil as they are fully charged out to services during the year. Gross expenditure for LB Richmond trading accounts is £1.3m for 2016/17 (£2.9m in 2015/16). The continued reduction in expenditure is due to all special educational needs transport transferring to AfC. Transport operations now only provides services for Adult Social Care and minor environmental areas.

NOTE 10 TAXATION AND NON-SPECIFIC GRANT INCOME

The Council credited the following grants and contributions to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement:

	2016/17 £000	2015/16 £000
Council Tax Income (including Collection Fund surplus)	**(115,226)**	**(112,322)**
Business Rates Income and Expenditure*	**(21,051)**	**(19,526)**
Revenue Support Grant	(12,334)	(21,584)
Transitional Grant	(2,910)	0
Transformation Challenge Grant	(1,000)	0
Section 31 NNDR Grants	(758)	(1,149)
Council Tax Freeze Grant	0	(1,197)
Non Ring-fenced Government Grants	**(17,002)**	**(23,930)**
Capital Grants	(14,630)	(11,824)
Capital Contributions	(560)	(1,070)
CIL Contributions	(6,546)	0
Section 106 Contributions	(1,677)	(1,800)
Capital Grants and Contributions	**(23,413)**	**(14,694)**
Total Taxation and Non Specific Grant Income	**(176,692)**	**(170,472)**

* Includes Business Rates Tariff and Levy

Full breakdowns of all capital and revenue grants and contributions are available in Note 12.

NOTE 11 DEDICATED SCHOOLS GRANT AND SCHOOL BUDGETS

The Council's expenditure on schools is funded primarily by grant income provided by the Education Funding Agency (EFA), the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2015. The Schools Budget includes elements for a range of services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school. Details of the deployment of DSG receivable for 2016/17 are:

	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2016/17 before academy recoupment			134,980
Less academy figure recouped for 2016/17			(37,943)
DSG after academy recoupment			**97,037**
2015/16 adjustment for early years			(61)
Total DSG			**96,976**
Brought forward from 2015/16			(1,954)
Final budgeted distribution in 2016/17	**19,429**	**75,654**	**95,022**
Less actual central expenditure	24,736		24,736
Less actual ISB deployed to schools		76,102	76,102
Carry forward to 2017/18	**5,307**	**(448)**	**5,816**

	Revenue £000	Capital £000
Schools' balances at 1 April 2016	(9,730)	(592)
Revenue balances draw down	1,772	0
Capital balances draw down	0	141
Schools' balances at 31 March 2017	**(7,958)**	**(451)**

	31 March 2017 £000	31 March 2016 £000
Range of size of schools' revenue balances:		
Largest overdrawn balance	0	110
Largest surplus balance	(544)	(592)
Range of size of schools' capital balances:		
Largest overdrawn balance	n/a	n/a
Largest surplus balance	(92)	(82)

NOTE 12 INCOME FROM GRANTS AND CONTRIBUTIONS

The Council credited the following grants, contributions and donations to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement:

	2016/17 £000	2015/16 £000
Council Tax Income (including Collection Fund surplus)	**(115,226)**	**(112,322)**
Business Rates*	**(24,906)**	**(23,355)**
Revenue Support Grant	(12,334)	(21,584)
Transitional Grant	(2,910)	0
Transformation Challenge Grant	(1,000)	0
Section 31 NNDR Grants	(758)	(1,149)
Council Tax Freeze Grant	0	(1,197)
	(17,002)	**(23,930)**
Basic Need Grant	(6,618)	(4,012)
CIL Contributions	(6,546)	0
Transport for London Grant	(2,971)	(3,392)
Site Purchase Grant	(2,761)	0
Section 106 Contributions	(1,677)	(1,800)
Maintenance Grant	(1,021)	(1,212)
Targeted Basic Need Grant	(43)	(2,252)
VASIS Information System Grant	0	(652)
Other Capital Grants under £500k	(1,216)	(304)
Other Capital Contributions under £500k	(560)	(1,070)
Total Capital Grants and Contributions	**(23,413)**	**(14,694)**
Total Grants and Contributions	**(180,547)**	**(174,301)**

*Excludes Business Rates Tariff and Levy

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

	2016/17 £000	2015/16 £000
Dedicated Schools Grant	(96,976)	(95,548)
Housing Benefit Grant	(67,613)	(69,310)
Public Health Grant (including 0-5)	(9,762)	(8,654)
Better Care Fund Grant	(5,968)	(5,968)
New Homes Bonus Grant	(3,927)	(3,206)
Pupil Premium Grant	(3,074)	(3,101)
Free School Meals Grant	(2,597)	(2,728)
Section 106 Contributions	(1,568)	(1,942)
Educational Central Services Grant	(1,762)	(1,916)
Schools' PFI Grant	(1,342)	(1,342)
Disabled Facilities Grant	(1,056)	(683)
Schools' PFI Contributions	(1,034)	(1,544)
Schools' Contributions	(1,017)	(2,008)
PFI Grant	(852)	(852)
Asylum Seeker Grant	(735)	(691)
Other Health Authority Contributions	(725)	(829)
VASIS Information System Grant	(666)	0
Heritage Lottery Fund Grant for Orleans House Gallery	(642)	(41)
Housing Benefit Admin Subsidy Grant	(546)	(608)
Place Funding Grant	(532)	(618)
Tackling Troubled Families Grant	(413)	(586)
Richmond CCG Contributions	(355)	(2,741)
CIL Contributions	(335)	0
Other Grants under £500k	(4,012)	(4,548)
Other Contributions under £500k	(231)	(614)
Total Grants and Contributions	**(207,740)**	**(210,078)**
Donations	0	(28)
Total Grants, Contributions and Donations	**(207,740)**	**(210,106)**

The Council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that may require the monies to be returned to the giver. The balances at the year-end are as follows:

	2016/17 £000	2015/16 £000
Section 106 Contributions	(1,472)	(1,133)
Devolved Formula Capital Grant	(856)	(856)
Site Purchase Grant	0	(2,761)
Targeted Basic Need Grant	0	(43)
Other Grants under £500k	(191)	(565)
Other Contributions under £500k	(48)	0
Total Long Term Receipts in Advance	**(2,567)**	**(5,358)**
Partners in Practice Innovation Programme Grant	(4,231)	0
Care Act Grant	(975)	(975)
Transformation Challenge Grant	0	(1,000)
Other Grants under £500k	(796)	(1,746)
Other Contributions under £500k	(105)	(483)
Total Short Term Receipts in Advance	**(6,107)**	**(4,204)**

NOTES TO THE MOVEMENT IN RESERVES ACCOUNT

NOTE 13 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total Comprehensive Income and Expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

Movement in reserves during 2016/17:

	Usable Reserves						
	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000
Adjustments to Revenue Resources							
Transfers to/(from) the Pensions Reserve	(111,112)	0	0	0	**(111,112)**	**111,112**	**0**
Transfers to/(from) the Financial Instruments Adjustment Account	108	0	0	0	**108**	**(108)**	**0**
Transfers to/(from) the Collection Fund Adjustment Account	(349)	0	0	0	**(349)**	**349**	**0**
Transfers to/(from) the Accumulated Absences Account	(781)	0	0	0	**(781)**	**781**	**0**
Transfers to/(from) the Deferred Lease Income Account	28	0	0	0	**28**	**(28)**	**0**
Reversal of items debited or credited to the CI&ES							
Depreciation/amortisation	(16,876)	0	0	0	**(16,876)**	**16,876**	**0**
Impairment/revaluation loss	73,954	0	0	0	**73,954**	**(73,954)**	**0**
Revenue expenditure funded from capital under statute	(10,757)	0	0	0	**(10,757)**	**10,757**	**0**
Non-current assets written off on disposal/sale (part of the gain/loss to the CI&ES)	(59,716)	0	0	0	**(59,716)**	**59,716**	**0**
Movement in market value of Investment Property	850	0	0	0	**850**	**(850)**	**0**
Capital grants and contributions unapplied	8,826	0	0	(8,826)	**0**	**0**	**0**
	(115,825)	**0**	**0**	**(8,826)**	**(124,651)**	**124,651**	**0**
Adjustments between Revenue and Capital Resources							
Transfer of cash sale proceeds from gain/loss on disposal	962	0	(962)	0	**0**	**0**	**0**
Contribution to finance Government Capital Receipts Pool	(25)	0	25	0	**0**	**0**	**0**

Contribution to finance the distribution of HLU capital receipts	(120)	0	120	0	**0**	**0**	
Capital expenditure financed from the General Fund	4,976	0	0	0	**4,976**	**(4,976)**	**0**
Statutory provision for the financing of capital investment charged against the GF	4,086	0	0	0	**4,086**	**(4,086)**	**0**
	9,879	**0**	**(817)**	**0**	**9,062**	**(9,062)**	**0**
Adjustments to Capital Resources							
Use of Capital Receipts Reserve to finance new capital expenditure	2,258	0	334	0	**2,592**	**(2,592)**	**0**
Application of grants to capital financing to the Capital Adjustment Account	17,547	(75)	0	1,340	**18,812**	**(18,812)**	**0**
Transfer from Deferred Capital Receipts on receipt of cash	0	0	(6)	0	**(6)**	**6**	**0**
Contribution to Deferred Capital Receipts West London Waste Authority loan	2,848	0	0	0	**2,848**	**(2,848)**	**0**
	22,653	**(75)**	**328**	**1,340**	**24,246**	**(24,246)**	**0**
Adjustments between accounting basis and funding basis under regulations							
	(83,293)	**(75)**	**(489)**	**(7,486)**	**(91,343)**	**91,343**	**0**

Movement in reserves during 2015/16:

	Usable Reserves						
	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000
Adjustments to Revenue Resources							
Transfers to/(from) the Pensions Reserve	36,051	0	0	0	**36,051**	**(36,051)**	**0**
Transfers to/(from) the Financial Instruments Adjustment Account	108	0	0	0	**108**	**(108)**	**0**
Transfers to/(from) the Collection Fund Adjustment Account	1,151	0	0	0	**1,151**	**(1,151)**	**0**
Transfers to/(from) the Accumulated Absences Account	(4)	0	0	0	**(4)**	**4**	**0**
Transfers to/(from) the Deferred Lease Income Account	28	0	0	0	**28**	**(28)**	**0**
Reversal of items debited or credited to the CI&ES							
Depreciation/amortisation	(15,889)	0	0	0	**(15,889)**	**15,889**	**0**

Impairment/revaluation loss	3,143	0	0	0	**3,143**	**(3,143)**	**0**
Revenue expenditure funded from capital under statute	(9,764)	0	0	0	**(9,764)**	**9,764**	**0**
Non-current assets written off on disposal/sale (part of the gain/loss to the CI&ES)	(3,336)	0	0	0	**(3,336)**	**3,336**	**0**
Movement in market value of Investment Property	6,768	0	0	0	**6,768**	**(6,768)**	**0**
Capital grants and contributions unapplied	1,198	0	0	(1,198)	**0**	**0**	**0**
	19,454	**0**	**0**	**(1,198)**	**18,256**	**(18,256)**	**0**
Adjustments between Revenue and Capital Resources							
Transfer of cash sale proceeds from gain/loss on disposal	362	0	(362)	0	**0**	**0**	**0**
Contribution to finance Government Capital Receipts Pool	(10)	0	10	0	**0**	**0**	**0**
Capital expenditure financed from the General Fund	5,724	0	0	0	**5,724**	**(5,724)**	**0**
Statutory provision for the financing of capital investment charged against the GF	3,805	0	0	0	**3,805**	**(3,805)**	**0**
	9,881	**0**	**(352)**	**0**	**9,529**	**(9,529)**	**0**
Adjustments to Capital Resources							
Use of Capital Receipts Reserve to finance new capital expenditure	967	0	72	0	**1,039**	**(1,039)**	**0**
Application of grants to capital financing to the Capital Adjustment Account	0	0	0	988	**988**	**(988)**	**0**
Capital grants and contributions credited to the CI&ES applied to capital financing	14,630	0	0	0	**14,630**	**(14,630)**	**0**
Transfer from Deferred Capital Receipts on receipt of cash	0	0	(8)	0	**(8)**	**8**	**0**
Contribution to Deferred Capital Receipts West London Waste Authority loan	3,943	0	0	0	**3,943**	**(3,943)**	**0**
	19,540	**0**	**64**	**988**	**20,592**	**(20,592)**	**0**
Adjustments between accounting basis and funding basis under regulations	**48,875**	**0**	**(288)**	**(210)**	**48,377**	**(48,377)**	**0**

NOTE 14 TRANSFERS TO/FROM EARMARKED RESERVES

DESCRIPTION/PURPOSE	Balance at 31 March 2015 £000	TRF OUT £000	TRF IN £000	Balance at 31 March 2016 £000	TRF OUT £000	TRF IN £000	Balance at 31 March 2017 £000
STATUTORY OR OUTSIDE THE COUNCIL'S DIRECT CONTROL							
South London Partnership Reserve	0	0	(204)	(204)	0	(150)	(354)
Home Loans Unit Reserve	(137)	0	(8)	(145)	95	0	(50)
Thames Landscape Strategy Reserve	(42)	16	0	(26)	0	(5)	(31)
	(179)	**16**	**(212)**	**(375)**	**95**	**(155)**	**(435)**
EARMARKED FOR CERTAIN OR PROBABLE EXPENDITURE OUTSIDE THE COUNCIL'S CONTROL							
PFI Reserve (Education)	(3,795)	0	(305)	(4,100)	0	(570)	(4,670)
PFI Reserve (Social Services)	(2,699)	0	(511)	(3,210)	0	(217)	(3,427)
General Insurance Reserve	(1,948)	735	(28)	(1,241)	50	(331)	(1,522)
Vehicle Insurance Reserve	(136)	0	(12)	(148)	18	(60)	(190)
VAT Liabilities Reserve	(105)	0	0	(105)	0	0	(105)
	(8,683)	**735**	**(856)**	**(8,804)**	**68**	**(1,178)**	**(9,914)**
OTHER EARMARKED RESERVES							
Council Tax Freeze Reserve	(4,628)	1,800	(3,458)	(6,286)	1,800	0	(4,486)
Repairs and Renewals Fund Reserve	(2,787)	464	(414)	(2,737)	473	(407)	(2,671)
Waste and Recycling Reserve	(2,506)	530	(158)	(2,134)	104	(209)	(2,239)
Invest to Save Fund Reserve	(2,654)	735	(216)	(2,135)	1,292	(1,342)	(2,185)
Invest to Save Fund Reserve - 16/17 underspend	0	0	0	0	0	(1,060)	(1,060)
All in One Uplift Reserve	(1,258)	98	0	(1,160)	299	0	(861)
Climate Change Reserve	(478)	20	(47)	(505)	18	(42)	(529)
Orleans House Reserve	(479)	83	(7)	(403)	31	(6)	(378)
Lincoln Fields Reserve	(222)	0	0	(222)	0	(75)	(297)
Village Plans Reserve	0	0	(409)	(409)	130	0	(279)
Commitments Reserve	(300)	52	0	(248)	0	0	(248)
Economic Support Fund Reserve	(369)	112	0	(257)	22	0	(235)

Youth Development Fund Reserve	(249)	0	0	(249)	17	0	(232)
Youth Centres Reserve	(246)	104	0	(142)	0	0	(142)
Council Tax Freeze 2015/16 Commitment Reserve	(1,700)	1,700	0	0	0	0	0
Other minor earmarked reserves under £100k	(629)	202	0	(427)	0	(51)	(478)
	(18,505)	**5,900**	**(4,709)**	**(17,314)**	**4,186**	**(3,192)**	**(16,320)**
TOTAL RESERVES EXCLUDING SCHOOLS	**(27,367)**	**6,651**	**(5,777)**	**(26,493)**	**4,349**	**(4,525)**	**(26,669)**
SCHOOLS RESERVES							
Schools' Balances Reserve	(10,657)	927	0	(9,730)	2,673	(901)	(7,958)
Schools Maternity and Supply Cover Scheme Reserve	(369)	57	(1)	(313)	1,210	(921)	(24)
Dedicated Schools Grant Reserve	104	1,850	0	1,954	3,862	0	5,816
	(10,922)	2,834	(1)	(8,089)	7,745	(1,822)	(2,166)
TOTAL INCLUDING SCHOOLS	**(38,289)**	**9,485**	**(5,778)**	**(34,582)**	**12,094**	**(6,347)**	**(28,835)**
REVENUE INCOME FROM GRANTS/CONTRIBUTIONS WHERE NO CONDITIONS ARE OUTSTANDING BUT EXPENDITURE HAS NOT YET BEEN INCURRED							
Richmond CCG Contributions	(4,142)	683	(67)	(3,526)	494	0	(3,032)
Section 106 Revenue Contributions	(2,787)	524	(1,116)	(3,379)	1,308	(674)	(2,745)
Learning Disability and Health Reform Grant - DoH	(1,059)	0	0	(1,059)	0	0	(1,059)
Section 256 Public Health Contributions	(502)	0	0	(502)	0	0	(502)
Social Fund Grant - DWP	(299)	0	(69)	(368)	0	0	(368)
CIL Contributions	0	0	0	0	0	(353)	(353)
LSSG Flood Defence Grant - DEFRA	(329)	0	0	(329)	0	0	(329)
Section 31 NNDR Grants	(1,292)	376	(144)	(1,060)	750	0	(310)
Tackling Troubled Families Grant - DCLG	0	0	0	0	0	(154)	(154)
Fraud Grant - DCLG	(266)	133	0	(133)	57	0	(76)
Transformation Grant - DCLG	(150)	78	0	(72)	0	0	(72)
Other minor earmarked reserves under £100k	(386)	45	(102)	(443)	108	(66)	(401)
	(11,212)	**1,839**	**(1,498)**	**(10,871)**	**2,717**	**(1,247)**	**(9,401)**
TOTAL EARMARKED RESERVES	**(49,501)**	**11,324**	**(7,276)**	**(45,453)**	**14,811**	**(7,594)**	**(38,236)**

NOTE 15 USABLE RESERVES

Details of the Council's usable reserves are summarised below. Further details are available in the Movement in Reserves Statement and in Note 14.

	Balance at 31 March 2017 £000	Balance at 31 March 2016 £000
General Fund Reserve	**(9,956)**	**(9,956)**
General Fund Earmarked Reserves	**(38,236)**	**(45,453)**
Capital Grants Unapplied		
Capital Grants	(3,861)	(3,634)
Section 106/CIL Contributions	(10,098)	(2,839)
	(13,959)	**(6,473)**
Capital Receipts Reserves		
Riverside House	(1,406)	(1,307)
Usable Capital Receipts Reserve	(973)	(763)
Home Loans Unit	(301)	(121)
	(2,680)	**(2,191)**
TOTAL USABLE RESERVES	**(64,831)**	**(64,073)**

General Fund Reserve – This is available for any purpose and is held to manage major in-year spending issues and to ensure financial stability.
General Fund Earmarked Reserves – Amounts set aside for specific purposes falling outside the definition of provisions. A full breakdown is available in Note 14.
Capital Grants Unapplied – These are the grants and contributions received towards capital projects where the Council has met the conditions and set aside the funding for future capital expenditure.
Capital Receipts Reserves – This represents the proceeds from the disposal of land or other assets which have been received but not yet applied.

NOTE 16 UNUSABLE RESERVES

The following table summarises the Council's unusable reserves:

	31 March 2017 £000	31 March 2016 £000
Revaluation Reserve	(193,003)	(129,580)
Deferred Capital Receipts Reserve	(16,438)	(13,596)
Capital Adjustment Account	(546,222)	(591,724)
Financial Instruments Adjustment Account	687	795
Collection Fund Adjustment Account	(1,847)	(2,195)
Accumulated Absences Account	2,630	1,848
Deferred Lease Income Account	3,059	3,087
Pensions Reserve	266,317	155,205
Total Unusable Reserves	**(484,817)**	**(576,160)**

Technical Annexe 2 contains a detailed analysis of all movements on the unusable reserves.

NOTES TO THE BALANCE SHEET

NOTE 17 PROPERTY, PLANT AND EQUIPMENT

Movements in Property, Plant and Equipment (PP&E) 2016/17 are as follows:

2016/17	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	PP&E Under Construction £000	Total PP&E £000
Cost or Valuation							
At 1 April 2016	709,511	28,992	130,908	25,885	14,738	2,508	**912,542**
Additions	28,365	520	6,537	524	0	5,088	**41,034**
Revaluation increases/(decreases) to Revaluation Reserve	56,417	2,470	0	0	4,870	0	**63,757**
Revaluation increases/(decreases) to (surplus)/deficit on Provision of Services	(23,184)	(682)	0	10	0	0	**(23,856)**
De-recognition-Disposals	(58,907)	(8,002)	(26)	(191)	(310)	0	**(67,436)**
Transfers between classes	3,789	(1,947)	0	(5,645)	(595)	4,398	**0**
At 31 March 2017	**715,991**	**21,351**	**137,419**	**20,583**	**18,703**	**11,994**	**926,041**
Depreciation and Impairment							
At 1 April 2016	(25,064)	(16,108)	(27,185)	0	(11)	0	**(68,368)**
Depreciation charge	(10,308)	(2,894)	(3,465)	(101)	(34)	0	**(16,802)**
Revaluation increases/(decreases) to Revaluation Reserve	24,460	3,111	0	0	39	0	**27,610**
Revaluation increases/(decreases) to (surplus)/deficit on Provision of Services	6,351	588	0	0	0	0	**6,939**
De-recognition-Disposals	2,336	4,925	26	0	0	0	**7,287**
Transfers between classes	(532)	657	0	0	(125)	0	**0**
At 31 March 2017	**(2,757)**	**(9,721)**	**(30,624)**	**(101)**	**(131)**	**0**	**(43,334)**
Net Book Value							
At 31 March 2017	**713,234**	**11,630**	**106,795**	**20,482**	**18,572**	**11,994**	**882,707**
At 31 March 2016	**684,447**	**12,884**	**103,723**	**25,885**	**14,727**	**2,508**	**844,174**

Movements in Property, Plant and Equipment (PP&E) 2015/16 are as follows:

2015/16	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	PP&E Under Construction £000	Total PP&E £000
Cost or Valuation							
At 1 April 2015	668,273	30,703	123,387	24,837	17,717	41,917	**906,834**
Restatement*	(19,275)	42	0	0	(504)	0	**(19,737)**
Additions	14,114	3,742	7,100	368	0	3,641	**28,965**
Revaluation increases/(decreases) to Revaluation Reserve	6,619	0	0	0	2,311	0	**8,930**
Revaluation increases/(decreases) to (surplus)/deficit on Provision of Services	(7,025)	0	0	0	(3,157)	0	**(10,182)**
De-recognition-Disposals	(332)	(5,060)	0	0	(640)	0	**(6,032)**
Transfers between classes	47,137	(435)	421	680	(989)	(43,050)	**3,764**
At 31 March 2016	**709,511**	**28,992**	**130,908**	**25,885**	**14,738**	**2,508**	**912,542**
Depreciation and Impairment							
At 1 April 2015	(39,089)	(17,194)	(23,895)	0	(910)	0	**(81,088)**
Restatement*	19,275	(42)	0	0	504	0	**19,737**
Depreciation charge	(9,819)	(2,693)	(3,289)	0	(11)	0	**(15,812)**
Revaluation increases/(decreases) to Revaluation Reserve	3,815	0	0	0	22	0	**3,837**
Revaluation increases/(decreases) to (surplus)/deficit on Provision of Services	558	0	0	0	0	0	**558**
De-recognition-Disposals	92	3,918	0	0	373	0	**4,383**
Transfers between classes	104	(97)	(1)	0	11	0	**17**
At 31 March 2016	**(25,064)**	**(16,108)**	**(27,185)**	**0**	**(11)**	**0**	**(68,368)**
Net Book Value							
At 31 March 2016	**684,447**	**12,884**	**103,723**	**25,885**	**14,727**	**2,508**	**844,174**
At 31 March 2015	**629,184**	**13,509**	**99,492**	**24,837**	**16,807**	**41,917**	**825,746**

*This Restatement line corrects prior year opening figures where Depreciation and Impairment was incorrectly reported as a change in the Cost or Valuation value.

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Other land and buildings – estimated useful life provided by a Royal Institution of Chartered Surveyors (RICS) qualified valuer
- Vehicles, plant, furniture and equipment – estimated useful life on acquisition
- Infrastructure – 40 years.

Capital Commitments

At 31 March 2017, the Council had entered into a number of on-going contracts for the construction or enhancement of Property, Plant and Equipment. The table below shows the detail of contracts over £100k.

Capital Scheme	2016/17 £000	2015/16 £000
Richmond Upon Thames College - construction	19,603	0
Vineyard Primary	1,558	0
East Sheen School - expansion	1,265	0
Strathmore at Grey Court	415	0
Strathmore at Russell	368	4,037
Stanley Primary School - phase 1 expansion	282	252
Sheen Mount Primary	86	143
Hampton Academy	0	517
St Marys and St Peters CE Primary School - expansion	0	465
Twickenham Academy	0	312
Orleans Park 6th Form	0	208
Grey Court 6th Form	0	144
Hampton Wick - expansion to 3 form entry	0	103
Other schemes under £100k	0	148
TOTAL	**23,577**	**6,329**

Effects of Changes in Estimates

The Council has not made any material changes to its accounting estimates for Property, Plant and Equipment during the year.

Revaluations

The Council has historically carried out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every 5 years. In addition the Council reviews groups of properties on an annual basis to assess any significant changes that would require revaluation within the 5 year period.

For 2016/17, the Council's valuer was asked to assess all land and building assets subject to revaluation, as a response to changing market conditions (for example, the impact of Brexit) and the level of change at the Council. These valuations were dated 1 April 2016 and updated for market value changes at 31 January 2017, based on changes in beacon valuations undertaken at that date. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of RICS.

This following table shows the new gross book value of assets that were revalued over the last 5 years:

	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
Carried at historical cost	0	13,132	137,420	20,484	0	11,993	183,029
Valued at current values as at							
31 March 2017	725,320	11,052	0	100	18,697	0	755,169
31 March 2016	83,435	0	0	0	15,615	0	99,050
31 March 2015	155,570	7,375	0	0	504	0	163,449
31 March 2014	212,706	0	0	764	51	0	213,521
31 March 2013	97,303	0	0	0	0	0	97,303

Fair Value Hierarchy

Details of the gross book value of the Council's surplus assets and information about the fair value hierarchy as at 31 March 2017 is shown below:

	Fair Value as at 31 March 2017 (Level 2) £000	Fair Value as at 31 March 2016 (Level 2) £000
Recurring Fair Value measurements using:		
Land	10,279	9,292
Residential	8,299	5,435
Total	**18,578**	**14,727**

Valuation Techniques used to determine Level 2 Fair Values for Surplus Assets

Significant Observable Inputs – Level 2

The land and residential units located in the local area are measured using the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Highest and Best Use of Surplus Assets

In estimating the fair value of the Council's surplus assets, the highest and best use of the properties is their current use taking into account any restrictions on use or sale. Such restrictions include known planning limitations on potential change of use and known title restrictions including existing tenancies.

Included in the residential units figure is the Council's 50% share of ex-GLC shared ownership properties, valued at £7.2m 2016/17. The Council's responsibilities as mortgagor restrict the use of the assets to residential use.

Valuation Techniques

There has been no change in the valuation techniques used during the year for surplus assets.

NOTE 18 HERITAGE ASSETS

Art Collection

The Council's art collection includes approximately 3,000 paintings from various artists dating back to the early 19th century. These painting are of landscapes and buildings in and around the surrounding area of the Borough. The collections are held in Orleans House Gallery and York House.

Civic Regalia

The Civic Regalia were valued externally in 2012/13 and includes the Mayoral Mace, Mayoral Badge and Mayoral Collaret as well as various other ceremonial items. Valuation is undertaken for insurance purposes, and while estimated value is updated annually on renewal of cover, only valuations used for insurance contract letting are used to update the Asset Register.

Land and Buildings

The only asset held is Garrick Temple which is a listed building originally constructed in 1756 and restored in 1999. It is used as a memorial temple and therefore contributes to the history and enhances the knowledge of this region of London.

Heritage Assets are held on the Council's Asset Register. Policies on acquisition, preservation, management and disposal of heritage assets are in line with other asset classes.

Movements in Heritage Assets are as follows:

Cost or Valuation	Art Collection £000	Land and Buildings £000	Civic Regalia £000	Total Assets £000
1 April 2015	1,938	237	572	2,747
Enhancements/Additions	0	44	0	44
Depreciation	0	(5)	0	(5)
31 March 2016	**1,938**	**276**	**572**	**2,786**
1 April 2016	1,938	276	572	2,786
Enhancements/Additions	0	11	0	11
Depreciation	0	(5)	0	(5)
31 March 2017	**1,938**	**282**	**572**	**2,792**

NOTE 19 INVESTMENT PROPERTIES

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

	2016/17 £000	2015/16 £000
Rental income from Investment Property	(565)	(658)
Unrealised gain from Investment Property valuation	(850)	(6,768)
Direct operating expenses arising from Investment Property	23	20
Net gain/(loss)	**(1,392)**	**(7,406)**

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct, develop, repair, maintain or enhance investment property, although it recognises that failure to do so will impair the asset's ability to generate investment income. The following table summarises the movement in the fair value of investment properties over the year:

	2016/17 £000	2015/16 £000
Balance at start of the year	**17,290**	**14,301**
Additions	0	0
Disposals	(72)	0
Net gain/(loss) from fair value adjustments	922	6,770
Transfers		
To/from Property, Plant and Equipment	0	(3,781)
Balance at end of the year	**18,140**	**17,290**

Fair Value Hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2017 is shown below:

	Fair Value as at 31 March 2017 (Level 2) £000	Fair Value as at 31 March 2016 (Level 2) £000
Recurring Fair Value measurements using:		
Office units	7,699	6,941
Commercial units	10,441	10,349
Total	**18,140**	**17,290**

Valuation Techniques used to Determine Level 2 Fair Values for Investment Properties

Significant Observable Inputs – Level 2

The office and commercial units located in the local area are measured using the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Highest and Best Use of Investment Properties

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use taking into account any restrictions on use or sale. Such restrictions include known planning limitations on potential change of use and known title restrictions including existing tenancies.

Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties.

Valuation process for Investment Properties

The fair value of the Council's investment property is measured annually at each reporting date. All valuations were carried out by the Council's valuer at 1 April 2016 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors, and then updated for changes in market conditions at 31 January. The Council's valuation experts work closely with finance officers reporting directly to the Director of Resources and Deputy Chief Executive on a regular basis regarding all valuation matters.

NOTE 20 INTANGIBLE ASSETS

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets are purchased licenses. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. There are no individually significant assets used by the Council. The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £68k charged to revenue in 2016/17(£73k in 2015/16) was charged to IT Services and Human Resources (part of the Resources Directorate) and Customer Services (part of Chief Executive's Group) service headings in Cost of Services.

Intangible Asset	**Asset Life on Acquisition (Years)**	**Remaining Useful Life (Years)**
Cyborg license	5	1
Customer Contact Centre license	20	9

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

	2016/17 Other Assets £000	**2015/16 Other Assets £000**
Balance at start of year		
Gross carrying amounts	1,496	1,496
Accumulated amortisation	(1,350)	(1,277)
Net carrying amount at start of year	**146**	**219**
Movements in year		
Impairment losses (to Provision of Services)	(6)	0
Amortisation for the period	(68)	(73)
	72	**146**
Net carrying amount at year end comprising		
Gross carrying amounts	313	1,496
Accumulated amortisation	(241)	(1,350)
	72	**146**

NOTE 21 PFI AND SIMILAR CONTRACTS

The Council has 2 PFI schemes (Primary Schools and Residential Care Homes).

Primary Schools PFI Scheme

2016/17 was the 14th year of a 30 year PFI contract for the construction and maintenance of 6 schools in the borough, 4 of which are Council owned and 2 of which are part of VA schools. The Council has rights under the contract to use all of the schools. The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards. The contractor took on the obligation to construct the schools and maintain them in a minimum acceptable condition and to procure and maintain the plant and equipment needed in the schools. The buildings and any plant and equipment installed in the schools at the end of the contract will be transferred to the Council for nil consideration. The Council only has rights to voluntarily terminate the contract if it compensates the contractor in full for borrowing costs incurred and redundancy costs of relevant employees.

Residential Care Homes PFI Scheme

2016/17 was the 16th year of a 25 year PFI contract for the construction, maintenance and operation of 3 care homes. The Council has rights under the contract to use 175 of the bed places provided, and the option to purchase any of the 43 remaining beds. The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards. The contractor took on the obligation to construct the homes and maintain them in a minimum acceptable condition and to procure and maintain the plant and equipment needed to operate the homes as well as staffing them. The buildings and any plant and equipment installed in them at the end of the contract will be transferred to the Council for nil consideration. The Council only has rights to terminate the contract if it compensates the contractor in full for costs incurred and future profits that would have been generated over the remaining term.

Payments

The Council makes an agreed payment each year which is increased by inflation and can be reduced if the contractor fails to meet availability or performance standards. In all other circumstances the payments are fixed. The care home contract has a provision to vary charges based on the usage and configuration of beds from residential, to various types of nursing or other support.

Payments remaining to be made under these PFI contracts at 31 March 2017 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Service Charge £000	Capital £000	Interest £000	Total £000
Payments due				
Payable in 2017/18	8,239	837	1,328	10,404
Payable within 2 – 5 years	35,877	4,172	4,483	44,532
Payable within 6 – 10 years	44,801	6,438	3,151	54,390
Payable within 11 – 15 years	20,845	3,548	1,132	25,525
Payable within 16 – 20 years	61	676	25	762
Total	**109,823**	**15,671**	**10,119**	**135,613**

The service charge above includes payments which do not relate to the financing of Council assets. This therefore includes payments to the school's PFI contractor which will be fully reimbursed by VA schools, including financing of VA buildings.

Total Liability – Long and Short Term

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

	2016/17			2015/16		
	Residential Care Homes £000	Primary Schools £000	Total £000	Residential Care Homes £000	Primary Schools £000	Total £000
Balance outstanding at start of year	(8,188)	(8,250)	(16,438)	(8,681)	(8,460)	(17,141)
Payments during the year	538	229	767	493	210	703
Closing balance 31 March	**(7,650)**	**(8,021)**	**(15,671)**	**(8,188)**	**(8,250)**	**(16,438)**

This table does not include VA school buildings which are not owned or controlled by the Council, and where the Council has legal right to reimbursement from the VA schools for any such costs.

Property, Plant and Equipment

Movements in the value of the Council's PFI assets (not including VA school buildings as above) over the year are detailed below:

	2016/17			2015/16		
	Residential Care Homes £000	Primary Schools £000	Total £000	Residential Care Homes £000	Primary Schools £000	Total £000
Cost or Valuation						
Opening balance 1 April	18,474	15,150	33,624	13,891	13,706	27,597
Additions/Enhancements	0	225	225	0	108	108
Revaluation	(716)	1,504	788	4,583	1,336	5,919
Closing balance 31 March	**17,758**	**16,879**	**34,637**	**18,474**	**15,150**	**33,624**
Depreciation and Impairments						
Opening balance 1 April	(366)	(591)	(957)	(739)	(598)	(1,337)
Depreciation	(375)	(309)	(684)	(366)	(290)	(656)
Revaluation	679	838	1,517	739	297	1,036
Closing balance 31 March	**(62)**	**(62)**	**(124)**	**(366)**	**(591)**	**(957)**
New Book Value 31 March	**17,696**	**16,817**	**34,513**	**18,108**	**14,559**	**32,667**

NOTE 22 CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired or enhanced under finance leases and the Council's 2 PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is not financed in the current year, it adds to the Council's underlying need to borrow, the Capital Financing Requirement (CFR). The movement in the CFR is analysed in the second part of this note.

	2016/17 £000	2015/16 £000
Opening Capital Financing Requirement	**143,090**	**130,503**
Capital Investment		
Property, Plant and Equipment	41,034	28,965
Assets Held for Sale	58	0
Heritage Assets	12	44
Revenue Expenditure Funded from Capital under Statute	10,757	9,764
Sources of Finance		
Capital Receipts	(2,592)	(1,039)
Government Grants and other Contributions	(18,812)	(15,618)
Sums set aside from Revenue		
Direct Revenue Contributions	(4,976)	(5,724)
MRP/loans fund principal	(4,086)	(3,805)
Closing Capital Financing Requirement	**164,485**	**143,090**
Explanations of Movements in Year		
Increase in underlying need to borrow	25,481	15,615
Assets acquired under finance leases	0	777
MRP set aside to finance borrowing requirement	(4,086)	(3,805)
Increase/(decrease) in Capital Financing Requirement	**21,395**	**12,587**

NOTE 23 ASSETS HELD FOR SALE

The following table gives a breakdown of the movement in properties that are Current Assets Held for Sale. These are properties that are likely to be sold within the next year.

	2016/17 £000	2015/16 £000
Balance outstanding at start of year	**0**	**1,687**
Assets purchased	58	0
Assets sold	(58)	(1,687)
Balance outstanding at year end	**0**	**0**

NOTE 24 DEBTORS

The table below summarises the Short Term Debtors by type and organisation type:

	31 March 2017 £000	31 March 2016 £000
Debtors	56,860	46,301
Payments in Advance	2,886	2,704
Less provision for impairment of bad debts	(11,018)	(10,936)
Total Debtors	**48,728**	**38,069**
Central Government bodies	4,464	4,839
Other local authorities	8,232	3,182
NHS bodies and trusts	6,730	2,853
Other entities and individuals	29,302	27,195
Total short term Debtors	**48,728**	**38,069**

Other local authority debtors have increased in 2016/17 due to the Partners in Practice Innovation Programme Grant being paid from the Department for Education to RB Kingston in error on the 31 March 2017, the 2 boroughs agreed therefore to raise corresponding accruals. This grant is £4.2m and is included in Note 12 which details grants accrued and also creditors below as this grant was then carried forward as a receipt in advance.

NHS debtors have increased in 2016/17 due to delayed charges to Richmond CCG for continuing health care costs which LB Richmond became responsible for during 2016/17. Further details are included in the Related Parties Note 36

The table below summarises the Long Term Debtors by organisation type:

	31 March 2017 £000	31 March 2016 £000
Other local authorities	21,343	18,921
Other entities and individuals	2,513	6,531
Total long term Debtors	**23,856**	**25,452**

The decrease in net Long Term Debtors in 2016/17 is mainly due to a £4.0m loan to Richmond upon Thames College being repaid, and an increase of £2.6m in the loan to the West London Waste Authority.

NOTE 25 CREDITORS

The table below summarises the Short Term Creditors by type and organisation type:

	31 March 2017 £000	31 March 2016 £000
Creditors	(40,099)	(36,635)
Receipts in Advance	(12,496)	(8,176)
Total Creditors in Balance Sheet	**(52,595)**	**(44,811)**
Central Government bodies	(9,711)	(5,725)
Other local authorities	(7,345)	(5,894)
NHS bodies and trusts	(1,860)	(2,096)
Public corporations and trading funds	0	0
Other entities and individuals	(33,679)	(31,096)
Total Short Term Creditors	**(52,595)**	**(44,811)**

Government creditors have increased in 2016/17 due to the Partners in Practice Innovation Programme Grant from the DfE being carried forward as a receipt in advance (see above commentary in Note 24).

Other local authority creditors have increased due to £2.6m being owed to LB Wandsworth at 31 March 2017 as part of the SSA.

The table below summarises the Long Term Creditors by type and organisation type:

	31 March 2017 £000	31 March 2016 £000
Receipt in Advance - Revenue	(1,460)	(1,069)
Receipt in Advance - Capital	(1,131)	(4,321)
Total Creditors in Balance Sheet	**(2,591)**	**(5,390)**
Central Government bodies	(1,047)	(4,225)
Other entities and individuals	(1,544)	(1,165)
Total Long Term Creditors	**(2,591)**	**(5,390)**

Capital Receipts in Advance have been used to finance the capital programme in 2016/17, including the £2.8m Site Purchase Grant for Richmond upon Thames College.

NOTE 26 PROVISIONS

	Central Insurance Fund £000	Business Rates Appeals £000	Other Provisions £000	Total £000
Short Term Provisions				
Balance at 1st April 2016	**(417)**	**(2,953)**	**(386)**	**(3,756)**
Additional provisions made in 2016/17	(102)	(940)	(1,352)	**(2,394)**
Amounts used in 2016/17	4	1,167	385	**1,556**
Unused amounts reversed in 2016/17	413	0	0	**413**
Balance at 31 March 2017	**(102)**	**(2,726)**	**(1,353)**	**(4,181)**
Long Term Provisions				
Balance at 1st April 2016	**(710)**	**0**	**0**	**(710)**
Additional provisions made in 2016/17	(879)	0	0	(879)
Amounts used in 2016/17	113	0	0	113
Unused amounts reversed in 2016/17	597	0	0	597
Balance at 31 March 2017	**(879)**	**0**	**0**	**(879)**

Insurance Fund

In common with most local authorities, the Council operates an Insurance Fund as a means of self-insurance. The fund is periodically valued by external assessors to ensure that it is maintained at an appropriate level. A sufficient Insurance Fund is held as a reserve, on a ‘worst year in 9’ basis.

This part of the fund relates to claims received and outstanding at 31 March. The value of these claims is held as a provision to meet future expenditure that the fund is likely to incur in meeting the claims. The Council has a Stop Loss limit such that no more than £650,000 will be paid for total Material Damage to Property, and no more than £750,000 will be paid for additional insurance cover including Fidelity Guarantee, and Liability Insurance including Public Liability claims

Business Rates Appeals

Following the introduction of the Business Rates Retention system from 1 April 2014 the Council has taken on 30% of the liability relating to Business Rates appeals. Business Rate payers have the right to appeal against the rateable value that has been assigned to their premises by the Valuation Office Agency (VOA). The VOA then assesses the case and if the appeal is reasonable reviews the rateable value. This provision allows for the Council’s potential liability in relation to refunds that could be made following successful appeals. The total provision raised at 31 March 2017 is £9.1m compared to £9.8m at 31 March 2016 (included in the Collection Fund) and the Council’s share of this liability is £2.7m compared to £3.0m for 2015/16 (included in the Council’s Accounts). This has been calculated based on appeals outstanding at the 31 March adjusted for historical trends and success rates. The Council has also included a contingent liability disclosure in Note 45 as it is unable to estimate the impact of appeals that have not yet been lodged with the VOA.

Other Provisions

There are various short term provisions in 2016/17 totalling £1.4m. The 2 largest provisions are £0.5m for redundancies as a result of the SSA with LB Wandsworth and £0.3m for disputed nursing fee increases for 2 clients at the Royal Hospital for Neuro-Disability.

NOTE 27 LONG TERM LIABILITIES

The following table breaks down the Long Term Liabilities shown in the Balance Sheet:

	Balance at 31 March 2017 £000	Balance at 31 March 2016 £000
Primary schools PFI	(7,772)	(8,021)
VA schools PFI	(6,776)	(6,994)
Residential care homes PFI	(7,063)	(7,650)
Lease liabilities	(4,481)	(4,683)
Pension Fund - Defined Benefit	(266,317)	(155,205)
Total	**(292,409)**	**(182,553)**

PFI contracts – Long term contracts which when the contract was signed, the Council committed to make payments over the term of the contract, to finance the assets acquired under the contract. These payments are certain and legally binding once the contract is signed and therefore accounted for as Long Term Liabilities. The primary school's PFI contract also includes VA school's assets. These assets are separate from the Council's, but the Council committed to make all contract payments on the VA schools' behalf. There is a separate legal agreement ensuring they will reimburse the Council in full.

Lease liabilities – These are very similar to the PFI liabilities in that they also represent the debt associated with financing a Council asset by a finance lease arrangement.

Pension Fund Net Liability – The actuarially calculated net present value of the assets less the liabilities relating to the Council's Local Government Pension Scheme obligations as calculated under IAS 19 (see Note 38).

NOTE 28 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. For the Council this means that all treasury contracts (borrowings and investments) are recognised as financial instruments as well as trade receivables, loans for policy purposes, trade payables and bank deposits. Statutory charges and payments (e.g. amounts due from Council Tax) are not recognised as financial instruments as these do not arise from contractual agreements and are outside the scope of the accounting treatment for financial instruments.

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

	Long-term		Current	
	31 March 2017 £000	**31 March 2016 £000**	**31 March 2017 £000**	**31 March 2016 £000**
Financial Assets				
Investments	750	750	20,649	21,567
Cash and Cash Equivalents	0	0	14,926	26,082
Loans and Trade Debtors	14,566	15,927	10,131	10,695
PFI debtor – future amounts from VA schools	6,777	6,994	217	200
	22,093	**23,671**	**45,923**	**58,544**
Financial Liabilities at amortised cost				
Loans (Short Term Borrowing)	(106,462)	(94,011)	(3,893)	(4,906)
Trade Creditors	0	0	(17,942)	(6,240)
Other Long Term Liabilities				
PFI and Finance Lease Liabilities	(26,092)	(27,348)	(1,258)	(1,162)
Total Financial Liabilities	**(132,554)**	**(121,359)**	**(23,093)**	**(12,308)**

Soft Loans

The Council did not have any soft loans during 2016/17 or 2015/16 where the value of the subsidy would be material based on market rates at 31 March.

Reclassifications

The Council did not reclassify any financial instruments during the year, other than to move them from long to short term based on remaining duration to maturity.

Gains and Losses Recognised in the Comprehensive Income and Expenditure Statement

The gains and losses recognised in the Income and Expenditure Statement in relation to financial instruments are calculated as follows:

	2016/17 £000	**2015/16 £000**
Interest expense (assets at amortised cost)	5,660	5,032
Interest income (loans and receivables)	(2,327)	(1,959)

Fair Values of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Public Works Loans Board (PWLB) loans are valued using the PWLB Premature Repayment Rate in force on 31 March 2017. The Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, termed the PWLB Certainty Interest Rate. A supplementary measure of the fair value as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £102.1m would be valued at £115.8m. If the Council were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge, based on the redemption interest rates, for early redemption of £27m for the additional interest that would not now be paid. The exit price for the PWLB loans including the penalty charge would be £129.1m.

- Other loans and borrowings were valued individually using the comparable rate at the Balance Sheet date for a loan with the same maturity and similar counterparty.

- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Financial Assets

The Council’s financial assets consist of short and long term investments, bank deposit accounts and trade debtors and other receivables. These are not carried at fair value as they do not meet the criteria for a fair valuation basis (i.e. they are not held for trading, do not show evidence of being managed for short term profit making and are not derivatives).

Investments are fixed term deposits with financial institutions or other local authorities. Interest is usually set at the time of the investment.

The long term loan to the West London Waste Authority was made at the interest rate which was agreed at financial close on the date the contract was signed. This rate matched the commercial loan rate at that date.

The policy loan was made to Richmond upon Thames College to support the costs connected with purchase of land for the construction of a new secondary school was repaid in 2016/17.

Cash and cash equivalents accrue variable rate interest so the amortised cost is assumed to be equivalent to fair value.

Trade debtors are considered short term, as the Council’s policy is to pursue recovery of debt on a prompt basis, unless there are overriding service considerations, which would mainly occur for clients contributing to the cost of their care. Where maturity is within 12 months the amortised cost is assumed to be equivalent to fair value.

	31 March 2017		31 March 2016	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Investments	21,399	21,751	22,317	21,453
Loans and Trade Debtors	24,697	39,519	26,622	39,631
Cash and Cash Equivalents	14,926	14,926	26,082	26,082
	61,022	**76,196**	**75,021**	**87,166**

The fair value of financial assets is higher than the carrying amount because the Council's portfolio of investments includes a number of fixed rate investments where the interest rate receivable is higher than the rates available for similar investments at the Balance Sheet date. This guarantee to receive interest above current market rates increases the amount that the Council would receive if it agreed to early repayment of the investments.

Financial Liabilities

The Council's financial liabilities consist of long and short term borrowing and trade creditors. These are not carried at fair value as they do not meet the criteria for a fair valuation basis (that is - they are not held for trading, do not show evidence of being managed for short term profit making and are not derivatives).

The interest payable on these loans is either fixed at the prevailing market rate at the time of the loan, or varies with market lending rates. The majority of the Council's long-term debt is held by the PWLB, which is a Government body.

Short term debt is with other public bodies or charities and therefore varies with the needs of the counterparty to realise their investment. There is an element of cash flow lending to related public bodies, such as the South West Middlesex Crematorium Board, under the arrangements by which the Council acts as their financial administrators. The terms of these loans allow for repayment on demand by the counterparty and interest is paid to them based on the market rates. Where maturity is within 12 months the amortised cost is assumed to be equivalent to fair value.

Trade creditors are also considered short term as the Council's policy is to pay all creditors within their agreed terms (usually 30 days or 10 days to local small businesses). Where maturity is within 12 months the amortised cost is assumed to be equivalent to fair value.

	31 March 2017 Carrying amount £000	31 March 2017 Fair value £000	31 March 2016 Carrying amount £000	31 March 2016 Fair value £000
Loans	(110,355)	(140,180)	(98,917)	(109,054)
PFI/Finance Lease Liabilities	(27,350)	(39,666)	(28,510)	(41,103)
Trade Creditors	(17,942)	(17,942)	(6,240)	(6,240)
	(155,647)	**(197,788)**	**(133,667)**	**(156,397)**

The fair value is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date. This commitment to pay interest above current market rates increases the amount that the Council would have to pay if the lender requested or agreed to early repayment of the loans.

NOTE 29 LEASES

The Council has recognised 4 different categories of leases during 2016/17 and 2015/16. Descriptions of these lease types and their general treatment is available in Technical Annexe 1.

Finance Leases In

The Council has a number of assets under finance leases and these assets are recognised on the Council's Balance Sheet. A corresponding liability is recognised in the Accounts and written off to the Comprehensive Income and Expenditure Statement as payments are made. All of the finance leases for property (with the exception of the Quadrant Car Park) included premiums that wrote down the lease liability at the start of the lease with annual rents restricted to a peppercorn. The difference between the future minimum lease payments and the liability is the interest cost and is recognised in the Income and Expenditure as it is paid. At 31 March the relevant amounts are as follows:

	Recognised in Balance Sheet	Finance Cost payable in future years	Minimum Lease Payments	Recognised in Balance Sheet	Finance Cost payable in future years	Minimum Lease Payments
	31 March 2017			31 March 2016		
	£000	£000	£000	£000	£000	£000
Other Land and Buildings	6,876			5,376		
Vehicles, Plant and Equipment	490			655		
Total Non-Current Assets	**7,366**			**6,031**		
Not later than 1 year	163	43	206	155	53	208
1 - 5 years	358	69	427	521	103	624
Later than 5 years	79	296	375	79	305	384
Total Current and Non-Current Liability	**600**	**408**	**1,008**	**755**	**461**	**1,216**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2016/17 contingent rents of £389k were payable by the Council (in 2015/16 this was also £389k).

The Council is party to a lease arrangement for a multi-story car park which leases property assets in and out on identical 99 year terms. The asset for the building has not been recognised in the table above as the net impact of this arrangement is to take the assets off the Balance Sheet. The future minimum lease payments (including liability) for the building have been recognised as there is no guarantee that the Council will receive matching income if the lessee defaults. Total minimum rentals due under the sub-lease as at 31 March 2017 are £417k (£424k at 31 March 2016). The land element of the lease is recorded in the operating leases in and out tables below.

Operating Leases In

The Council has a number of operating leases that include property, vehicles and a variety of equipment (mainly office and schools - related equipment such as copiers, IT equipment etc.). Amounts due on these agreements are recognised in the Income and Expenditure Statement in the year to which they relate. The assets remain on the Balance Sheet of the legal owner.

The Council sub-leases Centre House and the land for the multi- story car park mentioned above for which they receive income which is offset against the operating lease expenditure. The table below provides a breakdown of the Minimum Lease Payments relating to operating leases:

	31 March 2017 £000	31 March 2016 £000
No later than 1 year	1,232	733
1 - 5 years	3,009	1,346
Later than 5 years	8,674	1,804
Future Minimum Lease Payments	**12,915**	**3,883**
No later than 1 year	(4)	(139)
1 - 5 years	(16)	(16)
Later than 5 years	(193)	(198)
Future Minimum Sub-Lease Receipts	**(213)**	**(353)**

The minimum lease payments above do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. The expenditure charged to the CI&ES during the year in relation to these leases was:

	31 March 2017 £000	31 March 2016 £000
Minimum lease payments	3,917	3,907
Contingent rents paid	165	268
Expenditure charged to the CI&ES	**4,082**	**4,175**
Sublease payments received	(371)	(367)
Total charged to CI&ES (net of subleases)	**3,711**	**3,808**

Finance Leases Out

The Council has leased out 3 properties, the car park mentioned above, Ambassador House and Richmond Riverside.

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

	2016/17 £000	2015/16 £000
Finance lease debtor (NPV of minimum lease payment)	1,621	1,622
Unearned finance income	9,804	9,924
Gross investment in the lease	**11,425**	**11,546**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
No later than 1 year	121	121	0	0
1 - 5 years	483	483	2	2
Later than 5 years	10,821	10,942	1,619	1,620
	11,425	**11,546**	**1,621**	**1,622**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2016/17 £519k contingent rents were receivable by the Council (2015/16 £366k). This includes £389k for a car park which is leased in and sub-leased out on identical terms.

Operating Leases Out

The Council leases out property under operating leases for the provision of community services, economic development purposes and for use by partner organisations. The future minimum lease payments receivable under non-cancellable leases in future years, including sub-lease arrangements are:

	31 March 2017 £000	31 March 2016 £000
No later than 1 year	1,042	1,053
1 - 5 years	1,738	2,131
Later than 5 years	15,237	15,590
	18,017	**18,774**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2016/17 £433k contingent rents were receivable by the Council (£564k in 2015/16).

NOTES RELATING TO THE CASH FLOW STATEMENT

NOTE 30 CASH FLOW STATEMENT – OPERATING ACTIVITIES

The following items form part of operating activities in the Cash Flow Statement:

	2016/17 £000	2015/16 £000
Interest received	(1,960)	(1,150)
Interest paid	5,558	4,835

NOTE 31 CASH FLOW STATEMENT – INVESTING ACTIVITIES

The following table shows the breakdown of the investing activities shown in the Cash Flow Statement:

	2016/17 £000	2015/16 £000
Purchase of PP&E, investment property and intangible assets	42,777	27,672
Net purchase of short-term and long-term investments	0	10,620
Proceeds from the sale of PP&E, investment property and intangible assets	(3,220)	(1,329)
Net proceeds from short term and long term investments	(1,285)	0
Net cash flows from investing activities	**38,272**	**36,963**

NOTE 32 CASH FLOW STATEMENT – FINANCING ACTIVITIES

The following table shows the breakdown of the financing activities shown in the Cash Flow Statement:

	2016/17 £000	2015/16 £000
Cash receipts of short and long term borrowing	(15,000)	(30,006)
Other receipts from financing activities	(1,607)	(1,765)
Cash payments for the reduction of outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	922	895
Repayment of short and long term borrowing	3,663	437
Other repayments for financing activities	193	0
Net cash flows from financing activities	**(11,829)**	**(30,439)**

EMPLOYEES, COUNCILLORS AND THE ORGANISATION

NOTE 33 MEMBERS ALLOWANCES

The Local Authorities (Members' Allowances) (England) Regulations 2003 provide for the circumstances in which allowances are payable to Members, and to the maximum amounts payable in respect of certain allowances. In accordance with the Local Government Act 2000, the Council established a Members' Allowances Scheme. The scheme is a public document and sets out details of all allowances that are paid to Council Members. Changes to the scheme are made by Full Council at its annual meeting. Further details of the scheme are available at the following link: http://www.richmond.gov.uk/councillors_allowances. The total payments made to Members are:

	2016/17 £000	2015/16 £000
Members Allowances	688	684

NOTE 34 OFFICERS' REMUNERATION

The following information is required to be disclosed for certain officers who are statutorily defined as senior officers of the Council.

Richmond Cost		LB Richmond Salary 1 April 2016 - 30 September 2016	LB Richmond Salary 1 October 2016 - 31 March 2017	Total Salary, Fees and Allowances	Compensation for loss of office	Pension Contribution	Total
		£	£	£	£	£	£
Chief Executive (ii)							
Paul Martin (i)	2016/17	0	41,892	41,892		7,364	**49,256**
Gillian Norton	2016/17	62,292	0	62,292		0	**62,292**
	2015/16			147,162		39,439	**186,601**
Director of Childrens' Services (iii)							
Robert Henderson	2016/17	53,358	60,015	113,373		19,713	**133,086**
Nick Whitfield	2016/17	75,599	10,063	85,662		14,765	**100,427**
	2015/16			149,352		40,026	**189,378**
Director of Resources and Deputy Chief Executive	2016/17	70,506	29,896	100,402		17,452	**117,854**
Mark Maidment (i)	2015/16			132,297		35,456	**167,753**
Director of Adult Social Services	2016/17	70,756	80,634	151,390	97,534	24,562	**273,486**
Cathy Kerr (iv)	2015/16			129,321		34,658	**163,979**
Director of Environment and Community Services	2016/17	64,154	27,280	91,434		15,891	**107,325**
Paul Chadwick (i)	2015/16			127,039		34,046	**161,085**
Director of Housing and Regeneration							
Brian Reilly (i)	2016/17	0	30,596	30,596		5,396	**35,992**
Director of Public Health (v)	2016/17	0	20,819	20,819		3,438	**24,257**
	2015/16			87,899		12,570	**100,469**
Deputy Director of Environment and Community Services (i)	2016/17	0	24,866	24,866		4,353	**29,219**
Assistant Director (Operations) (i)	2016/17	0	17,959	17,959		3,164	**21,123**
Assistant Director (IT and Business Management) (i)	2016/17	0	23,691	23,691		700	**24,391**
Assistant Chief Executive (Customer and Partnerships) (i)	2016/17	53,383	20,815	74,198		12,979	**87,177**
	2015/16			105,755		18,401	**124,156**
Assistant Chief Executive (Policy and Performance) (i)	2016/17	0	16,600	16,600		2,937	**19,537**

Notes:

Notes i – The Council entered into the SSA with LB Wandsworth with a merged joint management team from 1 October 2016. The above table details Richmond's proportion of the costs and the remaining balance is charged to LB Wandsworth. The annual remuneration including employer pension contributions of the senior officers in the SSA are as follows:

- Chief Executive £296,233
- Director of Resources and Deputy Chief Executive £178,429
- Director of Environment and Community Services £162,601
- Director of Housing and Regeneration £221,309
- Deputy Director of Environment and Community Services £178,507
- Assistant Director (Operations) £154,259
- Assistant Director (IT and Business Management) £170,389
- Assistant Chief Executive (Customer and Partnerships) £129,353
- Assistant Chief Executive (Policy and Performance) £119,669

Note ii – The Chief Executive is the Head of the Paid Service. Paul Martin became the joint Chief Executive of LB Richmond and LB Wandsworth in October 2016, following the retirement of Gillian Norton.

Note iii – Robert Henderson is a joint Director with the RB Kingston. Nick Whitfield became Chief Executive of AfC in November 2016 and is now paid directly by AfC. The above figures show the full cost of this post for the year but the Council has been reimbursed for 50% of the cost.

Note iv – The Director of Adult Social Services is a joint Director with LB Wandsworth but is employed directly by LB Richmond. The above figures show the full cost of this post for the year but the Council has been reimbursed for 63% of the cost. This Director left the Council on 31 March 2017.

Note v – The current Director of Public Health commenced work at LB Richmond as part of the joint management team from 1 October 2016. Total costs for this post are £146,641. LB Richmond's costs are shown above with the remainder charged to LB Wandsworth. The previous Director left the Council on 31 January 2016.

The number of employees, including teaching staff, whose remuneration was in excess of £50,000, is shown in the following table. These figures include redundancy/compensation payments in both years, as required by legislation. The table also includes the officers disclosed in the senior officers table above, where LB Richmond's proportion of costs are greater than £50,000.

Remuneration Band	Number of employees 2016/17	Number of employees 2015/16
£50,000 - £54,999	51	50
£55,000 - £59,999	33	30
£60,000 - £64,999	16	19
£65,000 - £69,999	18	14
£70,000 - £74,999	14	9
£75,000 - £79,999	8	6
£80,000 - £84,999	6	7
£85,000 - £89,999	2	5
£90,000 - £94,999	5	2
£95,000 - £99,999	0	6
£100,000 - £104,999	2	3
£105,000 - £109,999	1	1
£110,000 - £114,999	1	1
£125,000 - £129,999	0	2
£130,000 - £134,999	0	1
£135,000 - £139,999	1	0
£145,000 - £149,999	0	2
£245,000 - £249,999	1	0
Total	159	158

Included in the above figures are teaching and other staff that work in schools (89 in 2016/17 and 95 in 2015/16).

The number and cost of exit packages is included in the following table. 2015/16 Provision figures previously separated on this table in the 2015/16 Accounts have now been included in the banding lines above in line with The Code requirements.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2016/17 No	2015/16 No	2016/17 No	2015/16 No	2016/17 No	2015/16 No	2016/17 £000	2015/16 £000
£0 - £20,000	21	7	19	0	40	7	371	58
£20,001 - £40,000	15	2	16	0	31	2	918	55
£40,001 - £60,000	3	0	2	1	5	1	223	47
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	2	1	0	0	2	1	179	83
£100,000 - 150,000	2	0	0	0	2	0	262	0
Above £150,000	1	0	1	0	2	0	418	0
Total	**44**	**10**	**38**	**1**	**82**	**11**	**2,371**	**243**

The total cost of £2.371m for 2016/17 (£0.243m for 2015/16) in the table above is for exit packages that have been agreed, accrued for and charged to the Council’s CI&ES in the current year. In addition, the Council’s CI&ES includes a provision of £0.433m for redundancy costs agreed. The increase in exit packages and associated costs in 2016/17 is due to the commencement of the SSA with LB Wandsworth.

NOTE 35 EXTERNAL AUDIT COSTS

	2016/17 £000	2015/16 £000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	92	95
Fees payable to Grant Thornton for the certification of grant claims and returns for the year	13	19
Total	**105**	**114**

NOTE 36 RELATED PARTIES

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). Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently, or might have secured the ability to limit another party's ability to bargain freely with the Council.

The Government

Central Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework, within which the Council operates, provides a significant part of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Housing Benefits). Details of grants received from Government are listed in Note 12 as well as liabilities outstanding at the year-end in relation to those grants.

In addition to the above, the Leader of the Council (during the 2016/17 year) is a member of the House of Lords. Lord True announced his retirement in June 2017.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Member's allowances paid in 2016/17 is shown in Note 33. A number of Councillors are self-employed; these Councillors would not be involved in any decisions that involve potential conflict with their self-employed professional capacity.

Officers

Senior officers of the Council also have direct control over the Council's financial and operating policies. During the year senior officers (or their immediate family) were also members or employees of the following organisations:

- The Director of Resources and Deputy Chief Executive has declared an interest as Treasurer to the South West Middlesex Crematorium Board. The Council provides support services to the Board and also holds investment of surplus balances on behalf of the Board.
- The Director of Adult Social Services has declared an interest as a nominated representative on the board to Richmond CCG. There is partnership working between Richmond CCG and the Council which includes joint commissioning and funding arrangements (S75 and S256). The Director has also been appointed as a Non-Executive Director of AfC.

- The Chief Executive of AfC (formerly the Director of Childrens' Services) is no longer a board member of the Learning Schools Trust.
- The previous Director of Public Health who left the Council in 2016/17 also declared an interest as a board member to Richmond CCG. The Public Health Team provides commissioning support to Richmond CCG and is split between the Adults Social Services Directorate and the Chief Executive's Group.

Members and Officers Material Transactions

This table details organisations where there have been material transactions during the year where there is a related party to an officer or a Member. The table has been prepared using the Council's register of Member and officer's interests in addition to returns collated annually. Details of Member and officer interests can be found on the Council's website (www.richmond.gov.uk).

Material transactions omitted from this table are due to them being included elsewhere in line with guidance from the Code. These are Shared Services, Note 40 and Levies, Note 8.

The amounts in the table represent the total due to/from each organisation (inclusive of any tax). Income and expenditure amounts are added together to give the total value of transactions with the party.

Organisation	Nature of Transaction	2016/17 £000	2015/16 £000
Greater London Authority (GLA)	Precept , Business Rates and surplus paid	41,330	43,821
Richmond CCG*	Joint commissioning and funding	20,238	13,341
Richmond upon Thames College**	Loan (inc. interest) and site purchase	20,699	4,000
West London Waste Authority	Loan	2,848	3,943
South West Middlesex Crematorium Board	Support services and investment	1,646	1,646
Richmond Housing Partnership	Supported and other Housing Services	1,123	1,536
SPEAR	Homeless and Supported Living Services	469	723
London Councils	Subscriptions paid	444	437
Twickenham Bid	Bid Levy and town centre funding	238	333
Virgin Business Media	Rental/other charges (internet, phone etc.)	220	184
Museum of Richmond	Rent and grants	112	109
Orange Tree Theatre Trust	Education programmes	112	0
Other under £100k	Various	218	327

* LB Richmond became responsible for continuing health care during 2016/17. Transaction levels have therefore significantly increased as the Council makes payments on Richmond CCGs behalf and is then reimbursed.

** The Council purchased land at Egerton Road from Richmond upon Thames College to provide a new secondary school (Richmond upon Thames School) and Special Educational Needs provision. The site was valued at £15m and the purchase completed in March 2017.

Other Public Bodies

The Council delivers services in close co-operation with other public bodies such as the GLA, Transport for London, health authorities and other local authorities. Where the Council receives grant funding from another public body, details are disclosed in Note 12.

The Council previously had 5 pooled budget arrangements, 2 with Hounslow and Richmond Community Healthcare Trust, 2 with Richmond CCG and 1 with South West London and St. George's Mental Health Trust. Only 3 of these arrangements remain at the end of 2016/17, full details are disclosed in Technical Annexe 4.

The Council also has shared service arrangements with LB Merton, LB Sutton, and RB Kingston. Full details are provided in Note 40.

The Council's SSA with LB Wandsworth is detailed throughout the Accounts.

Voluntary Organisations

It is the nature of local government that the majority of Council Members are heavily involved in the local community through various organisations such as voluntary bodies, societies, groups etc. often as an appointed Council representative. Members' interests are formally disclosed in a register of interests, and the relevant Cabinet Member approves the amount of grant aid awarded to voluntary organisations unless there is a potential conflict with any appointment to the organisation. The schedule of grant aid is a public document and further details are available on request.

The Pension Fund

The London Borough of Richmond upon Thames Pension Fund no longer exists as an entity from 1 October 2016. The former Pension Fund was a separate entity from the Council with its own Fund Account and Net Asset Statement. The following material transactions took place between the Council and the Pension Fund between 1 April 2016 and 30 September 2016.

	2016/17 £000	2015/16 £000
Expenditure		
Employer pension contributions to the Pension Fund	6,275	12,675
Employee pension contributions to the Pension Fund	1,528	3,160
Total Expenditure	**7,803**	**15,835**
Income		
Indirect support costs recovered from the Pension Fund	**151**	**302**

Joint Ventures

The Council has joint ownership (with RB Kingston) of AfC which is a Community Interest Company limited by guarantee. There are 3 main ways in which the 2 councils can exert control over AfC:

- Ownership – as owners, the councils have reserved powers to appoint and dismiss Non-Executive Directors
- Contractual – the councils commission AfC to provide Childrens' Services
- Joint Director of Childrens' Services – the Joint Director is employed by the Council (for further details please see Note 34).

The following summarises the income and expenditure included in the Council's single entity accounts (inclusive of VAT as applicable):

	2016/17 £000	2015/16 £000
Expenditure		
Contract Price / Disbursements	66,812	65,116
Other Expenditure	1,420	1,650
Total Expenditure	**68,232**	**66,766**
Loan (Revolving Credit Facility)	**10,507**	**6,357**
Income		
Support Services provided to AfC	(2,260)	(2,317)
SEN Transport	0	(1,517)
Accommodation	(3,688)	(3,201)
Other	(2,196)	(1,291)
Total Income	**(8,144)**	**(8,326)**

The Council also provides a revolving credit facility (short term cash flow loan) to AfC at market rates, the value of which varies throughout the year due to its nature but will not exceed £15m under the terms of the loan agreement.

Due to this level of control, AfC are included in the Council's consolidated Group Accounts presented later in the Accounts. Further information on AfC can be found at: www.achievingforchildren.org.uk.

NOTE 37 PENSION SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTIONS SCHEMES

The Council participates in 2 Defined Benefit pension schemes which are accounted for as Defined Contribution schemes:

1. Teacher's Pension Scheme (TPS)

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

The scheme is a multi-employer Defined Benefit scheme. The scheme is also unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every 4 years.

The Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a Defined Benefit basis and detailed in Note 38. The Council is not liable to the scheme for any other entity's obligations under the plan.

2. NHS Pension Scheme

On 1 April 2013 Public Health Services (including staff) were transferred from primary care trusts (PCTs) to local authorities. Local authorities were provided with a ring-fenced public health grant to discharge their new responsibilities. Staff performing public health functions who were compulsorily transferred from the PCTs to local authorities and who had access to the NHS Pension Scheme on 31 March 2013 retained access to that scheme on transfer at 1 April 2013.

The NHS Pension Scheme is an unfunded, multi-employer, Defined Benefit scheme that covers NHS employers. In the NHS, the scheme is accounted for as if it were a Defined Contribution scheme: “NHS bodies shall account for the NHS Superannuation Scheme as a defined contribution plan” (NHS Manual full reference).

The Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a Defined Contribution scheme. The Council is not liable to the scheme for any other entity’s obligations under the plan.

	Teacher's Pension Scheme		NHS Pension Scheme	
	2016/17	2015/16	2016/17	2015/16
Total Contributions	£8.3m	£8.2m	£0.2m	£0.2m
Employer's Contribution Rate				
From 1 April	16.48%	14.10%	14.38%	14.30%
From 1 September	16.48%	16.48%	-	-
Anticipated Employer's Contributions next year	16.48%	16.48%	14.38%	14.30%

NOTE 38 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 (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in 2 post-employment arrangements:

- The Local Government Pension Scheme, now administered by LB Wandsworth, 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. The Council is fully responsible for any deficit on its own share of the Fund. Further information on the Wandsworth Council Pension Fund is available in the published Pension Fund Annual Report.

- 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 is no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields, and the performance of the equity investments held by the scheme. These risks are managed by the Fund over the long term, via the independent actuarial valuation process setting appropriate contribution rates for the majority of liabilities which are funded.

Discretionary post-retirement benefits on early retirement are either funded by the employer paying a lump sum capital cost to the Fund recognising the strain cost of its discretionary decision in the year it was made, or funded from revenue on an on-going basis (unfunded). The Council moved to a policy of funding all discretionary benefits many years ago, but there are still a number of unfunded arrangements in payment.

Transactions relating to Post-employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the required charge against Council Tax is based on the cash payable in the year (per the actuarial assessment), so the cost of post-employment/retirement benefits reported in the General Fund is adjusted via the Movement in Reserves Statement to bring the total for the year back to the cash paid. The following table shows these transactions as reported in the CI&ES:

	2016/17 £000	2015/16 £000
Cost of Services		
Current service costs	15,284	13,593
Past service costs	1,333	12
(Gain)/loss from settlements	5,450	0
Financing and Investment Income and Expenditure		
Net Interest Expense	6,416	5,897
Total Post Employment Benefit charged to the (surplus) or deficit on the Provision of Services	**28,483**	**19,502**
Re-measurement of the Net Defined Benefit Liability		
Return on plan assets (excluding amounts included in the net interest expense)	(76,951)	16,947
Actuarial (gain)/loss arising on changes in financial assumptions	173,894	(57,650)
Other experience	0	(638)
Total post Employment Benefit charged to the CI&ES	**125,426**	**(21,839)**
Movement in Reserves Statement		
Reversal of net charges made to the (surplus)/deficit for the Provision of Services for post-employment benefits in accordance with The Code	(111,112)	36,051
Actual amount charged against the General Fund balance for pensions in the year		
Employers' contributions payable to scheme	**12,827**	**12,668**
Retirement benefits payable to pensioners	**1,487**	**1,544**

When the Council entered into the SSA with LB Wandsworth, all staff became jointly employed by the SSA from its inception on 1 October 2016. This arrangement was facilitated by the merger of Richmond and Wandsworth Pension Funds at the same effective date, with the new Fund being in the name of LB Wandsworth.

The SSA is recognised as an employer in the merged Fund, with staff transferring to the new employer at 1 October 2016, fully funded on a triennial basis at this date. However, the SSA is not a legal entity and therefore for IAS 19 purposes, reports for the SSA are split between the 2 employers and the share of the SSA net liability and in year transactions are recognised in the relevant Council's Accounts, along with the residual deficit of current pensioners and the small number of staff not transferring to joint employment (e.g. admin staff in borough schools). This means there is minimal on-going impact from the change in IAS 19 disclosures.

Pensions Assets and Liabilities recognised in the Balance Sheet

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

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2016/17 £000	2015/16 £000	2016/17 £000	2015/16 £000
Present Value of the Defined Benefit obligation	(815,551)	(610,995)	(23,637)	(20,374)
Fair Value of Plan Assets	572,871	476,164	0	0
Net Liability from Defined Benefit Obligations	**(242,680)**	**(134,831)**	**(23,637)**	**(20,374)**

Reconciliation of Present Value of the Scheme Assets and Liabilities

The following table is based on estimated contributions advised to the Actuary during 2016/17. It will therefore not match the final outturn figures reported in the CI&ES and the first table in this note. These differences are not deemed to be material, considering the values reported and the likely impact on the present value of the Council's pension liability.

	2016/17			2015/16		
	Assets £000	Liabilities £000	Total £000	Assets £000	Liabilities £000	Total £000
Opening Present Value at 1 April	**476,164**	**(631,369)**	**(155,205)**	**482,361**	**(673,617)**	**(191,256)**
Current service cost	0	(15,106)	(15,106)	0	(13,445)	(13,445)
Interest Income/(cost)	14,678	(21,094)	(6,416)	15,366	(21,263)	(5,897)
Contributions from employer	14,319	0	14,319	13,865	0	13,865
Contributions from employees	3,666	(3,666)	0	3,160	(3,160)	0
Re-measurement gain/(Loss						
Actuarial gain/ (loss) arising from changes in demographic assumptions	0	(38,615)	(38,615)	0	0	0
Actuarial gains/(loss) arising from changes in financial assumptions	(262)	(160,037)	(160,299)	0	57,849	57,849
Other experience	0	0	0	0	638	638
Return on plan assets (excl. amounts included in the net interest expense)	76,951	25,015	101,966	(16,947)	0	(16,947)
Past service cost	0	(1,333)	(1,333)	0	(12)	(12)
Benefits paid	(24,164)	23,986	(178)	(21,641)	21,641	0
Liabilities extinguished on settlement	11,519	(16,969)	(5,450)	0	0	0
Closing Fair Value at 31 March	**572,871**	**(839,188)**	**(266,317)**	**476,164**	**(631,369)**	**(155,205)**

Local Government Pension Scheme assets comprised:

	31 March 2017		31 March 2016	
	£000	%	£000	%
Cash and cash equivalents	6,499	1.1%	6,366	1.3%
Gilts (UK Government)	28,368	5.0%	30,230	6.3%
Corporate Bonds (incl. via other investment funds)	57,483	10.0%	112,230	23.6%
Equity Instruments (incl. via other investment funds)	410,390	71.7%	278,017	58.4%
Property (UK)	17,749	3.1%	49,321	10.4%
Multi-Asset Fund	52,382	9.1%	0	0.0%
	572,871	**100%**	**476,164**	**100%**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Barnett Waddingham LLP, an independent firm of actuaries. Estimates for Statements of the Council Fund are being based on the latest full valuation of the scheme as at 31 March 2016.

The significant assumptions used by the Actuary have been:

	Assumptions	
	2016/17 £000	2015/16 £000
Long term expected rate of return on assets in the scheme	2.70%	3.60%
Mortality assumptions		
Longevity at 65 for current pensioners		
Men	24.4 years	22.2 years
Women	26.0 years	24.4 years
Longevity at 65 for future pensioners		
Men	26.6 years	24.3 years
Women	28.3 years	26.9 years
Financial Assumptions		
Rate of inflation	2.7%	2.3%
Rate of increase in salaries	4.2%	3.2%
Rate of increase in pensions	2.7%	2.3%
Rate of increase in scheme liabilities	2.7%	3.6%
Take up option to convert annual position into retirement lump sum		
Pre April 2008 service	25%	25%
Post April 2008 service	63%	63%

The estimation of the Defined Benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that only the assumption analysed changes, while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	£000/%	**£000/%**	**£000/%**
Adjustment to discount rate of	+0.1%	0.0%	-0.1%
Present value of total obligation	823,162	839,188	855,552
Projected service cost	17,348	17,789	18,241
Adjustment to long term salary increase of	+0.1%	0.0%	-0.1%
Present value of total obligation	840,609	839,188	837,777
Projected service cost	17,789	17,789	17,789
Adjustment to pension increases and deferred revaluation of	+0.1%	0.0%	-0.1%
Present value of total obligation	854,118	839,188	824,555
Projected service cost	18,241	17,789	17,348
Adjustment to life expectancy assumptions of	+1 Year	None	-1 Year
Present value of total obligation	871,414	839,188	808,191
Projected service cost	18,356	17,789	17,239

Asset and Liability Matching (ALM) Strategy

The Council is no longer an administering authority for the LGPS and is therefore reliant on the administering authority's risk management controls, which will be disclosed in the Wandsworth Council Pension Fund's own reporting.

Impact on the Council's Cash Flows

The Council's objectives for the scheme are to keep employers' contributions at a constant a rate as possible while still moving towards a projected 100% funded position over a reasonable period. The Council is no longer the administering authority for the Fund it is a member of. However, the Council retains representation of the committee of the Fund, and the Fund honoured the Council's contributions set at the 2013 Triennial valuation from the transfer date of 1 October 2016 which set a rate of 17.4% of payroll (estimated at £9.4m for 2016/17) plus a lump sum of £4.5m for the year.

The 2016 valuation will be implemented from April 2017 and takes into account the SSA and associated changes in the Fund, which include an improvement in the funding level. This valuation sets a rate of 18% plus a lump sum of £2.5m from the Council and an additional 6.2% paid by Richmond schools. The Council Fund is still open to new membership with a significant number of active members and is therefore not mature.

NOTE 39 INSURANCE

The Council has 2 methods of insurance. External insurance is bought for unmanageable scenarios, such as catastrophic loss. Self-insurance is used for smaller possible losses (e.g. vandalism, replacement of stolen equipment) where the cost would be below the excess of the external policy. The Council held the following insurance policies with external insurers with material excess limits:

Policy	2016/17 Total Sum Insured £000	2016/17 Excess £000	2015/16 Total Sum Insured £000	2015/16 Excess £000
Property	719,283	100	705,394	100
Public liability	30,000	100	30,000	100
Employer's liability	30,000	100	30,000	100
Vehicles	N/a	100	N/a	100

The sums insured include cover for terrorism for which there is an additional premium.

The Council maintains an Insurance Fund set aside as self-insurance for uninsured risks. The Fund is split between existing and un-discharged claims at 31 March that will, with reasonable certainty, give rise to expenditure by the Council (recognised as a provision) and an amount set aside to fund unknown or future losses (recognised as a reserve). The total Fund is regularly reviewed by external assessors to ensure that sufficient cover is provided. The last valuation and review of the 2016/17 year end position showed that balances were in line with likely future costs.

Insurance Fund	2016/17 £000	2015/16 £000
Recognised as a reserve	1,712	1,389
Recognised as a provision	981	1,127
Total Fund at 31 March	**2,693**	**2,516**

NOTE 40 GROUP RELATIONSHIPS

Interests in Companies and Other Entities

Orleans House Trust

The Council is sole Trustee of the Orleans House Trust. The trust is responsible for the preservation of the bequeathed Orleans House Gallery and art collection. Previously the Council was not able to benefit from the assets of the trust as there was a clear separation between the operations of the trust and the cultural services of the Council. During 2013/14 a formal management agreement was signed which enables the trust and the Council to work more closely together in delivering joint objectives whilst ensuring that the terms of the original bequest are honoured. The agreement will ensure that both organisations aims are achieved in the most cost effective way. The objectives of both organisations will be delivered by the same team located at the Orleans House premises. The Council has assessed that the new management agreement effectively formalises the sharing of benefits from the assets of the trust and the Council and that this satisfies the conditions for group account reporting. The 2016/17 Accounts therefore present the Orleans House Trust as a Subsidiary of the Council.

Achieving for Children (AfC)
AfC is a Joint Venture with RB Kingston in the form of a wholly owned community interest company. This organisation operates at arm's length from the Council. LB Richmond therefore acts as commissioners – commissioning AfC to provide services such as adoption, fostering, high quality support for schools, childrens' centres and support for children with special educational needs. All SEN transport is now transferred into AfC. AfC is also able to trade with other Councils. AfC became operational from 1 April 2014 and the 2016/17 Accounts therefore present AfC as a Joint Venture with consolidated Group Accounts presented on this basis.

Shared Services

The Shared Staffing Arrangement (SSA) with LB Wandsworth
As detailed in the Narrative Report, LB Richmond and LB Wandsworth formed a shared staffing arrangement from the 1 October 2016. LB Richmond has incurred expenditure of £1.7m in 2016/17 (£0.4m in 2015/16) in relation to set up costs. Where LB Wandsworth has entered into specific relationships with LB Richmond and its exiting partners, these are detailed below.

South London Legal Partnership
In September 2011 the Council entered into a joint arrangement with LB Merton for the provision of Legal Services. The service is hosted by LB Merton but governed by a joint board which oversees the delivery of services. This has now developed into the South London Legal Partnership which was formed on 1 October 2013. This partnership joined together the legal services of LB Richmond, RB Kingston, LB Merton and LB Sutton, and from 1 October 2016, LB Wandsworth.

The Council incurred expenditure of £1.1m in 2016/17 (£1.0m in 2015/16) in relation to this partnership

Internal Audit and Investigations Service
A shared service with RB Kingston was established on 1 June 2012. The service is hosted (and staff employed) by LB Richmond. LB Merton joined the service in 2015, LB Sutton on 1 April 2016 and LB Wandsworth on 1 October 2016. The service provides the statutory Internal Audit Service for the 5 councils and provides an anti-fraud and corruption service by carrying out investigations of suspected financial fraud and irregularity. The partnering boroughs are charged on the basis of time spent and an agreed audit day rate.

The Council spent £1.7m on this shared service in 2016/17 and recovered £1.2m from other partners (£1.1m expenditure and £0.6m income in 2015/16).

Human Resources
Between 1 April 2012 and 30 September 2016 the Council's Human Resource Service was delivered via a shared service between LB Richmond and RB Kingston, RB Kingston being the lead Council. From 1 October 2016 the Council's Human Resources service is provided with LB Wandsworth under the SSA.

During 2016/17 the Council incurred total expenditure of £1.2m (£1.1m in 2015/16) in relation to all Human Resources services.

Pension Administration Services
Prior to the formation of the SSA with LB Wandsworth, the administering body responsibility of the Council's Pension Fund was delegated to LB Wandsworth. Post SSA the London Borough of Richmond upon Thames Pension Fund no longer exists as an entity and the Council is now a scheduled employer in the Wandsworth Council Pension Fund. LB Wandsworth is the administering body for that Fund. All pension administration staff are employed under the SSA and continue to be based at LB Wandsworth.

The Council incurred expenditure of £0.2m in 2016/17 (£0.2m in 2015/16) in relation to this service.

Consumer Protection Service
As of the 1 August 2014 the Council entered into a joint arrangement with LB Merton for the provision of Consumer Protection Services. The service is hosted by LB Merton but governed by a joint board who oversee the delivery of services. Currently only staffing costs relating to employees based at LB Richmond are paid by LB Merton and recharged to LB Richmond.

The Council incurred expenditure of £1.0m in 2016/17 (£1.1m in 2015/16) in relation to this shared service.

Other

The Council has no other material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities.

NOTE 41 POOLED BUDGETS

The Council previously had entered into 5 agreements for pooling of budgets under the NHS Act 2006. These are:

- Joint Integrated Community Equipment Service – Hounslow and Richmond Community Healthcare Trust
- Joint Integrated Mental Health Service – South West London and St. George's Mental Health Trust
- Better Care Fund – Richmond CCG
- Joint Integrated Health and Social Care Service – Richmond CCG
- Joint Integrated Rapid Response Service – Hounslow and Richmond Community Healthcare Trust.

The Joint Integrated Mental Health Service with South West London and St. George's Mental Health Trust ended on 30 June 2016 and the Joint Integrated Health and Social Care Service with Richmond CCG ended on 31 March 2016. Detailed information on these arrangements is provided in Technical Annexe 4.

NOTE 42 HOME LOANS UNIT (HLU)

In 1988 the Council took over the responsibility for the former Greater London Council (GLC) mortgage portfolio. The details of the transfer of this function and the terms on which the Council undertakes the functions are set out in the London Government Reorganisation (Mortgages) Order 1988, SI 1988 (1747). The Council administers all transactions, assets and liabilities relating to the previously made mortgages on behalf of all London Borough councils through the HLU. Revenue and capital surpluses are distributed to the councils annually on the basis set in the SI. As no new advances are made, the redemption of existing mortgages will eventually extinguish this account. The following tables provide details of the HLU's Balance Sheet.

	31 March 2017 £000	31 March 2017 £000	31 March 2016 £000	31 March 2016 £000
Long Term Assets				
Equity shares in property	7,166		3,946	
Current Assets				
Temporary Investments	422		207	
Sundry Debtors	74		80	
Cash and Bank	325	7,987	363	4,596
Current Liabilities				
Sundry Creditors	(323)		(325)	
Creditor – LB Richmond	(148)	(471)	(59)	(384)
Total Assets less Liabilities		**7,516**		**4,212**
Represented by				
Capital reserve – Equity Shares in property		(7,166)		(3,946)
Revenue Account surplus		(50)		(145)
Capital Appropriation Account		(300)		(121)
		(7,516)		**(4,212)**

Long Term Assets – Equity share properties that are 50% owned by the individual mortgagors and 50% owned by the HLU.

Capital Receipts – Capital receipts are in respect of mortgage principal repayments. The Council administers the HLU on behalf of all London Borough councils, and therefore, all receipts are distributed to these councils at the year-end.

This table provides a summary of the capital receipts through sale of 50% ownership by the HLU, and the amount distributed to London Boroughs.

	2016/17 £000	2015/16 £000
Balance brought forward	(121)	(5)
Capital receipts during the year	(300)	(116)
	(421)	(121)
Amounts distributed to London Borough councils	121	0
Balance carried forward	(300)	(121)

NOTE 43 TRUST FUNDS

The following table provides a summary of the main trust funds held by the Council, and gives details of the total value and movement for the other, smaller trust funds. The trust funds are separate entities, and not part of the Council's single entity Comprehensive Income and Expenditure Statement or Balance Sheet. The Orleans House Trust forms part of the Council's consolidated Group Accounts.

Trust Fund	Balance at 31 March 2016	Income	Expenditure	Balance at 31 March 2017
	£000	£000	£000	£000
Orleans House	7,271	(3)	238	7,030
Housing Trust	1,353	5	0	1,358
Other minor trust funds	255	5	0	260
	8,879	**7**	**238**	**8,648**

Orleans House Charitable Trust

Orleans House, the Octagon Room, the extension wings, stable block and art collection were bequeathed to the Council for the public benefit of the residents of Twickenham in 1962. In the same bequest, Riverside House, River Lawn and the Gardener's Cottage were left to the Council for its statutory purposes and to provide income to support the maintenance of the Orleans House buildings and art collection. In 2010/11 Orleans House was formally registered as a charity from this bequest. A new management agreement was put in place from August 2013 which formalised the services the Council will provide on behalf of the trust and the Council's rights to use trust assets. The trust is included in the Council's consolidated Group Accounts.

Housing Trust

On 18 October 2011, Richmond Housing Partnership (RHP) and LB of Richmond entered into a Trust Account Deed. From 2011, if RHP sells any of the properties that were transferred to RHP under the Large Scale Voluntary Transfer (LSVT) and which are subject to the Trust Deed Account arrangements then the proceeds are paid into this account. RHP can then draw down from this account, spend monies on eligible affordable housing schemes as dictated by the terms of the Trust Account Deed.
This arrangement does not include sales where the buyer had a Preserved Right to Buy based on their tenancy with the Council prior to the LSVT. The Council is currently working with RHP to review and update the terms of the Trust Account Deed.

RISKS AND UNCERTAINTIES

NOTE 44 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends, and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's Balance Sheet at 31 March 2017 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Non-Current Assets

The Council values its land and building assets on a rolling 5 year basis and performs an annual assessment of groups of assets to ensure their valuations are materially correct. Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. Fair value as applied to relevant assets will depend upon the property market. Net book value of Property, Plant and Equipment at 31 March 17 was £883m. A change in value of 1% on 20% (approximately 1 year of valuation) of that value is £1.8m. The average building asset life is 35 years so a change in useful life of 1 year would change depreciation by approximately £0.7m.

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex estimates that include:

- the discount rate used
- the projected rate of increase for salaries and pensions
- changes in retirement ages
- changes in mortality rates
- expected returns on investment assets.

The Council's Actuary provides advice on these estimates. The effect of changes in individual assumptions can be measured, but the assumptions interact in complex ways. The Council takes advice from its Actuary regarding appropriate assumptions and relies on its actuary for the calculations of their effects. A sensitivity analysis is detailed in Note 38.

Arrears

At 31 March 2017 the Council had a balance of £7.1m in respect of sundry debtors. Of this debt £1.5m is with NHS bodies and other local authorities, and a further £0.3m is with AfC. These are considered as having little or no risk. The remaining debt with commercial bodies and individuals is £5.3m.

There is impairment for doubtful debts of £1.3m. This allowance is regarded as adequate taking into account historic and recent recovery levels and the current economic climate; any future adverse economic or financial events could impact on the collection of debts. If collection rates were to deteriorate significantly below levels assumed in estimating an impairment allowance, additional amounts may need to be set aside. A decrease in collection rates of 10% would require an additional £0.4m to be set aside as an allowance for impairment.

Provisions

A large provision is made each year for backdated Business Rate appeals and to cover its potential loss from future Valuation Office Agency (VOA) decisions. This is £2.7m in 2016/17 (£3.0m in 2015/16). The calculation is based on the number of outstanding appeals and is adjusted for 2 things: a) an estimation of the amount of the appeal and b) the likelihood of success. Both estimations have been modelled on historic data and information supplied by the VOA. A 10% variation of either estimation would change the provision by £270k. A contingent liability has been disclosed for future appeals.

There have been various new short term provisions made in 2016/17 totalling £1.4m. The 2 largest provisions are £0.5m for redundancies as a result of the SSA with LB Wandsworth, and £0.3m for disputed nursing fee increases for 2 clients at the Royal Hospital for Neuro Disability.

Interest Rates

The Council has borrowings of £3.9m and investments of £20.6m at 31 March 2017 on which interest is not fixed and the amount paid or received will vary if interest rates change. Financial provision has been made in the Council's future financial plans for a gradual increase in interest rates over the next few years. The continuing uncertainty in money markets could result in increases in interest rates significantly above the levels planned for. The impact of a 1% change in interest rates on these current values would be a net increase in interest receivable of £0.2m.

The financing of the capital programme for 2017/18 includes an estimated £25.8m borrowing. The impact of a 1% change in interest rates on this new borrowing would change the cost by £0.3m resulting in a variance against the Council's budgeted interest costs.

NOTE 45 CONTINGENT LIABILITIES

Contingent liabilities relate to possible expenditure arising from a past event that has not been recognised in the Statement of Accounts due to the probability that a transfer of economic benefits will not arise, or cannot be reliably estimated. The possible liability is dependent on the outcome of something happening in the future. A review is undertaken annually to identify any potential liabilities. There are always a number of claims and potential costs outstanding against the Council. This note lists those with material financial costs.

At 31 March 2017 the Council had a number of outstanding employment tribunals, legal and insurance cases which could give rise to a liability in the future. If the cases do give rise to a liability these costs will be met from the insurance provision (based on total value of all outstanding cases) or from in year budgets. Where possible, details have been disclosed in the note below but for confidentiality reasons the Council cannot disclose the details of all cases.

Termination Benefits

The Council continues to face major challenges arising from the requirement to cope with funding pressures whilst seeking to maintain key services and restrict increases in Council Tax. In response to this the Council set up the SSA with LB Wandsworth to share staff and achieve significant expenditure reductions in the future. Such reductions have inevitably resulted in a number of redundancies in 2016/17 and will continue during the next few years as restructures and changes to service delivery are implemented. During 2016/17 the Council has met the majority of the cost of redundancies from reserves and a further provision was also raised as detailed in Note 26. The Council continues to monitor the level of redundancies expected in future years but anticipates the majority of future liabilities will be met from reserves and/or in year budgets.

Achieving for Children (AfC)

The Council owns 50% of AfC (with RB Kingston) and AfC have reported a pension deficit of £28.2m. As joint owners the Council would be responsible for meeting their 50% share of this liability were AfC to cease trading.

Business Rates Appeals

When the new Business Rates retention system was introduced on 1 April 2013, the Council took on the risk and reward associated with 30% of the annual Business Rates Yield. As a consequence the Council is exposed to a significant risk regarding Business Rates appeals. Organisations can appeal the Rateable Value of their business premises if they believe it is incorrect. These appeals are lodged directly with the Valuation Office Agency (VOA) who then assesses the case and either reject the appeal or adjust the Rateable Value of the premises. Where appeals are successful the Council must refund any amounts that have been overcharged (backdated to the last revaluation).

The Collection Fund includes a provision of £9.1m in 2016/17, of which £2.7m or 30% is included in the Council's Accounts, to allow for backdated appeals relating to 2016/17 and prior years. This provision is based on appeals outstanding as at 31 March 2017, as advised by the VOA.

NOTE 46 CONTINGENT ASSETS

Contingent assets relate to possible income arising from a past event that has not been recognised in the Statement of Accounts due to the probability that a transfer of economic benefits will not arise, or cannot be reliably estimated. The right to the potential asset is dependent on something happening in the future. A review is undertaken annually to identify potential contingent assets.

There were no contingent assets outstanding as at 31 March 2017.

NOTE 47 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Council does not hold many types of financial instruments. For cash management, the majority of instruments are fixed term and fixed interest deposits and borrowing, with instant access deposit accounts used for liquidity. Finance lease and PFI transactions are similarly fixed term and fixed interest. The other main areas of financial instruments are trade debtors, creditors and a long term loan to West London Waste Authority as detailed in Note 28.

The key risk around money due to the Council (either as an investment or a debtor) is that the money will not be received, or received late (credit risk). This risk is covered by the Council's counterparty creditworthiness policy for investments and the debt recovery controls for debtors.

The key risk around money the Council is due to pay is having funds available to make payments when they are due (liquidity risk). This is managed through cash flow projections, use of liquidity accounts, and setting aside revenue for debt repayment.

There is also the risk that decisions taken to agree fixed interest rates (to give certainty for financial planning) may result in an opportunity cost. This is managed by a combination of advice from external specialist advisors, regular overview of current market expectations and the use of interest rate projections to inform decision making.

Further detail on these risks is available in Technical Annexe 3.

CONSOLIDATED GROUP ACCOUNTS

Introduction
This section of the Statement of Accounts details the Group financial statements for the Council. These accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the aim of the Group Accounts is to provide the reader with an overall view of the material economic activities that the Council controls.

The Council has to prepare group accounts where it has any interests in Subsidiaries, Associates and any Joint Controlled Ventures, subject to consideration of materiality and using uniform Accounting Policies. Each year assessments are made of the Council's relationship with its partners and where an external body is assessed as having a group relationship (in accounting terms), group accounts are prepared.

Orleans House Trust (OHT)
This year the Council has again assessed Orleans House Trust as a Subsidiary as the Council is sole Trustee. The trust is responsible for the preservation of the bequeathed Orleans House Gallery and art collection and has a formal management agreement with the Council which sets out roles and responsibilities of both parties to enable the trust and the Council to work more closely together in delivering joint objectives whilst ensuring that the terms of the original bequest are honoured. OHT's Accounts showed a change in General Fund Balance for the year of £25k (£23k in 2015/16) as a result of donations.

Achieving for Children (AfC)
AfC was established on 5 February 2014 and was operational from 1 April 2014. It is a Community Interest Company limited by Guarantee that is jointly owned by the Council (50%) and the RB Kingston (50%). Both Councils have commissioned AfC to provide Childrens' and Educational Services across both boroughs and it is anticipated that AfC will begin trading with other organisations in the future. AfC has offered an opportunity to pool facilities, staff talents and to share assets. The main benefits are greater capacity in safeguarding and looking after the most vulnerable children as well as providing the highest quality services to support schools. The Council has assessed AfC as a Joint Venture. AfC's Accounts have been prepared in accordance with International Financial Reporting Standards and showed a loss of £12.7m (see note G4) which is mainly due to IAS 19 adjustments to pension liabilities.

Both councils also provide a revolving credit facility (short term cash flow loan) to AfC at market rates, under the terms of the legal agreement signed by all 3 parties. This loan is shown in the Council's Accounts as a short term debtor, with a fair value equal to carrying value due to the loan requiring repayment at no more than 6 monthly intervals. Both councils fund the loan equally, with AfC holding the same debt with both authorities.

The Accounting Policies of both OHT and AfC are the same as the Council's and where the notes to the Group Accounts are not materially different from those of the Council, no additional note has been disclosed.

The Group Accounts consist of the following:

- Group consolidated Income and Expenditure Account
- Group Movement in Reserves Statement
- Group Balance Sheet
- Group Cash Flow Statement
- Notes to the Group Accounts.

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with Generally Accepted Accounting Practices.

	31 March 2017			31 March 2016 (Restated)		
	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000
AfC Client Side and Residual Functions	188,348	(122,041)	66,307	168,129	(121,456)	46,673
Environment and Community Services	61,157	(34,275)	26,882	64,203	(31,841)	32,362
Adults Social Services	96,768	(36,947)	59,821	83,157	(23,284)	59,873
Housing and Regeneration	16,759	(9,481)	7,278	16,417	(9,549)	6,868
Chief Executive’s Group	17,452	(11,468)	5,984	16,316	(10,907)	5,409
Resources	103,311	(73,985)	29,326	99,901	(75,788)	24,113
Central Items	0	(4,255)	(4,255)	0	(3,455)	(3,455)
Cost Of Services	**483,795**	**(292,452)**	**191,343**	**448,123**	**(276,280)**	**171,843**
Other Operating Expenditure	67,887	(5,948)	61,939	11,715	(5,273)	6,442
Financing and Investment Income and Expenditure	11,249	(2,892)	8,357	4,181	(2,617)	1,564
Taxation and Non-Specific Grant Income	0	(176,692)	(176,692)	0	(170,472)	(170,472)
(Surplus) or deficit on Provision of Services	**562,931**	**(477,984)**	**84,947**	**464,019**	**(454,642)**	**9,377**
Share of the (surplus) or deficit of Joint Ventures			1,024			2,051
Group (surplus)/deficit			**85,971**			**11,428**
(Surplus) or deficit on revaluation of Property, Plant and Equipment			(92,809)			(12,767)
Actuarial gains/losses on pension assets/liabilities			96,943			(41,341)
Share of Other Comprehensive Income and Expenditure of Joint Ventures			5,314			(4,479)
Other Comprehensive Income and Expenditure			**9,448**			**(58,587)**
Total Comprehensive Income and Expenditure			**95,419**			**(47,159)**

GROUP MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation), unusable reserves (those that the Council cannot utilise to provide services) and the Council's share of its Subsidiary and Joint Venture's reserves.

	LBR Usable Reserves	LBR Unusable Reserves	Authority's share of Subsidiary and Joint Venture Reserves	Total Group Reserves
	£000	£000	£000	£000
Balance at 31 March 2015	**(67,623)**	**(527,783)**	**3,818**	**(591,588)**
Movement in reserves during 2015/16				
(Surplus) or deficit on Provision of Services	9,281	0	2,147	11,428
Other Comprehensive Expenditure and Income	(54,108)	0	(4,479)	(58,587)
Total Comprehensive Expenditure and Income	**(44,827)**	**0**	**(2,332)**	**(47,159)**
Adjustments between accounting basis and funding basis under regulations	48,377	(48,377)	0	0
Net increase/decrease	**3,550**	**(48,377)**	**(2,332)**	**(47,159)**
Balance at 31 March 2016	**(64,073)**	**(576,160)**	**1,486**	**(638,747)**
Movement in reserves during 2016/17				
(Surplus) or deficit on Provision of Services	85,010	0	960	85,970
Other Comprehensive Expenditure and Income	5,575	0	3,873	9,448
Total Comprehensive Expenditure and Income	**90,585**	**0**	**4,833**	**95,418**
Adjustments between accounting basis and funding basis under regulations	(91,343)	91,343	0	0
Net increase/decrease	**(758)**	**91,343**	**4,833**	**95,418**
Balance at 31 March 2017	**(64,831)**	**(484,817)**	**6,319**	**(543,329)**

GROUP BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council, Subsidiary and Joint Venture.

	Notes	31 March 2017 £000	31 March 2016 £000
NET ASSETS			
Property, Plant and Equipment	*G1*	890,301	850,405
Heritage Assets	*G1*	3,784	3,778
Investment Property		18,140	17,290
Intangible Assets		72	146
Long Term Investments		750	750
Long Term Debtors		23,856	25,452
Long Term Assets		**936,903**	**897,821**
Short Term Investments		20,649	21,567
Assets Held for Sale		0	0
Inventories		38	54
Short Term Debtors		48,728	38,069
Cash and Cash Equivalents		15,115	26,130
Current Assets		**84,530**	**85,820**
Short Term Borrowing		(3,893)	(4,906)
Short Term Creditors		(52,595)	(44,811)
Provisions		(4,181)	(3,756)
Current Liabilities		**(60,669)**	**(53,473)**
Long Term Creditors		(1,460)	(1,069)
Grants Receipts in Advance – Capital		(1,131)	(4,321)
Provisions		(879)	(710)
Long Term Borrowing		(106,462)	(94,011)
Other Long Term Liabilities		(292,409)	(182,553)
Share of Joint Venture Liability	*G4*	(15,094)	(8,756)
Long Term Liabilities		**(417,435)**	**(291,420)**
Net Assets		**543,329**	**638,748**
TOTAL RESERVES			
Usable Reserves	*G2*	(65,020)	(64,121)
Unusable Reserves	*G2*	(493,403)	(583,383)
Share of Joint Venture Reserves	*G2, G4*	15,094	8,756
Total Reserves		**(543,329)**	**(638,748)**

GROUP CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Group during the reporting period. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

	Notes	**31 March 2017 £000**	**31 March 2016 £000**
Net (surplus) or deficit on the Provision of Services		85,971	11,428
Adjustments to net (surplus) or deficit on the Provision of Services for noncash movements	*G3*	(104,619)	(27,557)
Adjustments for items included in the net (surplus) or deficit on the Provision of Services that are Investing and Financing Activities		3,220	1,329
Net cash flows from Operating Activities		**(15,428)**	**(14,800)**
Investing Activities		38,272	36,963
Financing Activities		(11,829)	(30,439)
Net (increase) or decrease in cash and cash equivalents		**11,015**	**(8,276)**
Cash and cash equivalents at the start of the reporting period		26,130	17,854
Cash and cash equivalents at the end of the reporting period		**15,115**	**26,130**

NOTE G1 PROPERTY, PLANT AND EQUIPMENT, AND HERITAGE ASSETS

This note provides an analysis of the non-current assets of the Group.

	2016/17 Property, Plant and Equipment £000	2016/17 Heritage Assets £000	2015/16 Property, Plant and Equipment £000	2015/16 Heritage Assets £000
Cost or Valuation				
At 1 April	919,010	3,799	893,565	3,755
Additions	41,034	12	28,965	44
Revaluation increase/(decrease) to RR*	64,961	0	8,930	0
Revaluation increase/(decrease) to SDPS**	(23,856)	0	(10,182)	0
Derecognition-Disposals	(67,436)	0	(6,032)	0
Transfers between classes	0	0	3,764	0
At 31 March	**933,713**	**3,811**	**919,010**	**3,799**
Depreciation and Impairment				
At 1 April	(68,605)	(21)	(61,469)	(16)
Depreciation charge	(16,880)	(5)	(15,931)	(5)
Depreciation written out to RR*	27,847	0	3,837	0
Depreciation written out to SDPS**	6,939	0	558	0
Derecognition-Disposals	7,287	0	4,383	0
Transfers between Classes	0	0	17	0
At 31 March	**(43,412)**	**(26)**	**(68,605)**	**(21)**
Net Book Value at 31 March	**890,301**	**3,785**	**850,405**	**3,778**

**RR = Revaluation Reserve
***SDPS = (surplus)/deficit on Provision of Services

NOTE G2 GROUP RESERVES

This note provides a breakdown of the Group's reserves. For Orleans House Trust, the usable reserve represents the accumulated cash donations and the unusable reserve represents the financing of the trust's non-current assets. For AfC, the reserve represents the Council's proportion (50%) of AfC's accumulated deficit.

	31 March 2017 £000	31 March 2016 £000
Usable Reserves		
LB Richmond	(64,831)	(64,073)
Subsidiaries – Orleans House Trust	(189)	(48)
	(65,020)	**(64,121)**
Unusable Reserves		
LB Richmond	(484,817)	(576,160)
Subsidiaries – Orleans House Trust	(8,586)	(7,223)
	(493,403)	**(583,383)**
Share of Joint Venture Reserves		
Achieving for Children	(15,094)	(8,756)
Total Group Reserves	**(543,329)**	**(638,748)**

NOTE G3 NOTES TO THE GROUP CASH FLOW STATEMENT

The note below shows a breakdown of the adjustments made to the net (surplus)/deficit on the Provision of Services as shown in the Group Cash Flow Statement.

	31 March 2017 £000	31 March 2016 £000
Analysis of the adjustment to net (surplus) or deficit on the Provision of Services for non-cash movements		
LB Richmond	(103,517)	(25,387)
Orleans House Trust	(78)	(119)
Achieving for Children	(1,024)	(2,051)
	(104,619)	**(27,557)**

NOTE G4 SUMMARY ACCOUNTS OF JOINT VENTURE

This note provides a summary set of Accounts for Achieving for Children.

Summary Statement of Profit and Loss	31 March 2017 £000	31 March 2016 £000
Operating Profit/(Loss)	(1,325)	(3,206)
Finance costs	(723)	(895)
Profit/(Loss) before Tax	**(2,048)**	**(4,101)**
Other Comprehensive Income	(10,628)	8,958
Net Profit/(Loss) for the year	**(12,676)**	**4,857**
LB Richmond share (50%)	**6,338**	(2,429)
Add Net Loss brought forward	8,756	11,185
Net Loss carried forward	**15,094**	**8,756**

Summary Balance Sheet	31 March 2017 £000	31 March 2016 £000
Assets		
Total Non-Current Assets	50	56
Cash and Cash Equivalents	1,850	1,412
Trade and other receivables	26,324	24,122
	28,224	**25,590**
Equity and Liabilities		
Accumulated (Profit)/Loss	30,188	17,512
Long Term Liabilities	(28,219)	(15,516)
Short Term Liabilities	(30,193)	(27,586)
	(28,224)	**(25,590)**

NOTE G5 MAJOR SOURCE OF ESTIMATION UNCERTAINTY FOR THE GROUP

Actuarial Valuation of Pensions Assets and Liabilities

A major part of the accumulated loss shown in AfC's Accounts relates to a net liability in respect of pensions. Pension assets and liabilities and associated costs have been calculated in line with methodologies prescribed in IAS 19. The Actuary makes assumptions based on indicators of future trends and small changes in these trends can lead to substantial changes to the calculated assets and liabilities.

A sensitivity analysis on changes to actuarial assumptions in AfC's Accounts is shown below:

Impact on the Defined Benefit Obligations in the scheme	31 March 2017		31 March 2016	
	£000	%	£000	%
Longevity (impact of change by 1 year)	£2.8m - £4.6m	3% - 5%	1,921	3%
Rate of discounting scheme liabilities (impact of change by 0.5%)	11,958	13%	8,292	13%
Rate of Increase in salaries (impact of change by 0.5%)	2,643	3%	3,120	5%
Rate of Increase in pensions (impact of change by 0.5%)	9,099	10%	4,985	8%

COLLECTION FUND ACCOUNTS

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. This statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax, Business Rates (National Non-Domestic Rates or NNDR) and the Business Rates Supplement (BRS).

		2016/17				2015/16			
		Business Rates	Business Rates Supplement	Council Tax	Total	Business Rates	Business Rates Supplement	Council Tax	Total
	Note	£000	£000	£000	£000	£000	£000	£000	£000
Income									
Income		(83,157)	(2,170)	(139,772)	**(225,099)**	(82,545)	(2,184)	(138,420)	**(223,149)**
Transfers from the General Fund									
Transitional Relief/Protection Payments		0	0	(3)	**(3)**	0	0	(2)	**(2)**
Total Income		(83,157)	(2,170)	(139,775)	**(225,102)**	(82,545)	(2,184)	(138,422)	**(223,151)**
Expenditure									
Precepts, Demands and Shares									
Payment to LB Richmond upon Thames	*C3*	25,347	0	113,333	**138,680**	24,482	0	110,326	**134,808**
Payment to Greater London Authority	*C3*	16,898	2,155	23,944	**42,997**	16,322	2,049	25,281	**43,652**
Payment to Central Government	*C3*	42,245	0	0	**42,245**	40,804	0	0	**40,804**
Costs of Collection		293	6	0	**299**	299	8	0	**307**
Bad and doubtful debts and appeals									
Write offs		565	0	188	**753**	1,506	0	113	**1,619**
Bad Debt Provision		34	9	28	**71**	(225)	127	283	**185**
Rateable Value Appeals Provision		(754)	0	0	**(754)**	3,115	0	0	**3,115**
Contributions – distribution of previous year's surplus									
LB Richmond upon Thames		(950)	0	2,750	**1,800**	(1,033)	0	750	**(283)**
Central Government		(633)	0	630	**(3)**	(689)	0	0	**(689)**
Greater London Authority		(1,583)	0	0	**(1,583)**	(1,721)	0	175	**(1,546)**
Total Expenditure		81,462	2,170	140,873	**224,505**	82,860	2,184	136,928	**221,972**
Net (surplus)/deficit for the year		**(1,695)**	**0**	**1,098**	**(597)**	**315**	**0**	**(1,494)**	**(1,179)**
Movement on Fund balance									
Net (surplus)/deficit for year	*C4*	(1,695)	0	1,098	**(597)**	315	0	(1,494)	**(1,179)**
(Surplus)/deficit brought forward at 1 April	*C4*	8,232	0	(5,700)	**2,532**	7,917	0	(4,206)	**3,711**
(Surplus)/deficit carried forward at 31 March	*C4*	**6,537**	**0**	**(4,602)**	**1,935**	**8,232**	**0**	**(5,700)**	**2,532**

Under the Business Rates retention system (in place since 1 April 2013) Business Rates income is shared amongst Central Government (50%), the Council (30%) and the Greater London Authority (20%). Previously, all Business Rates income was paid over to Central Government and redistributed as Government grant.

The Fund has accumulated a deficit of £6.5m on Business Rates as at 31 March 2017, which is principally due to the impact of backdated appeals. When these appeals are successful, they are in most cases, backdated to 2010. The impact on a single year's account can be substantial and so a provision is set aside to fund these appeals. At 31 March 2017 there were 548 outstanding appeals.

NOTES TO THE COLLECTION FUND ACCOUNTS

NOTE C1 NNDR RATEABLE VALUE AND MULTIPLIER

This note shows the total National Non-Domestic Rateable Value at year-end and the National Non-Domestic Rate Multiplier for the year.

	2016/17 £000	2015/16 £000
Total NNDR Rateable Value	200,020	204,298
NNDR Multiplier	49.7 pence	49.3 pence
Small NNDR Multiplier	48.4 pence	48.0 pence

NOTE C2 COUNCIL TAX BASE

This note shows the calculation of the Council Tax Base, i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply), converted to an equivalent number of Band D dwellings.

	2016/17			2015/16
Valuation Band	**Number of Properties** (after discounts and exemptions)	**Ratio**	**Equivalent Band D Properties**	**Equivalent Band D Properties**
A*	1.00	5/9	0.56	0.56
A	360.60	6/9	240.40	236.93
B	1,273.30	7/9	990.34	979.13
C	8,919.90	8/9	7,928.80	7,638.24
D	16,279.90	9/9	16,279.90	15,940.59
E	16,906.50	11/9	20,663.50	20,602.21
F	10,902.40	13/9	15,747.91	15,609.13
G	11,957.70	15/9	19,929.50	19,788.75
H	3,256.90	18/9	6,513.80	6,423.92
			88,294.71	**87,219.46**
Less adjustment for Collection Rate			(1,569.30)	(1,569.96)
Plus Ministry of Defence properties			47.70	47.70
Council Tax Base			**86,753.11**	**85,697.20**

Note Band A* attracts disabled relief

NOTE C3 PRECEPTS ON THE COLLECTION FUND

This note provides details of each authority which made a precept on the Collection Fund.

	2016/17 £000	2015/16 £000
Council Tax		
London Borough of Richmond upon Thames	113,333	110,326
Greater London Authority	23,944	25,281
Business Rates		
London Borough of Richmond upon Thames	25,347	24,482
Greater London Authority	16,898	16,322
Central Government	42,245	40,804
	221,767	**217,215**

NOTE C4 COLLECTION FUND BALANCES

This note details the split of Collection Fund balances between the major preceptors on the Collection Fund.

	2016/17				2015/16			
	LB Richmond £000	GLA £000	Central Government £000	Total £000	LB Richmond £000	GLA £000	Central Government £000	Total £000
Surplus brought forward at 1 April	(2,195)	611	4,116	**2,532**	(1,045)	797	3,959	**3,711**
Net (surplus)/deficit for year	348	(98)	(847)	**(597)**	(1,150)	(186)	157	**(1,179)**
Surplus carried forward at 31 March	**(1,847)**	**513**	**3,269**	**1,935**	**(2,195)**	**611**	**4,116**	**2,532**
Relating to								
Business Rates	1,961	1,307	3,269	**6,537**	2,470	1,646	4,116	**8,232**
Council Tax	(3,808)	(794)	0	**(4,602)**	(4,665)	(1,035)	0	**(5,700)**
	(1,847)	**513**	**3,269**	**1,935**	**(2,195)**	**611**	**4,116**	**2,532**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LONDON BOROUGH OF RICHMOND UPON THAMES

We have audited the financial statements of The London Borough of Richmond upon Thames (the "Authority") for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Accounts and the related notes, the Group Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the Group Balance Sheet, the Group Cash Flow Statement, the related notes and the Technical Annexe. 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 2016/17.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Act and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Resources and Deputy Chief Executive and auditor

As explained more fully in the Statement of Responsibilities, the Director of Resources and Deputy Chief Executive 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 2016/17, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") 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 and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Resources and Deputy Chief Executive; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Narrative Report and the Annual Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 present a true and fair view of the financial position of the Authority and Group as at 31 March 2017 and of the Authority's and Group's expenditure and income for the year then ended; and

- the financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

Opinion on other matters

In our opinion, the other information published together with the audited financial statements in the Narrative Report and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the audited financial statements.

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the guidance included in 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE; or
- we have reported a matter in the public interest under section 24 of the Act in the course of, or at the conclusion of, the audit; or
- we have made a written recommendation to the Authority under section 24 of the Act in the course of, or at the conclusion of, the audit; or
- we have exercised any other special powers of the auditor under the Act.

We have nothing to report in respect of the above matters.

Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Respective responsibilities of the Authority and auditor

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

We are required under Section 20(1)(c) of the Act to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

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 has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, we are satisfied that in all significant respects *the Authority* put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Act and the Code of Audit Practice until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2017. We are satisfied that this work does not have a material effect on the financial statements or on our conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Paul Grady

Paul Grady
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

30 Finsbury Square
London
EC2P 2YU

26 September 2017

ANNUAL GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

Richmond Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Richmond Council has approved the revision of its code of corporate governance, to bring it in line with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. The Council’s financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) as set out in the addendum (2012) to Delivering Good Governance in Local Government: Framework (CIPFA/SOLACE).

In line with the CIPFA/SOLACE framework, this statement is “an open and honest self-assessment” of the Council’s performance across all of its activities and:

- Describes the key elements of the Council's governance arrangements, covering all corporate systems and the range of activities for which the Council is responsible,
- Describes processes applied in reviewing their effectiveness, and
- Lists actions proposed to deal with significant governance issues identified.

This statement explains how Richmond Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Richmond Council’s policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Richmond Council for the year ended 31 March 2017 and up to the date of approval of the Statement of Accounts.

Identifying and communicating the authority’s vision of its purpose and intended outcomes for citizens and service users. The Council reviews its strategy and priorities on an annual basis and this is reflected in the Community and Corporate Plans.

The Council has an agreed vision to be the best borough in London; *a borough identified by its green character, historic buildings, high quality appearance, vibrant high streets and outstanding schools and services; one where businesses and the voluntary sector can thrive; where citizens can help change neighbourhoods in which they live; and feel safe being part of one of London's safest boroughs. A borough where the most vulnerable of our residents are supported and where everyone can live as independently as possible with good health and a sense of wellbeing for the better.*

The Corporate Plan 2016-2019 is published on the Council's website following endorsed by full Council, and is available using the following link: - http://www.richmond.gov.uk/corporate_plan.

The Corporate Plan sets out the Council's 3 overarching aims:

- To transform local public services through partnership and collaboration through its community leadership role
- To build community capacity to enable residents and communities to take greater control over their lives and to shape and where appropriate deliver local services
- To act primarily as a strategic commissioning body with a reduced role in service delivery.

The plan provides a clear outline for Members, staff, stakeholders and residents of the Council's priorities and commitments for the next three years to achieve these aims. The corporate priorities are identified through discussions between officers and elected Members, using latest residents' feedback, service performance data, an understanding of the Council's financial position and national and local policy and priority considerations.

Included are an overview of key projects, programmes and major work the Council will be delivering during 2016-19, with a focus on those to be delivered in 2017-18; and a statement of the high level measures used to monitor delivery against the priorities. The Corporate Plan also sits alongside other strategic, partnership plans such as the Community Safety Partnership Plan and the Children and Young People's Plan.

The Corporate Plan also articulates the Council's contribution to the Richmond Community Plan, which was shaped by stakeholder and partner input and sets out the overall vision, aspirations and priorities of the Richmond Partnership.

In terms of communication with stakeholders and accountability, the Council complies with statutory obligations and good practice and publishes a Forward Plan of Key Decisions to be taken by the Cabinet, Quarterly reports of performance of delivery against corporate priorities are also published and the Medium Term Financial Strategy (MTFS) details both revenue and capital budgets and forward plans.

Reviewing the authority's vision and its implications for the authority's governance arrangements. The current Corporate Plan runs from 2016 to 2019 but is refreshed annually to ensure that it reflects latest resident feedback and local priorities. The latest refresh can be found here:- https://cabnet.richmond.gov.uk/documents/s66244/Corporate%20Plan%202017-18%20-%20Cover%20Report%2023022017%20Cabinet.pdf.

The refreshed draft Corporate Plan was used to inform the annual budget setting scrutiny process in January 2017.

Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources. The Council has a performance management framework which translates priorities and objectives from the Corporate Plans into performance targets for members of staff. Quarterly reports on budget and performance are submitted to the Cabinet and are circulated to all members of the council via a Member Information Pack. Key Projects and corporate plan actions progress is reported regularly to the SSA Directors Board and a summary included in the reports to members to ensure that delivery is on track and in line with the Council's priorities.

All reports to Cabinet must include a risk assessment and are subject to financial and legal scrutiny prior to decision making. Decision making reports also include policy and equality implications and an Environmental Statement Section which predicts and evaluates the likely significant environmental impacts of proposals

Reviewing the authority's vision and its implications for the authority's governance arrangements. The current Corporate Plan runs from 2016 to 2019 but is refreshed annually to ensure that it reflects latest resident feedback and local priorities. The latest refresh can be found here:- https://cabnet.richmond.gov.uk/documents/s66244/Corporate%20Plan%202017-18%20-%20Cover%20Report%2023022017%20Cabinet.pdf

The Refreshed draft Corporate Plan was used to inform the annual budget setting scrutiny process in January 2017.

Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources. The Council has a performance management framework which translates priorities and objectives from the Corporate Plans into performance targets for members of staff. Quarterly reports on budget and performance are submitted to the Cabinet and are circulated to all members of the council via a Member Information Pack. Key Projects and corporate plan actions progress is reported regularly to the SSA Directors Board and a summary included in the reports to members to ensure that delivery is on track and in line with the Council's priorities.

All reports to Cabinet must include a risk assessment and are subject to financial and legal scrutiny prior to decision making. Decision making reports also include policy and equality implications and an Environmental Statement Section which predicts and evaluates the likely significant environmental impacts of proposals

Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication. Executive, non-executive, scrutiny and officer functions are defined in the Council's Constitution. It includes details of how decisions are made, including a scheme which sets out how powers have been delegated to Members and officers. It also includes regulatory procedures e.g. Contract Standing Orders, and Financial Regulations. It is regularly reviewed and updated to reflect relevant changes to the allocation of powers, revised departmental structures and operating procedures.

Councillor Call for Action (CCfA) allows any councillor to refer matters of concern within the community to the Scrutiny Committee. The aim of this measure is to provide councillors with additional powers that enable them to respond to local community concerns which have proved difficult to resolve. CCfA emphasises the role of ward councillors as 'community champions'.

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff. The Council recognises that good governance is underpinned by the standards and values of its Members and Officers.

The standards and behavior that is expected are clearly defined. The Council has agreed a standards framework for Members, which incorporates a local Code of Conduct, terms of reference for a standalone Members Standards and Disciplinary Committee and a complaints procedure, to ensure that the current high level of standards is maintained.

There are Members' and Officers' Codes of Conduct, and a Members Planning Protocol all of which are kept under regular review and are supplemented by guidance. With the move towards being a commissioning council and increased involvement of third parties, and also in light of the Bribery Act 2010, it is important that the Council is aware of any potential conflicts of interests. The Code of Conduct for Officers (updated in October 2016 to reflect the needs of the Shared Staffing Arrangement) sets out clear and distinctive rules in relation to the giving and receiving of gifts and hospitality.

The Council has adequate procedures for investigating incidents where standards have not been met, and implementing action plans to address any deficiencies.

Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks. The Constitution, that contains the specified items, is for the most part maintained up to date. The prescribed items are regularly reviewed and updated. The local decision making process and scrutiny role are adequately documented and operated effectively including ensuring that there is input into reports from all corporate professionals including both legal and financial advice.

The Council's Risk Management Strategy is effective and well embedded into corporate management processes. A combination of Strategic Risk Specialists and Heads of Service reviews maximises the opportunity to identify key risks of the Council achieving its objectives.
It is acknowledged that it is not possible to eliminate all risks and that the review framework is not an absolute assurance of effectiveness. However, the regular review by Service Heads and Strategic Risk Specialists ensures that there is an appropriate mechanism to identify emerging threats and changes to priorities together with the impact should such an incident occur.

Undertaking the core functions of an audit committee, as identified in CIPFA's *Audit Committees – Practical Guidance for Local Authorities.* The Audit Committee operates in accordance with the CIPFA guidance entitled '*Audit Committees – Practical Guidance for Local Authorities'*. The Committee normally meet four times a year and provide an independent assurance on the Council's governance arrangements.

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful. The Council has in place the key officers namely the Chief Executive, Director of Resources, the Monitoring Officer, and their roles, responsibilities and reporting lines are sufficiently well defined within the Council's Constitution to allow them to deliver their respective functions in a satisfactory manner. The powers and responsibilities of the Director of Resources are in line with CIPFA's statement on 'The Role of the Chief Financial Officer'. In addition, the organisation and deployment of their staff and report circulation protocols allow their respective services to be delivered effectively to all the relevant departments and services. Departments acquaint themselves with new legislation that impacts upon their services seeking advice from the South London Legal Partnership as required.

Roles and responsibilities of all senior managers are clearly defined in job profiles. As the organisation undergoes significant organisational change, it will be essential that these job profiles accurately reflect roles and responsibilities, particularly in relation to the governance of the shared staffing agreement as changes are likely to be required.

Whistle-blowing and for receiving and investigating complaints from the public. The Council operates an audit Committee in accordance with CIPFA recommended best practice and this committee has overall responsibility for ensuring controls are adequate and working effectively. The Audit Committee membership includes an independent member. The Council has an Anti-Fraud and Corruption Framework and operates a Whistle Blowing Policy. These policies were revised and endorsed by the Audit Committee in February 2016 and a further review is in progress in response to changes needed to accommodate the Shared Staffing Arrangement.

Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training. The development needs for Members are seen to be adequately addressed both in terms of induction training and focussed continuous training. Officers have a formal appraisal process and training and focussed continuous training. Officers have a formal appraisal process and training needs are adequately identified and catered for, and the Council acknowledges the need to ensure that there are effective succession plans in place as this is key to the continued level of service delivery.

Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation. The Community Plan 2016-2020 (published May 2016) describes how we will work in partnership with the local community to inform them on everything we do and put people first. The Council has a clear commitment to listening to and being responsive to its residents and service users and this is reflected in the Corporate Plan priorities. The Council carries out a wide range of consultations with the public and other stakeholders on a range of issues including the quality of services provided, on budgets and on new proposals. The Council has a commitment to holding open meetings; Committee Reports, Agendas and Minutes are published on the internet.

Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements. The Council has entered into a Shared Staffing Arrangement with Wandsworth Council and in doing so developed an Inter Authority Agreement between the two authorities and the Council has updated its Constitution to ensure that the governance arrangements are effective.

The Council also operates closely with Richmond Clinical Commissioning Group delivering services on behalf of both organisations. Governance is managed through a Section 75 agreement and scrutiny is delivered through the Health and Wellbeing Board. The purpose of the Health and Wellbeing Board is to provide effective political and public leadership for health and wellbeing locally, empowering and engaging local people and key stakeholders in decision-making and to promote integration and joint working to improve the health and wellbeing outcomes for local residents.

The Council's main partnerships include AfC, Audit and Fraud, Community Safety, Legal and the Health and Wellbeing Board and all are operated through partnership agreements and approved by the relevant Committee.

REVIEW OF EFFECTIVENESS

Richmond Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The review of effectiveness on the Council's governance arrangements found that for the majority of services the control environment was satisfactory. It is not possible to eliminate all risks of failure and there were some areas where the Council's high expectations were not met and/or progress has been slower than originally expected. The control framework in an on-going process and therefore where issues were identified action plans were agreed with the relevant Director with a view to progress being reviewed within 6 months of the report. The Council's review mechanisms are an effective framework for maintaining satisfactory governance arrangements including identifying any issues, and for monitoring and securing their implementation.

There are some common control themes for improvement plus a diverse range of service issues to be addressed and the Annual Governance Statement identifies continuing actions on the significant governance issues.

CERTIFICATE

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee, following their review on 10 July 2017 and action plans to address weaknesses and ensure continuous improvement of the system in place.

Significant governance issues

a) **ICT business continuity planning**
The Council's dependency on IT systems continues to increase as it looks to achieve further efficiency through increased use of online access to services and the expansion of remote working. The significance has increased further with the implementation of the Shared Staffing Arrangement with Wandsworth Council as IT solutions will need to be further developed to facilitate access to systems from multiple sites.

The efficient delivery of Council Services is highly dependent upon robust and effective IT solutions. This is increased with the commitment to provide increased on-line, real-time services for residents and service users with a shared workforce that requires effective remote working solutions from multiple sites to facilitate both Richmond and Wandsworth Councils.

(b) **Direct Payments**
The Council supports the use of Direct Payments to enable individuals to control their own care by exerting choice and control in determining how they would like their care needs to be met. However, the services provided through direct payments are not necessarily subject to the same regulatory regime as traditional care services.

Work is underway within the Adult Social Services Directorate to review business processes and monitoring arrangements for Direct Payments, as part of the on-going work to consolidate shared service arrangements with Wandsworth Council.

(c) **Data Security**
The challenges to effective data security management require constant review especially at a time when the Council is undergoing a period of significant change. The implementation of the Shared Staffing Arrangement (SSA) with Richmond Council adds another dimension as the data security arrangements within each authority are aligned. The SSA is committed to achieving ISO27001 Certification across all services and the assessment process will be phased in over the next 18 months.

The Council is at risk of significant financial penalties and reputational damage should personal data be put at risk of inappropriate disclosure or misuse whether deliberately or accidentally.

(d) **Change Management**
The SSA went live on the 1st October 2016 and to date no significant issues have arisen. Service Directors are continuing with their plans to integrate the services however this cannot be fully achieved until the IT and accommodation strategies have been fully implemented. The SSA Programme Board continues to meet in order to monitor the progress being made and implement any changes necessary to ensure integration of services happen in a timely manner and impact on services is minimalised.

(e) **Contract Monitoring**
The Council continues to utilise external parties to provide its services and the first significant SSA service and system contract (Transactional Services) went live in April 2017. Unsatisfactory service delivery through partners and contractors has been identified as a corporate risk thereby ensuring that Service Managers continually review their controls and where appropriate reviews will be undertaken by Internal Audit. As such this will remain a key risk that needs to be managed and monitored.

Further support is being provided by the Corporate Procurement Team through new Quality Assurance roles. Whilst they will not be undertaking contract monitoring themselves they should be able to assist relevant officers where appropriate to ensure the key elements of the contract are being met.

Signed:

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Cllr Hodgins	P Martin
Leader of the Council	Chief Executive

TECHNICAL ANNEXE

1. ACCOUNTING POLICIES

General principles

Basis of preparation - accounting practices

The Statement of Accounts summarises the Council's transactions for the 2016/17 financial year and its year-end position at 31 March 2017. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015. These regulations also require that the Accounts be prepared in accordance with proper accounting practices. These practices comprise the following:

- The Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (The Code)
- All relevant approved accounting standards issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Issues Committee (IFRIC)
- Relevant statutory guidance issued by Government

Pension Fund Accounts

Following the passing of the Local Government Pension Scheme (Wandsworth and Richmond Fund Merger) Regulations 2016 – SI 2016/1241, LB Richmond is no longer an administering authority of the Local Government Pension Scheme (LGPS). The London Borough of Richmond upon Thames Pension Fund no longer exists as an entity from 1 October 2016.

The Council is now a scheduled employer in the Wandsworth Council Pension Fund and LB Wandsworth is the administering body for that Fund. The Wandsworth Council Pension Fund Accounts are presented in LB Wandsworth's Statement of Accounts only on this basis. LB Richmond's Statement of Accounts only includes the Pension Fund Accounts of LB Richmond for the period 1 April 2016 to 30 September 2016 (Technical Annexe 5).

Changes in Accounting Policies and prior year adjustments

Prior year adjustments arise either as a result of a change in Accounting Policies or to correct a material error. Changes in accounting estimates are accounted for in the current financial year and future years affected by the change and do not result in a prior year adjustment.

Changes in accounting policies are only made when required by proper accounting practices or where the change provides more reliable or relevant information about the effect of transactions, other events and economic conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period. These restatements are also clearly marked in the Statement of Accounts.

Exceptional Items

Exceptional items are those which are separately identified by virtue of their size or incidence to enable a full understanding of the Council's financial performance. The nature and amount of these items is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are.

Items Re-classifiable to the Cost of Services

There are items in the Comprehensive Income and Expenditure Statement that are re-classifiable to the Cost of Services from Other Comprehensive Income and Expenditure when certain conditions are met. These will be disclosed separately on the face of the Comprehensive Income and Expenditure Statement if they occur. At present the Council has no such transactions.

Accruals of Income and Expenditure

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

Income

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

Expenditure

- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption (and the values are material) they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Interest

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Debtor and creditor balances (accruals policy)

- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled (i.e. collection is doubtful), provision for impairment is raised and a charge made to revenue for the income that might not be collected.

Exceptions to this accruals policy are made where it would be impractical in terms of time and cost required and where the effect of not accruing has no material effect on the Council's Accounts.

Utility payments

Accruals are made for outstanding invoices (for example 4th quarter not paid by 31 March) but no accruals are calculated for consumption of utilities that have not been billed at 31 March. This departure from the Code is made on the basis that taking one year with another the effect of this treatment on the accounts is negligible and does not justify the additional time and cost necessary to accurately estimate consumption figures for the numerous cost centres affected.

Income from Penalty Charge Notices (PCNs)

Income received from PCNs does not directly relate to the full recorded value of notices issued due to the incidence of discount for prompt payment, disputed notices and other mitigating circumstances. As a consequence income is recognised on cash basis. The effect of this treatment, taking 1 year with another, is estimated to be not material.

De Minimis levels

The Council has set a general de minimis level for accruals of creditors that are calculated manually at year-end in order to avoid additional time and cost in estimating and recording accruals. This level is reviewed annually and is currently set at £10,000. There has been no change in this level since last year.

Exceptions to this de minimis rule where accruals are made in full are:

- Qualifying expenditure upon which income from Government grant or other third parties is dependent
- Invoices for substantially the same supply or service that are chargeable to the same service area are aggregated where their total is over £10,000.

Inventories

The Council recognises all inventories (stock) that have a value over £10,000 as at 31 March. The Council initially recognises inventory when it has control of it and when it expects to have a right to the future economic benefits/service potential. All inventories are measured at the lower of cost or net realisable value. Where there are large numbers of items of inventory that are ordinarily interchangeable, the Council uses either first-in, first-out (FIFO) or the weighted average cost method of stock measurement.

Trading Accounts

Where services make charges that are based on a pre-determined charge basis (for example a fixed schedule of rates for specified works) with a view to fully recovering costs during the year, they are treated as trading operations as defined by SERCOP. Any surplus or deficit at the year-end is charged back to the relevant services in order to report total cost of services. The gross income and expenditure on the Trading Accounts is reported under Financing and Investment Income and Expenditure in the Consolidated Income and Expenditure Statement.

Long term non-monetary assets

The following categories of non-monetary long term assets are recognised in the accounts where their value on initial recognition or subsequent upward revaluation exceeds de minimis levels set by the Council. Expenditure that falls below these levels is charged as revenue to the relevant service line in Cost of Services in the Comprehensive Income and Expenditure Statement. These de minimis levels are periodically reviewed and applied to avoid administrative effort and cost in recording and accounting for long term assets where their value is not material. The current de minimis levels for recognising these assets are:

- Land and Buildings – £50,000
- Vehicles, Plant and Equipment – £10,000
- Intangible Assets – £10,000

These de minimis levels are not applied where assets are financed by grants or contributions that are below these levels but are required to be applied to capital expenditure.

Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Expenditure on the development of the Council website is not capitalised as this is primarily used to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. No intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. When there is an event which may cause impairment, assets are tested for impairment – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account (CAA) and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Investment Property

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

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

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the CAA and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Heritage Assets

The Council is required to report on and separately identify Heritage Assets on its Balance Sheet. Heritage Assets can be tangible or intangible and are defined as assets with historical, cultural, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Recognition

The Council will recognise all Heritage Assets on the Balance Sheet where the cost of obtaining a valuation is commensurate to the benefit of the users of the accounts. If the cost of obtaining a valuation is assessed as being disproportionate to the benefit of the user, the existence of the asset will be disclosed in the notes to the accounts along with relevant information. The de minimis levels applied to all Non-Current Assets will be applied to this asset class. Heritage Assets that do not meet the de minimis criteria are not disclosed in the Council's Accounts.

Where a Heritage Asset is operational this will be treated as Property, Plant and Equipment rather than as a Heritage Asset.

Measurement

Heritage Assets will be valued in line with the existing policies for Property, Plant and Equipment if they meet the definition of this asset class. Where they do not fall into this category they will be valued in line with the Insurance valuation. All Heritage Assets will be revalued no less frequently than every 5 years. The carrying amounts of Heritage Assets will also be reviewed where there is evidence of impairment e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's policies on impairment (please see section on Property Plant and Equipment). Heritage Assets with an indefinite life will not be subject to annual depreciation.

The proceeds on the disposal of Heritage Assets are accounted for in accordance with the Council's policies relating to the disposal of Property, Plant and Equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, or for administrative purposes and that are expected to be used during more than 1 financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account.

Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance to the CAA in the Movement in Reserves Statement.

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

- dwellings – current value, determined using the basis of existing use value for social housing (EUV–SH)
- infrastructure, community assets and assets under construction – depreciated historical cost
- council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), except for a few offices that are situated close to the Council's housing properties, where there is no market for office accommodation, and that are measured at depreciated replacement cost (instant build) as an estimate of current value
- school buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, Depreciated Replacement Cost (DRC) is used as an estimate of fair value.

For non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but not less frequently than every 5 years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (e.g. freehold land and certain Community Assets) and assets that are not yet available for use (e.g. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant and equipment –straight-line allocation over the useful life of the asset as estimated by a suitably qualified officer on acquisition
- infrastructure – straight-line allocation over 40 years.

Where a Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item and whose useful life and/or depreciation method is significantly different from that of the main asset, the component is recognised and depreciated separately. The carrying amount of the old (or replaced) component is derecognised. An item of Property, Plant and Equipment is not considered for component accounting where its carrying value is less than £500,000 or their remaining useful life is less than 10 years.

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

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the surplus or deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale (adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale) and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

The written off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

<u>Fair Value Measurement</u>

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date

- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

Charges to Revenue for Non-Current Assets

Services, (including support services) and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (known as Minimum Revenue Provision (MRP)) equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance.

Depreciation, revaluation, impairment losses and amortisations are therefore replaced by MRP, by way of an adjusting transaction with the CAA in the Movement in Reserves Statement for the difference between the two.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that are readily convertible to known amounts of cash with insignificant risk of change in value (this will exclude fixed term deposits as they are not highly liquid and not readily convertible to cash).

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

Employee Benefits

Benefits payable during employment

Short term employee benefits are those due to be settled within 12 months of the year-end.

They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers, or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Employees of the Council can be members of 3 separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE)
- The National Health Service Pension Scheme, administered by the Department of Health (DoH)
- The Local Government Pensions Scheme, administered by LB Wandsworth.

All schemes provide defined benefits to members, earned as employees who have worked for the Council.

However, the arrangements for the teachers' and NHS scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The AfC Client Side and Residual Functions line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

The Local Government Pension Scheme

Following the passing of the Local Government Pension Scheme (Wandsworth and Richmond Fund Merger) Regulations 2016 – SI 2016/1241, LB Richmond is no longer an administering authority of the Local Government Pension Scheme (LGPS). The London Borough of Richmond upon Thames Pension Fund no longer exists as an entity from 1 October 2016.

The Council is now a scheduled employer in the Wandsworth Council Pension Fund and LB Wandsworth is the administering body for that Fund. The Wandsworth Council Pension Fund Accounts are presented in LB Wandsworth's Statement of Accounts only on this basis. The new merged Fund provides the same benefits to members and employers as all other LGPS Funds. The Council continues to receive IAS 19 reports on end of year assets and liabilities as an employer in the merged Fund.

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

- The liabilities of the Wandsworth Council Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate (based on the indicative rate of return on 20 year gilts adjusted for credit spread).
- The assets of Wandsworth Council Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value
- The change in the net pensions liability is analysed into the following components:
  - Service cost, comprising:
    - current service cost – the increase in the present value of a defined benefit obligation (liabilities) resulting from employee service in the current period. This is allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked

  - past service cost – the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the authority in the number of employees covered by a plan). This is debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
  - Any gain or loss on settlement – arising when an authority enters into a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- Net interest on the net defined benefit liability (asset) - the change during the period in the net defined benefit liability (asset) that arises from the passage of time - charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement
- Re-measurements of the net defined benefit liability (asset) comprising:
  - actuarial gains and losses – changes in the present value of the defined benefit obligation resulting from: a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and b) the effects of changes in actuarial assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
  - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Contributions paid to the Wandsworth Council Pension Fund – cash paid as employer's and employee's contributions to the pension fund in settlement of liabilities.
- Benefits Paid – payments to discharge liabilities directly to pensioners – a charge to the Pension Fund, reimbursed from the Council where there are unfunded discretionary benefits.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff, including teachers, are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. 2 types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts are adjusted to reflect such events (an adjusting event).
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect (a non-adjusting event).

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

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

Financial Assets

Financial assets are classified into 2 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.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

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 relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the 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 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. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale 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 (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available for Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Government Grants and Contributions

Whether paid on account, by instalments or in arrears, Government Grants, third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

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

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

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

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

Grants that cannot be directly allocated to a service area are credited to Taxation and Non-Specific Grant Income.

Group relationships - Interests in Companies and Other Entities

Where the Council assess that its relationship with another entity is classified as a Subsidiary, Associate, or Joint Venture it will present its accounts to reflect these interests as follows:

Subsidiary – An entity will be a subsidiary where the Council controls it. This control is determined by power over the entity, exposure or rights to returns from the entity, and the ability to affect the amount of those returns. Where material, the Council will consolidate the accounts of this entity into its own accounts on a line by line basis. 100% of all transactions and balances will be consolidated into the Council's Accounts and the Council will present both single entity and consolidated Group Accounts.

Associate – An entity will be an associate where the Council assesses that it has significant influence over the operations of another entity. Where this is the case the interest will be represented in the Council's Accounts using the equity method. The original investment will be adjusted for the current share of the net assets and the relevant share of profit or loss will be recognised in the Comprehensive Income and Expenditure Statement.

Joint Entities – If the Council enters into an agreement whereby there is joint control over another entity it will, where material, consolidate this interest using the proportionate line by line method. This entails consolidating the other entity's Accounts with the Council's Accounts in line with the proportion of control that is held.

Long Term Contracts

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.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

In recognising finance leases, the Council applies the same de minimis levels that it uses to recognise its own assets, as set out in the policy for Long Term Non-Monetary Assets.

The Council as Lessee

Finance Leases

Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds (Minimum Revenue Provision (MRP)) towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Overheads and Support Costs

The costs of overheads and support services ‘recharges’ are no longer charged to those that benefit from the supply or service in accordance with the changes to the Code 2016/17. The Council does not report to Members throughout the year on recharges therefore the Comprehensive Income and Expenditure Statement is based on the Council’s internal reportable segments which were created as part of the SSA with LB Wandsworth.

Private Finance Initiative (PFI) and Similar Contracts

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

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

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into 4 elements:

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

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.
Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

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

Redundancy Costs

The Council provides for redundancy costs when it can no longer withdraw the offer of those benefits. If a notification of redundancy has been issued before 31 March but the amount has not yet been paid, a liability is recognised in the accounts.

Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year within the surplus or deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement, and employee benefits, and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

Revenue Expenditure Funded from Capital under Statute

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

VAT

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

Community Infrastructure Levy (CIL)

CIL is a planning charge available to local authorities in England and Wales which was introduced by the Planning Act 2008 and came into force on 6 April 2010. The Council has collected a CIL on behalf of the Greater London Authority since 2013. CIL collected on behalf of other bodies is treated as an agency transaction and as such only the net cost of administration will be reported in the Council's accounts. The actual amount collected and paid over will not be reported as income and expenditure of the Council but will instead be reported as part of the levying body's accounts. The Council now collects CIL from 2014/15. This includes a revenue element used in year to fund costs of administration and a capital element held in a capital reserve.

<u>Accounting for schools</u>

Revenue Income and Expenditure

The Council includes all revenue income/expenditure and resulting assets/liabilities (e.g. debtors, creditors, reserves etc.) arising from maintained schools as part of its Statement of Accounts. Revenue income and expenditure incurred by Academies and VA schools are not consolidated into the Council's Accounts.

Capital

The Council currently holds all local authority maintained schools on the Balance Sheet. This includes academy buildings on an operating lease, which will be kept on the Council's Balance Sheet until finance lease arrangements are signed. Leases may be delayed to avoid contractual issues where there are on-going capital works on the school site. The Council does not generally hold VA schools on its Balance Sheet as the Council does not have the level of control over the sites needed to recognise them as assets. Where the Council does own (and therefore control) a site used by a VA school (e.g. St Richard Reynolds) the site will be recognised as a council asset. The same principles of control of the risks and rewards of ownership apply to academies and free schools. Capital expenditure on schools not on the Council's Balance Sheet such as VA schools goes through Revenue Expenditure Funded by Capital under Statue (REFCUS). REFCUS refers to any expenditure that should be treated as capital but where the Council does not own the asset. This expenditure is reported through the Comprehensive Income and Expenditure Statement.

2. UNUSABLE RESERVES

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2016/17		2015/16
	£000	£000	£000
Balance at 1 April	**(129,580)**		**(119,839)**
Upward revaluation of assets	(106,331)		(17,862)
Downward revaluation of assets and impairment losses not charged to the SDPS*	14,962		5,096
(Surplus) or deficit on revaluation of non-current assets not posted to the SDPS*		(91,369)	(12,766)
Difference between fair value depreciation and historical cost depreciation	5,737		2,542
Accumulated gains on assets sold or scrapped	22,209		483
Amount written off to the Capital Adjustment Account		27,946	3,025
Balance at 31 March		**(193,003)**	**(129,580)**

*SDPS = (surplus)/deficit on the Provision of Services

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	2016/17 £000	2015/16 £000
Balance at 1 April	**(13,596)**	**(9,660)**
Transfer of deferred sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement	(2,848)	(3,944)
Transfer to the Capital Receipts Reserve upon receipt of cash	6	8
Balance at 31 March	**(16,438)**	**(13,596)**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement, depreciation, impairment losses and amortisations. The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account also contains accumulated gains and losses on Investment Properties and Property, Plant and Equipment (revalued before 1 April 2007). Note 13 provides detail of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

	2016/17		2015/16	
	£000	£000	£000	£000
Balance at 1st April		**(591,724)**		**(594,360)**
Reversal of items relating to capital expenditure debited or credited to the CI&ES				
Charges for depreciation and impairment of non-current assets	17,139		15,818	
Revaluation losses on Property, Plant and Equipment	17,084		9,623	
Amortisation of intangible assets	68		73	
Revenue expenditure funded from capital under statute	10,757		9,764	
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	59,716		3,336	
		104,764		38,614
Adjusting amounts written out of the Revaluation Reserve		(27,946)		(3,025)
Net written out amount of the costs of non-current assets consumed in the year		76,818		35,589
Capital financing applied in the year				
Use of the CRR* to finance new capital expenditure	(2,592)		(1,039)	
Capital grants and contributions credited to the CI&ES that have been applied to capital financing	(17,472)		(14,630)	
Application of grants to capital financing from the Capital Grants Unapplied Account	(1,340)		(988)	
Statutory provision for the financing of capital investment charged against the General Fund	(4,086)		(3,805)	
Capital expenditure charged against the General Fund	(4,976)		(5,723)	
		(30,466)		(26,185)
Movements in the market value of Investment Properties debited or credited to the CI&ES		(850)		(6,768)
Balance at 31 March		**(546,222)**		**(591,724)**

*CRR = Capital Receipts Reserve

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

The Council uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund balance in accordance with statutory arrangements for spreading the burden on Council Tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the Account at 31 March 2017 will be charged to the General Fund over the next 7 years.

	2016/17	2015/16
	£000	£000
Balance at 1 April	**795**	**903**
Proportion of premiums incurred in previous financial years to be charged against the General Fund balance in accordance with statutory requirements	(108)	(108)
Balance at 31 March	**687**	**795**

Collection Fund Adjustment Account

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

	2016/17 £000	2015/16 £000
Balance at 1 April	(2,195)	(1,044)
Amount by which Council Tax and Business Rates income credited to the CI&ES is different from Council Tax and Business Rates income calculated for the year in accordance with statutory requirements	348	(1,151)
Balance at 31 March	**(1,847)**	**(2,195)**

Accumulated Absences Account

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

	2016/17		2015/16
	£000	£000	£000
Balance at 1 April		**1,848**	**1,844**
Settlement or cancellation of accrual made at the end of preceding year	(1,850)		(1,844)
Amounts accrued at the end of the current year	2,630		1,850
Amount by which officer remuneration charged to the CI&ES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		782	4
Balance at 31 March		**2,630**	**1,848**

Deferred Lease Payment Account

The Deferred Lease Payment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for lease payments to and from the Council in respect of operating leases. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the Account.

	2016/17 £000	2015/16 £000
Balance at 1 April	**3,087**	**3,115**
Write down of deferred leases signed in prior years	(28)	(28)
Balance at 31 March	**3,059**	**3,087**

Pensions Reserve

The Pensions Reserve absorbs the financial impact of timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2016/17 £000	2015/16 £000
Balance at 1 April	**155,205**	**191,256**
Actuarial gains/losses on pensions assets and liabilities	96,943	(58,288)
Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the Provision of Services in the CI&ES	28,483	36,449
Employer's pensions contributions and direct payments to pensioners payable in year	(14,314)	(14,212)
Balance at 31 March	**266,317**	**155,205**

3. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management for treasury instruments is carried out under policies approved by the Council in the annual treasury management strategy and policy. The Council provides 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.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. In respect of investment assets, the Council's investment strategy:

- sets out clear procedures for determining the type of asset class to be used
- restricts investments to those denominated in sterling to avoid any exchange rate risk
- prescribes maximum periods for investments in each asset class
- prescribes financial limits to be invested in each asset class
- limits the amount to be invested over 12 months to 40% of the investment portfolio.

For Investments and Loans Receivable:

The Council's investment objectives are to achieve security and liquidity of investments and obtain the optimum return commensurate with the prior objectives. Overall levels of investment are governed by cash flow, and cash flow projections are used to determine the duration of investments made to ensure sufficient liquidity. Liquidity is further enhanced by the use of "instant access" deposit accounts, and as a last resort the Public Works and Loans Board (PWLB) would offer short term loans to cover any cash flow deficit. There was no requirement to use PWLB borrowing in this way during 2015/16 or 2016/17.

In respect of the security of its investment assets, the Council's policy uses credit ratings published by major international credit rating agencies to measure the credit quality and risk of each counterparty with which it invests. Credit ratings are continuously monitored and, in addition to notification of changes by the credit rating agency, the Council's treasury team receives regular updates from its external financial advisors as well as using its own assessment of changes to individual risks. This assessment is used to determine appropriate limits for each category of investment. The Council also recognises banks and building societies with substantial government ownership as secure institutions, with this support over-riding low credit ratings. These limits are set out in the Treasury Management Strategy that can be viewed at:
https://cabnet.richmond.gov.uk/documents/s60342/Treasury%20Management%20Policy%20and%20Strategy%20for%20201617.pdf

The following are a summary of relevant limits approved for 2016/17

- Banks with over 20% UK government ownership – up to £15 million
- Banks and Building Societies with required credit rating – up to £10 million for up to 1 year.
- Money Market Funds with AAA Fitch rating – up to £10 million
- Local Authorities – up to £5 million or 10% of net budget per authority
- UK Government Debt Management Office – unlimited investment.

These limits on amounts to be placed with counterparties are based both on the credit assessment of the counterparty, and with a view to limiting the Council's exposure with any one institution.

During 2016/17, regular reports were made to Members. These reports covered the need to focus on the security of investments and updates on the financial market position.

Further information on the changes made and risks discussed is available in the relevant Cabinet reports which are published on the Council's website www.richmond.gov.uk.

For Loans and Trade Debtors:

Customers are assessed, taking into account their financial position, past experience and other factors, with credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Council has agreed to make a long term loan to West London West Authority (WLWA) of up to £15m (£14.7m to 31 March 2017) to part finance the construction of a new waste facility. This loan was agreed as a Council policy decision as a member of WLWA and not for investment purposes. WLWA is a waste disposal authority controlled by its 6 constituent councils. It is therefore assessed to have the same risk as a local authority.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default and collection data over the last 5 financial years, adjusted to reflect current market conditions:

	Amount at 31 March 2017 £000	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2017 %	Estimated maximum exposure to default and uncollectability at 31 March 2017 £000	Estimated maximum exposure at 31 March 2016 £000
	A	B	C	(AxC)	
Money Market Deals	37,200	0.0%	0.0%	0	0
Bonds	750	0.0%	0.0%	0	0
Long Term Loan	14,566	0.0%	0.0%	0	0
Customers	17,489	4.3%	6.8%	1,189	1,959
				1,189	**1,959**

The Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and loans. The Council has taken advice from their treasury advisors who have confirmed there is no adjustment for market conditions at 31 March 2017 on the basis of the counterparty assessments the Council undertakes before making any investment.

The historic experience of default on customer debt has averaged 4.3% on debt outstanding at year-end over the last 12 years (comparative data is only available from the introduction of current financial system in 2004/05). Due to uncertainty in the economy the potential risk of default on customers' debts is assessed as equivalent to the average of the 2 worst years' experience in the past 5 years. On the evidence of collection rates in 2016/17 and taking into account the continuing difficult economic climate, a rate of 6.8% is assumed in the current projection of risk exposure to default on these outstanding debts.

A significant part of the £9.9m customer debt is due from Government, NHS and other public bodies. The aged debt analysis below excludes these public sector debtors as these debts are not considered to be a significant credit risk. The past due amount can be analysed by age as follows:

	31 March 2017 £000	31 March 2016 £000
Less than 3 months	2,842	2,718
3 to 6 months	223	840
6 months to 1 year	408	239
More than 1 year	793	954
	4,266	**4,751**

LIQUIDITY RISK

The Council uses cash flow projections to ensure that cash is available as needed. As the Council has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Council has decided to take all new borrowing on an annuity basis, making annual repayments of principal. This mitigates the risk of large values becoming due in any one year as regular repayments are made, with the revenue provision made in each year set to cover this charge for new loans. The maturity analysis of treasury financial liabilities is as follows:

Liabilities	31 March 2017 £000	31 March 2016 £000
Less than 1 year (including accrued interest)	3,892	4,905
Between 1 and 2 years	3,426	0
Between 2 and 5 years	14,479	6,200
Between 5 and 10 years	10,976	6,648
Between 10 and 15 years	27,287	7,500
Between 15 and 25 years	35,208	32,353
More than 25 years	15,087	41,311
	110,355	**98,917**

The maturity analysis of financial investment assets, excluding sums from customers, is as follows:

Assets	31 March 2017 £000	31 March 2016 £000
Less than 1 year	20,649	21,567
Between 1 and 2 years	0	0
Between 2 and 5 years	750	0
More than 5 years	0	750
	21,399	**22,317**

MARKET RISK

Interest rate risk

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

- borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise
- borrowings at fixed rates – the fair value of the borrowings will fall
- investments at variable rates – the interest income credited to the Income and Expenditure Statement will rise
- investments at fixed rates – the fair value of the assets will fall.

Current Long Term borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the General Fund balance pound for pound.

The Council has a number of strategies for managing interest rate risk. Treasury policy limits use of variable rate loans to a maximum of 50% of borrowings. The treasury team will monitor interest rates and forecasts to adjust exposures appropriately. For instance 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, similarly the drawing of longer term fixed rates borrowing would be postponed.

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

According to this assessment strategy, at 31 March 2017, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	Amount at 31 March 2017 £000	Amount at 31 March 2016 £000
Increase in interest payable on variable rate borrowings	41	40
Increase in interest receivable on variable rate investments	(372)	(484)
Impact on surplus or deficit on the Provision of Services	**(331)**	**(444)**

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

Price risk

The Council does not currently invest in any tradable financial instrument subject to changes in fair value. The Council is consequently not exposed to losses arising from movements in the prices of such instruments.

Foreign exchange risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates. The Council occasionally transacts in foreign currency but the value and frequency of these transactions does not indicate any currency hedging or other risk control measure would be beneficial.

4. POOLED BUDGETS

The Council has 3 remaining pooled budget agreements under S75 of the NHS Act 2006 as at 31 March 2017. These are:

1. Joint Integrated Community Equipment Service with Hounslow and Richmond Community Healthcare Trust (HRCH)

The basis of the funding arrangement is that the Council and HRCH contribute jointly to a pooled budget for the provision of a daily living and nursing equipment service. This service includes minor works adaptations and the servicing of hoists and other equipment. The pooled budget is hosted and managed by LB Richmond and the basis on which costs are shared is reviewed periodically to reflect usage of equipment by different client groups. In October 2011 the Council joined the London Consortium contract for provision of equipment, which is administered by the RB Kensington and Chelsea. LB Richmond pays an administrative fee for governance, overseeing contract compliance and negotiation of equipment prices

2. Better Care Fund (BCF) with Richmond CCG

The BCF has been established by the Government to provide funds to local areas to support the integration of health and social care and to seek to achieve the national conditions and local objectives. As a result, the Council entered into a S75 agreement in April 2015 with Richmond CCG to establish a pooled fund. The fund is being invested in a number of established and new local schemes which aim to support people to access appropriate care closer to home and to keep people independent for as long as possible and prevent unnecessary hospital admissions. The Council is the host for the fund.

3. Joint Integrated Rapid Response Service with Hounslow and Richmond Community Healthcare Trust (HRCH)

The Council entered into a S75 agreement in April 2015 to operate a Joint Integrated Rapid Response Service with HRCH. The basis of the funding arrangement is that the Council and HRCH contribute jointly to a pooled budget for the provision of a Rapid Response Service. The pooled budget is hosted and managed by HRCH. The purpose is to provide facilities for the prevention of illness, for people who are ill or recovering from illness.

Pooled budgets that have ended in 2016/17 are as follows:

1. Joint Integrated Mental Health Service with South West London and St. George's Mental Health Trust (SWLstG).

The Council entered this agreement in October 2013. The basis of the funding arrangement was that the Council and SWLstG contribute jointly for the staffing provision of a joint Mental Health Service. The pooled budget was hosted and managed by the SWLstG. This pooled arrangement ended on 30 June 2016, therefore figures are still included in the following table.

2. Joint Integrated Health and Social Care Services with Richmond CCG

The Council entered into a S75 agreement in April 2015 for a joint integrated partnership arrangement with Richmond CCG. This was to commission Integrated Health and Social Care Services to better meet the needs of residents of the borough, and GP registered patients of Richmond CCG, as identified in the Joint Strategic Needs Assessment (than if the parties were operating independently). This pooled arrangement ended on 31 March therefore is not included in the following table.

	2016/17	2015/16
Community Equipment Service (CES)		
LB Richmond	50.0%	50.0%
Hounslow and Richmond Community Healthcare Trust	50.0%	50.0%
Better Care Fund (BCF)		
LB Richmond	8.9%	6.4%
Richmond CCG	91.1%	93.6%
Rapid Response Service (RRS)		
LB Richmond	56.4%	56.4%
Hounslow and Richmond Community Healthcare Trust	43.6%	43.6%
Mental Health Service (MHS) (ended 30 June 2016)		
LB Richmond	36.0%	36.0%
South West London and St George's Mental Health Trust	64.0%	64.0%

	2016/17				2015/16			
	CES	BCF	RRS	MHS (ended 30 June 2016	CES	BCF	RRS	MHS
	£000	£000	£000	£000	£000	£000	£000	£000
Funding provided to the pooled budget								
LB Richmond	563	1,056	1,633	377	563	706	1,657	1,530
HRCH	563	0	1,250	0	563	0	1,279	0
SWLstG	0	0	0	592	0	0	0	2,775
Richmond CCG	0	10,786	0	0	0	10,293	0	0
Total Funding	**1,126**	**11,842**	**2,883**	**969**	**1,126**	**10,999**	**2,936**	**4,305**
Expenditure met from pooled budget								
LB Richmond	693	1,056	1,259	377	602	706	1,665	1,434
HRCH	693	0	2,239	0	602	0	1,028	0
SWLstG	0	0	0	592	0	0	0	2,647
Richmond CCG	0	10,786	0	0	0	10,293	0	0
Total Expenditure	**1,386**	**11,842**	**3,498**	**969**	**1,204**	**10,999**	**2,693**	**4,081**
Net (surplus)/deficit arising on the pooled budget during the year	**260**	**0**	**615**	**0**	**78**	**0**	**(243)**	**(224)**
LB Richmond share of the net (surplus)/deficit arising on the pooled budget	**130**	**0**	**347**	**0**	**39**	**0**	**(137)**	**(81)**

5. PENSION FUND ACCOUNTS

INTRODUCTION TO THE PENSION FUND ACCOUNTS

Basis on which the Accounts have been prepared

The Pension Fund Accounts (the Accounts) present the financial position of the Pension Fund for the 6 month period ending on 30 September 2016. The reason for reporting on a period shorter than the entire financial year 2016/17 is explained in Note P1 to the Accounts. The Accounts have been prepared and presented in accordance with ‘The Code of Practice on Local Authority Accounting in the United Kingdom 6/17 and the ‘Pensions SORP. Further details are set out in Note P2 to the Accounts.

The Accounts represent the position of the Pension Fund at 30 September 2016, immediately prior to the statutory transfer of the Fund’s assets and liabilities to the LB Wandsworth. It is proposed that the Fund’s assets should be incorporated into the Wandsworth Council Pension Fund with a book cost equivalent to market value; however, the profit / loss analysis shown in this statement reflect the on-going position of the Fund prior to transfer.

Presentation of the Accounts

For the reasons set out in Note P1, below, the Council was not an administering authority of the Local Government Pension Scheme as at 31 March 2017 so Pension Fund Accounts are not included in the Council’s Accounts as at that date. The National Audit Office has determined, however, that the Fund should issue for audit by the Fund’s auditors, Grant Thornton LLP, a set of accounts covering the period 1 April 2016 to 30 September 2016 in the same format as would have applied had the Fund continued to its usual reporting date. These Accounts are therefore produced and presented for the Pension Fund and are independent of the Council’s 2016/17 Accounts.

Accounting Policies

The accounting policies of the Pension Fund are set out in Note P2 to the Accounts. These state that the accounting policies adopted by the Council are applied to the Pension Fund Accounts except where they are not applicable or overridden by the specific policies.

Further Information

If you have any questions or require further information on the Pension Fund Accounts please contact:

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PENSION FUND ACCOUNTS

These Pension Fund Accounts are issued separately to the Council's Statement of Accounts (see Note P1 to the Accounts).

FUND ACCOUNT (for the period 1 April 2016 to 30 September 2016)

	Note	2016/17 (to 30 Sep) £000	2016/17 (to 30 Sep) £000	2015/16 £000	2015/16 £000
DEALINGS WITH MEMBERS AND EMPLOYERS					
Contributions receivable					
From employers	P7	(9,678)		(19,483)	
From members	P7	(2,575)		(5,183)	
Transfers in:					
Individual transfers from other schemes		(224)	(12,477)	(598)	(25,264)
Benefits payable	P7				
Pensions		9,751		19,038	
Commutation of pensions and lump sum retirement benefits		1,952		3,763	
Lump sum death benefits		108	11,811	702	23,503
Payments to and on account of leavers					
Refunds of contributions		44		76	
Transfers out:					
Individual transfers (to other schemes or funds within the LGPS)	P8	1,470	1,514	1,941	2,017
Net additions/(withdrawals) from dealings with members			**848**		**256**
Management expenses	P10		**869**		**1,857**
Returns on investments					
Investment income					
Dividends from equities		(2)		0	
Income from pooled investments		(4,644)		(8,699)	
Interest on cash deposits		(4)	(4,650)	(24)	(8,723)
Taxes on income					
Income from pooled investments		0		330	330
Change in market value of investments:					
Realised gains		(1,527)		(9,161)	
Unrealised gains		(65,648)	(67,175)	17,781	8,620
Net returns on investments			**(71,825)**		**227**
Net (increase)/decrease during the year			(70,108)		2,340
Opening net assets of the Fund 1 April			(604,940)		(607,280)
Closing Net Assets of the Fund 31 March			**(675,048)**		**(604,940)**

NET ASSETS STATEMENT (balances as at 30 September 2016)

	Note	30 September 2016 £000	£000	31 March 2015 £000
Investment Assets				
Equities				
UK			150	150
Pooled investment vehicles:				
Unit trusts:				
Property		62,712		62,665
Other		113,904	176,616	98,665
Unitised insurance policies:			292,726	254,538
Open ended investment companies (OEICS) - other			112,397	99,278
Authorised contractual scheme (ACS)			86,001	81,756
Cash (Interest Bearing Deposits)			6,216	7,937
Total assets invested	*P12*		**674,106**	**604,989**
Other investment balances				
Investment debtors:				
Investment income accrued			197	185
			674,303	**605,174**
Net Current Assets and Liabilities				
Debtors:				
Monthly contributions due from employers		552		340
Monthly contributions due from employees		92		113
Pre-paid benefits (lump sum entitlements)		227		
Other		264	1,135	182
Creditors:				
Unpaid benefits (lump sum entitlements)		(237)		(364)
Investment management expenses		(41)		(130)
PAYE payable to HMRC		0		(234)
Other		(112)	(390)	(141)
			745	**(234)**
Net Assets	*P12/P14*		**675,048**	**604,940**

NOTES TO THE PENSION FUND ACCOUNTS

NOTE P1 DESCRIPTION AND OPERATION OF THE FUND

Description of the Fund

The Local Government Pension Scheme (LGPS) is a statutory scheme, and rules in respect of membership and benefits etc. are prescribed under regulation. The Pension Fund ("the Fund") makes benefit payments as required by legislation and collects and invests contributions from members and their employers. The LGPS is a defined benefit scheme, in which members of the scheme make a contribution based on a percentage of pensionable salary, and on retirement receive a guaranteed, index-linked pension. Historically, the LGPS has been a "final salary" scheme with benefits based on final pensionable salary and the period of scheme membership. From April 2014, the LGPS became a CARE (Career Average Revalued Earnings) scheme, with benefits accruing after the date being based on average pay received over time. The Fund holds and invests in assets to ensure it has sufficient funding for all future payments to pensioners. This funding is achieved through a combination of employer and employee contributions and investment returns. Full details on the LGPS can be found at the following website www.lgpsmember.org.

Employers' contributions are reviewed and adjusted (if required) every 3 years by the Fund Actuary in the course of the triennial valuation of the Fund. The valuation estimates Fund assets (current assets, assumed growth and cash flows inwards) and liabilities (assumed future payments to members) to get to an overall funding position. This is then used to calculate the required contributions from employers to achieve a fully funded position. The latest valuation took place as at 31st March 2016 and a summary of the results is included in Note P4.

Former responsibilities of the Council to administer the Pension Fund and transfer to London Borough of Wandsworth

The London Borough of Richmond upon Thames (also referred to as "the Council") was, until 30 September 2016, an administering authority of the LGPS under The Local Government Pension Scheme Regulations 2013 (SI 2013/2356). As such it was required to operate the LGPS on its own behalf and on behalf of other nominated employers (see Note P3). The Fund was a separate entity for accounting purposes and its Fund Account and Net Asset Statement were separate financial statements although they were presented, but not consolidated, in the Council's Accounts for information because the Council was the administering authority.

In the course of 2016/17, following the passing of SI 2016 No. 1241 (The Local Government Pension Scheme (Wandsworth and Richmond Fund Merger) Regulations 2016), the Council ceased to be an administering authority of the LGPS, with all such responsibilities transferring to LB Wandsworth. The regulations effecting this change came into full legal force on 26 January 2017 but with retrospective effect, in a legal and accounting sense, from 1 October 2016 (the merger date cited in the legislation). It is for this reason that these accounts cover the period 1 April 2016 to 30 September 2016 (when the Council ceased to be administering authority). At the merger date all assets and liabilities of the Fund transferred to the LB Wandsworth and transactions occurring after that date (on an accruals basis) are attributable to that authority's Fund. The Fund's assets were transferred to the title and custody of the LB Wandsworth after 26 January 2017 (when the legal authority to do so was in place) but have been treated in the accounts as having been done so at the values applicable to the "merger date" 30 September.

The Council, as an employer within the Pension Fund, was responsible for collecting and paying over employee contributions to the Fund. Under the LGPS rules, employee contributions are periodically set by the government, whereas employer contributions have to be set at a level sufficient to meet the long-term obligations of the Fund, as determined by the triennial Actuarial Valuation. Employer contributions will therefore be set to cover any funding deficit identified by the actuary in the course of this. From the start for 2014/15, the Fund introduced "employer-specific" contributions for the majority of employers, following the individual assessment of employers at the 31 March 2013 Valuation. (Prior to this the Fund applied a "common contribution rate" approach.)

During the part of the financial year 2016/17 when the fund was operating, the Council continued to delegate the majority of tasks associated with the day-to-day administration of the Fund (broadly those activities falling with the scope of “dealings with members”) to a “shared service” operated by the London Borough of Wandsworth, with this arrangement commencing on 1 March 2015. The Council retained all of the statutory responsibilities described above, however, and discharged directly all other duties (including management of investment activity).

The role of the Pension Fund was to collect employees’ and employers’ contributions from the Council and the other employer bodies, invest surplus funds and make payment of benefits out of the Fund. It is also responsible for making and receiving transfer payments for members joining and leaving the Fund. The Fund’s accounts and disclosure notes reflect these responsibilities as opposed to those of the Council.

Governance arrangements for the Fund

The Council’s responsibilities for administering the Pension Fund were in most respects delegated to the Pension Fund Committee (although see note on pension boards, below). The Committee’s principal business was:

- considering and responding to proposals to amend the design of the LGPS;
- determining policy on the admission of external bodies to the Pension Fund;
- determining the long-term investment strategy of the Fund and keeping this under review at appropriate intervals;
- implementing this strategy through deciding on, and keeping under review, appropriate arrangements for investment management, appointing managers and monitoring their performance;
- appointing the Fund’s actuary, external investment advisor and any other providers of services to the Pension Fund;
- receiving and commenting upon the triennial valuation of the Pension Fund prepared by the actuary;
- determining the Pension Fund’s communications strategy and policies toward corporate governance and responsible investment;
- approving all documents required to be published by the Fund on a statutory basis, including the Pension Fund Annual Report, Statement of Investment Principles, Funding Strategy Statement, Governance Compliance Statement and Communications Policy Statement;
- approving the Pension Fund accounts, and dealing with all aspects relating to the audit of the Pension Fund, including receiving any reports by the Fund’s independent auditor.

The Pension Fund Committee met at least four times each year. The membership of the Committee during the part of the financial year 2016/17 when the fund was operating:

Councillor G. Acton (Chairman)
Councillor T. O’Malley (Vice-Chairman)
Councillor G. Curran
Councillor G. Elliot
Councillor G. Evans

In addition to these Councillors, Mr M. Potts was a non-voting attendee of the Committee as staff observer.

The Fund’s investment advisor (Mr W. Marshall of Hymans Robertson LLP – or a nominated deputy) also attended Committee meetings to provide professional investment advice. The Fund’s independent auditor attended the Committee to present both the audit plan and report on matters arising from the audit of the Pension Fund accounts (in relation to the year 2015/16).

In recognition of the merger of the Fund with that of the London Borough Wandsworth, 3 elected members of the above Committee were co-opted onto a Joint Pensions Committee of the merged fund together with the six existing members of the Wandsworth Pensions Committee.

From 1 April 2015, LGPS funds were required to operate under a revised statutory governance framework set out in The Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 (SI 2015/57). The principal change effected by the Regulations is that each Administering Authority is required to constitute a "local pension board" to oversee the operation of the Fund's business and, where employed, the effectiveness of the "statutory committee" (described above). The concept of the local pension board is based in the Public Service Pensions Act 2013 and the board must contain representatives of both Fund employers and employees. The Pension Board held two meetings in 2016/17 but has ceased upon the fund merger taking effect (Richmond-nominated members are to sit on an expanded Wandsworth Local Pension Board).

The Fund's independent auditor shared their audit plan with members of the Pensions Committee and will present their Audit Findings Report to the Committee.

Investment management arrangements

The Fund appointed fund managers to undertake its investment management responsibilities. During the part of the financial year 2016/17 when the fund was operating the Fund employed two principal external fund managers with multi-asset mandates (Henderson Global Investors and Legal & General Investment Management Limited), each with over a third of the Fund's total investments, and Schroder Investment Management Limited with whom the Fund holds property unit trusts. The Fund also directly held units in the Local Authorities Property Fund (LAPF), managed by Local Authorities Mutual Investment Trust (LAMIT). In addition, the Fund held an investment in the LCIV Diversified Growth Fund ("DGF") for which the underlying manager was Baillie Gifford & Co (representing around 15% of the total Fund assets).

Details of investments under management in period reported re provided in Notes P14 to P18.

The Fund also used the following external service providers:

- Investment advisors – Hymans Robertson LLP
- Performance measurers – Pensions & Investment Research Consultants Limited (PIRC)
- Custodians – JP Morgan Chase & Co

The Fund's Independent auditors are Grant Thornton UK LLP.

Other professional advice was provided by Council officers or obtained via shared service arrangements (including one provided by the London Borough of Merton in relation to Legal Services).

NOTE P2 PENSION FUND ACCOUNTING POLICIES

Basis of Preparation

The Fund's accounts are prepared in accordance and in compliance with:

- The Code of Practice on Local Authority Accounting in the UK 2016/17 (the Code), and
- (where relevant) Financial Reports of Pension Schemes: A Statement of Recommended Practice 2015 – (the Pensions SORP).

Due to the cessation of the Fund at 30 September 2016 the Pension Fund accounts will not be incorporated within a Pension Fund Annual Report, the obligation to issue a Report being interpreted as applying to Administering Authorities at the end of a conventional reporting period.

Accounting Policies

General Policies

The general accounting policies are those that have been adopted by the Administering Authority – the Council of the London Borough of Richmond upon Thames, and these are applied to the accounts of the Pension Fund where they are applicable.

The accounts are prepared on an accruals basis with the significant exception that no recognition is made in respect of liabilities to pay pensions and other benefits after the year end. This treatment is prescribed in the Pensions SORP on the basis that future liabilities that are subject to actuarial valuation are best considered in the context of the full actuarial valuation and the consequent funding statement and funding policy. As the future net liabilities are required to be funded by employer contributions, those relating to the Council as a Fund employer are covered in some detail in the Council's accounts where the full impact of future pension liabilities is disclosed in accordance with IAS 19 (where required by regulatory practice, other Fund employers receive similar analysis for inclusion in their own accounts).

The only other exception to the accruals basis is in respect of transfer values. Transfer payments are made normally when an employee changes employer and moves from one pension scheme to another. Occasionally, following a reorganisation for example, a group of employees may transfer to a different pension scheme. In normal circumstances, the receiving pension scheme will not be liable for any pension benefits in respect of the transferring member until the relevant assets (the transfer value) have been received. Transfer values are therefore accounted for on the basis of when they are paid or received and when the receiving scheme has accepted liability.

Specific accounting policies are adopted in relation to investments. These are covered in the following statements.

Valuation of Investments

Investments are recognised at Fair Value. This is the amount for which an asset could be exchanged, or a liability settled, between unrelated, willing and knowledgeable parties, in an arm's-length transaction, and is generally taken as the appropriate market value at the quoted bid price. These are taken at close of business on 30 September 2016 in relation to the current period reported and 31 March 2016 in relation to the prior period (or the last trading day prior to these dates for relevant markets).

The Fund's non-cash investments are currently held exclusively in pooled vehicles, which for this purpose include unitised insurance policy-based investments. The vehicles themselves would generally be defined as "unquoted" in that they are not, continuously, "listed on or traded on a recognised investment exchange". With the exception of the property units trusts, however, they generally comprise equity and bond securities that would individually be described as "quoted". Liquidity in the non-property investments is broadly equivalent to that of the underlying securities, with the exception of the insurance policy-based investments which are traded weekly. Further information on the valuation of individual managers' holdings is included in Note P16 below.

Foreign Currency Translation

All non-sterling transactions and valuations are translated using the closing rate of exchange as at the date of valuation.

Overseas income is translated at rates of exchange applicable when remitted.

All gains and losses arising from currency transactions in the purchase of non-sterling investments are shown in the Fund Account as realised gains or losses.

Management Expenses charged by the Administering Authority

The administrative costs of the Fund are set out in Note P10. The majority of management costs are initially borne by the Council (as the Administering Authority) and charged to the Fund, where necessary according to appropriate bases such as time spent on work related to the Fund. As described in Note P10, LGPS management costs are the subject of revised guidance issued by CIPFA which is reflected in these accounts. The shared service arrangement entered into with the London Borough of Wandsworth (described in Note P1) means that a significant proportion of management costs are incurred indirectly (but still passed to the Fund by the Council).

Liabilities to Pay Pensions and Other Benefits after the Balance Sheet Date

Unlike most financial statements, the Pension Fund's financial statements do not take account of any liabilities in respect of pension and other benefit liabilities due beyond the year of account. This aspect of the Pension Fund's financial position is specifically covered by the actuarial valuation and report by the Fund's actuary in the following notes (the transfer of the Fund's assets and liabilities to the London Borough of Wandsworth on 1 October 2016 is also relevant to this note).

Critical Judgements

The Code requires that the judgements that management have made in applying the Fund's accounting policies should be disclosed to assist the understanding of users of the accounts, and aid comparability. The relevant judgements are those that have the most significant effect on amounts recognised in the financial statements. Judgements made in arriving at estimates are excluded.

The Fund's accounts include estimation of future values but do not include any critical judgements.

Assumptions Made about the Future and other Major Sources of Estimation and Uncertainty

In preparing the Fund accounts, officers and advisors are required to make assumptions about the future or which 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 Fund's accounts that are subject to significant risk of material adjustment in forthcoming financial year are investment assets. However, the Fund's assets are valued with reference to the published market value of the underlying assets (see Note P20) so there is minimal likelihood of impact here.

The other area of estimation is in the actuarial assessment of the present value of the Fund's assets and liabilities. These are not included in the Net Assets Statement but disclosed in notes to the accounts with the assumptions used (again, the transfer of the Fund's assets and liabilities to the London Borough of Wandsworth on 1 October 2016 is also relevant to this note). Notes P4, P5 and P6 refer to the assumptions used by the actuary in a full triennial funding valuation carried out as 31 March 2016 and an accounting valuation carried out as at the reporting date, 30 September 2016.

Going Concern

Notwithstanding the transfer of the Fund's assets and Liabilities at 1 October 2016 under SI 2016 No. 1241 these accounts are prepared on a "Going Concern" basis (for the purposes of paragraph 2.1.2.6 of The Code) given that the essential functions of the Fund will continue in operational existence for the foreseeable future via the new arrangements.

NOTE P3 MEMBERSHIP OF THE FUND

Although the Council, as Administering Authority, is the Fund's principal employer, the Fund also includes the employees of certain other bodies. These are either scheduled bodies (required by statute to be members of the Fund), admitted bodies (admitted to the Fund by agreement), or "designated" (otherwise specified as an employer under criteria set out in Schedule 2, Part 2 of the LGPS Regulations 2013).

The scheduled, admitted and designated bodies act as employers in the same way as the Council and all are responsible for making deductions from their employees and paying these and their own employer's contributions to the Fund on a regular basis. The Fund makes pension and other benefit payments directly to Fund members.

Membership details as at 30 September are summarised in the following table:

FUND MEMBERSHIP (Continued)	30 September 2016 Contributors	Members with Deferred Benefits	Pensioners and Dependents	Total Members	31 March 2016 Total Members
Designated Bodies:					
Achieving for Children	347	68	23	438	461
Total Designated Bodies	**347**	**68**	**23**	**438**	**461**
Admitted Bodies:					
Association of District Councils *	0	2	18	20	21
Hampton School	31	25	30	86	84
Notting Hill Housing Trust	1	8	11	20	20
St. Mary's College	127	105	122	354	357
SW Middlesex Crematorium Board	10	8	22	40	40
Richmond CAB *	0	0	1	1	1
Housing Organisations Mobility & Exchange Services *	0	6	7	13	13
Richmond Council for Voluntary Service*	0	3	5	8	8
Richmond upon Thames Music Trust	6	0	4	10	11
Christ's Community Management Body *	0	2	0	2	2
Institute of Revenues Rating & Valuation	10	16	9	35	35
Project for Children with Special Needs *	0	2	2	4	4
Museum of Richmond *	0	1	1	2	2
Richmond Housing Partnership **	0	24	31	55	64
Twining Enterprise *	0	6	6	12	12
Mears Building Contractors Limited	1	4	6	11	12
Scout Solutions Projects Limited *	0	14	9	23	23
Veolia (formerly Cleanaway)	25	14	21	60	61
Nviro	2	3	3	8	8
Remploy*	0	0	0	0	2
Total Facilities Management	20	3	3	26	27
Balance Support	4	0	0	4	4
Lifeways	7	2	1	10	8
MyTime Active	1	0	0	1	1
Support for Living	17	1	1	19	23
Medacs Global Group #	1	0	0	1	0
Total Admitted Bodies	**263**	**249**	**313**	**825**	**843**
Scheduled Bodies:					
Academies Enterprise Trust	44	14	10	68	68
Learning Schools Trust	81	54	11	146	137
Richmond upon Thames College	153	286	188	627	618
Richmond Adult & Community College	70	160	75	305	299
Grey Court School	50	28	3	81	77
Orleans Park School	55	9	6	70	63
Teddington School	37	26	7	70	67
Waldegrave Trust	87	22	5	114	108
St Mary's Hampton	9	0	0	9	7
Thomson House School	14	1	0	15	14
Turing House	2	0	0	2	3
Twickenham Primary Academy #	7	0	0	7	0
Total Scheduled Bodies (excl. Council)	**609**	**600**	**305**	**1,514**	**1,461**
The Council	**2,381**	**3,773**	**3,089**	**9,243**	**8,862**
TOTAL MEMBERSHIP	**3,600**	**4,690**	**3,730**	**12,020**	**11,627**

*Note: admitted bodies marked * had no contributing members in 2016/17 and paid no contributions to the Fund in that year. Employers marked # commenced during 2016/17 and had no members as at 31 March 2016. ** Richmond Housing Partnership is closed to new accrual but pay deficit contributions under a securitized arrangement.*

NOTE P4 BASIS OF ACTUARIAL VALUATION

The latest actuarial valuation of the Fund was completed as at 31 March 2016. The principal financial assumptions adopted in the valuation were as follows:

Investment Return	
Discount Rate	4.7%
Increases in Liabilities	
Salary increases	3.9%
Pension increases	2.4%

The market value of the scheme's assets at the date of valuation in March 2016 was £604,940,000. However, the actuary has employed a six-month smoothed market value straddling the valuation date resulting in a marginally lower value of £599,133,000 being used.

NOTE P5 ACTUARIAL VALUATION – RESULTS

Employers' contributions are set taking into account the results of the valuation. The key elements in this process are:

Level of Funding

The results of the 31 March 2016 valuation indicated that the actuarial value of the available assets of £599.1m were sufficient to cover 91.0% of the accrued liabilities to that date.

Funding Policy

The Council is required to set employers' contributions rates to the Fund such as to ensure that the Fund is sufficient to meet 100% of its liabilities.

In accordance with the Funding Strategy, employers' contributions to the Fund are being made up over a period of 12 years (except where a specific prior agreement with security has been arranged), to bring the funding level up to a fully solvent position. Additional contributions have been set on an employer-specific basis to achieve this objective.

NOTE P6 ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS FOR THE PURPOSES OF IAS 26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes.

In order to meet this requirement, the Fund's actuary has carried out an additional assessment of the Fund as at 30 September 2016, using a valuation methodology that is consistent with IAS 19. Although all the financial assumptions used in this exercise have been updated to the reporting date, the principal difference of basis between this and the 2016 triennial "funding valuation" is that the discount rate under IAS 19 is based on the annualised yield at the 19 year point on the Merrill Lynch AA-rated corporate bond yield curve, which has been chosen to meet the requirements of IAS 19 and with consideration of the duration of the Fund's liabilities. This has resulted in a discount rate of 2.3% being used in the IAS 19 assessment (compared to 4.7% in the funding valuation).

Other key assumptions employed by the actuary in the calculation are shown below. The estimated impact of the change of assumptions to 31 March 2016 is to increase the actuarial present value by £276m.

Note: during 2015/16 the Fund changed actuaries with Barnett Waddingham replacing Hymans Robertson. The analysis at 31 March 2016 was therefore produced by Barnett Waddingham but was consistent in prior year terms with that produced by the former actuary. The current analysis is based on Barnett Waddingham's updated assumptions, including demographic and statistical assumptions that are consistent with those used in the most recent Fund valuation, carried out at 31 March 2016

Financial

Year Ended	30 Sept 2016 % p.a.	31 March 2016 % p.a.
Inflation [CPI] /Pensions Increase Rate	2.5	2.3
Salary Increase Rate*	4.0	3.2
Discount Rate	2.3	3.6

* Salary increases are 1% p.a. nominal until 31 March 2015 reverting to the long term rate thereafter.

Longevity

The actuary has adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2016. These assumptions have been updated from those adopted at the last accounting date. The post retirement mortality tables adopted are the S2PA tables with a multiplier of 80% for males and 85% for females. These base tables are then projected using the CMI 2015 Model, allowing for a long-term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below.

	Males		Females	
	30.09.16	**2015/16**	**30.09.16**	**2015/16**
Current Pensioners	24.4	22.2 years	25.9	24.4 years
Future Pensioners*	26.6	24.3 years	28.2	26.9 years

* Future pensioners are assumed to be currently aged 45.

Commutation Assumptions etc.

The actuary has assumed that:-

- Members will exchange half of their commutable pension for cash at retirement;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

The assumptions used are those adopted for the Administering Authority's IAS 19 report as required by the Code of Practice. On this basis, the value of the Fund's promised retirement benefits as at 30 September 2016 (along with a prior-year comparator) was:-

Year Ended	30 Sept 2016 £m	31 March 2016 £m
Present Value of Promised Retirement Benefits	1,063	787

The above figures include both vested and non-vested benefits (non-vested benefits refer to those relating to scheme membership of less than 2 years where a refund of contributions can be requested).

The actuary has not made any allowance for unfunded benefits (which are liabilities of employers rather than the Fund).

NOTE P7 CONTRIBUTIONS AND BENEFITS

The following tables analyse contributions and benefits received and paid by the Fund by reference to the different scheme employers:

Contributions

	2016/17 to 30 September			2015/16		
	Employers	Members	Total	Employers	Members	Total
Contributions	£000	£000	£000	£000	£000	£000
Administering Authority (the Council)	6,275	1,528	7,803	12,675	3,160	15,835
Scheduled Bodies	1,421	393	1,814	2,811	778	3,589
Admitted Bodies	1,199	301	1,500	2,525	582	3,107
Designated Bodies	783	353	1,136	1,472	663	2,135
Total Contributions	**9,678**	**2,575**	**12,253**	**19,483**	**5,183**	**24,666**

Benefits

Benefits	**2016/17 to 30 Sept £000**	**2015/16 £000**
Pensions		
Administering Authority (The Council)	8,221	16,156
Scheduled Bodies	498	951
Admitted Bodies	951	1,810
Designated Bodies	81	121
Total Benefits	**9,751**	**19,038**
Lump Sum Retirement Benefits		
Administering Authority (The Council)	1,260	2,489
Scheduled Bodies	309	340
Admitted Bodies	266	594
Designated Bodies	117	340
Total Benefits	**1,952**	**3,763**
Lump Sum Death Benefits		
Administering Authority (The Council)	59	624
Scheduled Bodies	49	0
Admitted Bodies	0	78
Total Benefits	**108**	**702**

NOTE P8 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

During the part of the financial year 2016/17 when the Fund was operating, no bulk transfers and 25 individual transfer values with an aggregate value of £1.470m were paid. In 2015/16, the Fund also paid no bulk transfers, and 32 individual transfer values with an aggregate value of £1.941m were paid. (Note: these sums refer to external transfer to other schemes and do not include any notional transfers occurring between Fund employers.)

NOTE P9 ADDITIONAL VOLUNTARY CONTRIBUTIONS

The Council is required to offer the facility for Additional Voluntary Contributions (AVCs). These contributions are voluntary and are paid over to the AVC provider for investment on behalf of the members concerned. In accordance with Scheme Regulations and the Code of Practice on Local Authority Accounting in the UK 2016, these transactions are not included in the Fund Account or the Net Assets Statement, but details are given in the following table:

	31 March 2017*		31 March 2016	
	£000	No. of Members	£000	No. of Members
Value of Investments				
Clerical Medical	1,021	67	1,175	82
Equitable Life	546	75	527	83
Total	**1,567**	**142**	**1,702**	**165**
Contributions received from members in year	**39**		**56**	

*Memorandum figure (values not available at reporting date).

NOTE P10 ANALYSIS OF ADMINISTRATION AND GOVERNANCE COSTS

Following the publication of the CIPFA guidance “Accounting for Local Government Pension Scheme Management Costs”, the operating costs of the Fund have been re-categorised according to the three headings defined in the Guidance. This table analyses the three categories: administration (now defined more narrowly as those directly associated with “dealings with members”); “oversight and governance”, which encompasses elements of both investment and administration costs (as previously stated), and investment costs, representing the direct costs attributable to the management of the Fund investments. Note P13 explains that the Fund has incurred no explicit transaction costs (as defined in the Guidance). The expenses shown reflect all management fees incurred, whether these are paid directly or deducted from the funds under management. Predominantly, fees are paid on a fixed percentage or “ad valorem” basis, although a performance fee was payable on around 35% of the Fund. During the part of the financial year 2016/17 when the fund was operating, no performance element was paid (as it is levied at 31 December, after the transfer of the Fund). In 2016/17 to the reporting date of 30 September, no performance fees were paid as these are calculated and levied on a calendar basis (and only payable if any relevant performance has been maintained to that point).

Administration Costs	2016/17 to 30 Sept £000	2015/16 £000
Administration and processing	125	250
Communications with Fund members	0	0
Other (incl. fees received)	0	(3)
Total Administration Costs	**125**	**247**
Oversight & Governance Costs		
Administration and processing	26	52
Actuarial fees	20	57
Audit fees	21	21
Advisor's fees	12	22
Performance Measurement Fees	1	18
Other	0	2
Total Oversight & Governance Costs	**80**	**172**
Investment Management Costs		
Investment managers' fees	661	1,433
Custodian Fees	3	5
Total Investment Management Costs	**664**	**1,438**
Total Management Costs in Fund A/C	**869**	**1,857**

The audit fee payable to the external auditors Grant Thornton is £21k.

NOTE P11 INVESTMENT PRINCIPLES

Under SI 2016 No. 946 ("The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016") on 1 November 2016, Local authority pension schemes are no longer required to publish a Statement of Investment Principles (SIP). This obligation has been replaced by a requirement to publish an "Investment Strategy Statement" ("ISS") no later than 31 March. Due to the prior merger no ISS has been issued on behalf of the London Borough of Richmond Fund (although the Fund's existing SIP remained in place to that point).

NOTE P12 RECONCILIATION OF MOVEMENT IN INVESTMENTS

The following tables reconcile the movements in the Fund's investment assets in the year.

(i) By Manager

Manager	**Value as at 31 March 2016 £000**	**Purchases £000**	**Sale proceeds £000**	**Profit on Disposal £000**	**Change in Market Value £000**	**Value as at 30 Sept 2016* £000**
CIV [Baillie Gifford]	81,756				4,245	86,001
Legal & General	268,904				38,085	306,989
Henderson	213,875	6,873	(3,696)	1,527	23,693	242,272
Schroders	28,084	486			(220)	28,350
LAMIT (property)	4,283				(155)	4,128
London LGPS CIV Limited	150					150
	597,052	**7,359**	**(3,696)**	**1,527**	**65,648**	**667,890**
Cash deposits	7,937					6,216
Total assets invested	**604,989**					**674,106**
Net Current Assets	(49)					942
Total Net Assets	**604,940**					**675,048**

Manager	**Value as at 1 April 2015 £000**	**Purchases £000**	**Sale proceeds £000**	**Profit on Disposal £000**	**Change in Market Value £000**	**Value as at 31 March 2016 £000**
Baillie Gifford	82,841	78	(78,611)	6,429	(10,737)	0
CIV [Baillie Gifford]	0	78,611	0	0	3,145	81,756
Legal & General	272,628	0	0	0	(3,724)	268,904
Henderson	215,603	15,634	(11,496)	2,732	(8,598)	213,875
Schroders	25,241	952	0	0	1,891	28,084
LAMIT (property)	4,041	0	0	0	242	4,283
London LGPS CIV Limited	0	150	0	0	0	150
	600,354	**95,425**	**(90,107)**	**9,161**	**(17,781)**	**597,052**
Cash deposits	6,299					7,937
Total assets invested	**606,653**					**604,989**
Net Current Assets	627					(49)
Total Net Assets	**607,280**					**604,940**

As noted above (See Note 1) the Fund's assets were transferred to the London Borough of Wandsworth, for accounting purposes, as at 30 September 2016 (at current market value for nil consideration due to the statutory direction of the transfer). However, the analysis shown in Fund Account, Net Assets Statement, the table immediately above and those below (where relevant) show the position immediately prior to transfer, in order to provide the meaningful analysis of the reporting period.

(ii) By Asset Category

Asset Category	Value as at 1 April 2016 £000	Purchases £000	Sale proceeds £000	Profit on Disposal £000	Change in Market Value £000	Value as at 30 Sept 2016* £000
Unit Trusts - Property	62,665	486			(439)	62,712
Unit Trusts - Other	98,665	4,121	(2,443)	1,227	12,334	113,904
Unitised Insurance Policies	254,538				38,188	292,726
Authorised Contractual Scheme	81,756				4,245	86,001
OEICs	99,278	2,752	(1,253)	300	11,320	112,397
Equities	150					150
	597,052	**7,359**	**(3,696)**	**1,527**	**65,648**	**667,890**
Cash deposits	7,937					6,216
Total assets invested	**604,989**					**674,106**
Net Current Assets	(49)					942
Total Net Assets	**604,940**					**675,048**

*Pre-transfer

Asset Category	Value as at 1 April 2015 £000	Purchases £000	Sale proceeds £000	Profit on Disposal £000	Change in Market Value £000	Value as at 31 March 2016 £000
Unit Trusts - Property	56,706	951			5,008	62,665
Unit Trusts - Other	98,949	6,863	(3,895)	1,415	(4,667)	98,665
Unitised Insurance Policies	342,450	78	(78,611)	6,430	(15,809)	254,538
Authorised Contractual Scheme	0	78,611	0	0	3,145	81,756
OEICs	102,249	8,772	(7,601)	1,316	(5,458)	99,278
Equities	0	150				150
	600,354	**95,425**	**(90,107)**	**9,161**	**(17,181)**	**597,052**
Cash deposits	6,299					7,937
Total assets invested	**606,653**					**604,989**
Net Current Assets	627					(49)
Total Net Assets	**607,280**					**604,940**

*Pre-transfer

NOTE P13 INVESTMENT TRANSACTION COSTS

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

With the exception of cash, the Fund was invested exclusively in pooled vehicles in which there are no direct transaction costs – these being reflected in the bid/offer (or equivalent) prices for units.

NOTE P14 INFORMATION ON ASSETS UNDER MANAGEMENT

Summary of investment assets under management

Type of Asset	30 Sept 2016 CIV [Baillie Gifford] £000	L&G £000	Schroders £000	Henderson £000	Total £000
UK Investments – Listed	86,001	169,156	28,350	133,142	416,649
Overseas Investments – Listed		137,833		109,128	246,961
Cash			97	2,050	2,147
Total Under Management	**86,001**	**306,989**	**28,447**	**244,320**	**665,757**
Percentage of funds	13%	46%	4%	37%	100%
Directly held UK investments (LAMIT/London LGPS CIV)					4,280
Cash (interest bearing deposits)					4,069
Other investment balances - debtors and creditors					197
Total investment assets					**674,303**
Other net current assets					745
Total Net Assets					**675,048**
Analysis of all investments:					
Total UK Investments (includes directly held LAMIT and CIV Operating Co investment)					420,929
Total Overseas Investments					246,961
Cash and deposits					6,216
Other investment balances - debtors and creditors					197
Total invested					**674,303**

Type of Asset	31 March 2016 CIV [Baillie Gifford] £000	L&G £000	Schroders £000	Henderson £000	Total £000
UK Investments – Listed	81,756	148,990	28,084	119,353	378,183
Overseas Investments – Listed	0	119,914	0	94,522	214,436
Cash	0	0	97	1,815	1,912
Total Under Management	**81,756**	**268,904**	**28,181**	**215,690**	**594,531**
Percentage of funds	14%	45%	5%	36%	100%
Directly held UK investments (LAMIT/London LGPS CIV)					4,433
Cash (interest bearing deposits)					6,025
Other investment balances - debtors and creditors					185
Total investment assets					**605,174**
Other net current assets					(234)
Total Net Assets					**604,940**
Analysis of all investments:					
Total UK Investments (includes directly held LAMIT and CIV Operating Co investment)					382,616
Total Overseas Investments					214,436
Cash and deposits					7,937
Other investment balances - debtors and creditors					185
Total invested					**605,174**

NOTE P15 STATUS OF INVESTMENTS UNDER MANAGEMENT

This note provides details of the investments held by each manager at 30 September 2016. It gives details of each of the pooled vehicles used by each manager and the percentage that each investment represents of the total of Fund. All fund managers are incorporated and registered in the UK with the exception of Henderson, which is incorporated and registered in Jersey.

The types of pooled vehicles are shown by the following abbreviations:

AUT	Authorised Unit Trust
PUT	Property Unit Trust
UUT	Unauthorised Unit Trust
OEIC	Open Ended Investment Company
ACS	Authorised Contractual Scheme

Status of individual investments under management

The four managers with responsibility for the Fund's investments during the relevant period are shown below.

Henderson Global Investors Investments are managed by four separate entities and each of these invests in a number of pooled vehicles:

	Value of Assets Under Investment			
	30 Sept 2016		31 March 2016	
	£000	% of Fund	£000	% of Fund
Pooled Investments				
Henderson Investment Funds Limited				
UK Equity Enhanced Trust 'Z' (AUT)	61,169	9%	51,745	9%
Exempt North American Enhanced Equity 'Z' (UUT)	52,735	8%	46,920	8%
	113,904	**17%**	**98,665**	**17%**
Henderson Strategic Investment Funds				
European Enhanced Equity Fund 'Z' (OEIC)	34,736	5%	29,757	5%
Japan Enhanced Equity 'I' (OEIC)	13,045	2%	10,350	2%
Asia Pacific Ex Japan Enhanced Equity Fund 'I' (OEIC)	8,613	1%	7,495	1%
	56,394	**8%**	**47,602**	**8%**
Henderson UK and Europe Funds				
Henderson UK Gilt Fund 'I' (OEIC)	20,614	3%	19,516	3%
Henderson All Stock Credit 'I' (OEIC)	35,390	5%	32,160	5%
	56,004	**8%**	**51,676**	**8%**
Henderson Property Management (Jersey) Limited				
UK Property Fund Units (PUT)	15,970	2%	15,932	3%
	15,970	**2%**	**15,932**	**3%**
Total invested	**242,272**	**35%**	**213,875**	**36%**
Cash	2,050	0%	1,815	0%
Total all Henderson Funds	**244,322**	**35%**	**215,690**	**36%**

Legal and General Investments managed by Legal and General Investment Management Ltd. These are held in two unitised insurance policies providing passive management across the benchmark portfolio allocation.

	Value of Assets Under Investment			
	30 Sept 2016		31 March 2016	
Pooled Investments	**£000**	**% of Fund**	**£000**	**% of Fund**
Legal and General Assurance (Pensions Management) Limited				
Policy Number 35334-2/000 / 01 (Insurance Policy)	153,495	23%	134,452	22%
Policy Number 35336-7/000 / 01 (Insurance Policy)	153,495	23%	134,452	22%
Total invested	**306,990**	**46%**	**268,904**	**44%**

The policies include holdings categorised elsewhere as Property Unit Trusts of with value £7,132k per policy (£7,183k at 31 March 2016).

Schroders Schroder Investment Management Ltd managed pooled property on an active basis.

	Value of Assets Under Investment			
	30 Sept 2016		31 March 2016	
	£000	**% of Fund**	**£000**	**% of Fund**
Pooled Investments				
Schroder Property Investment Management Limited				
Schroder UK Real Estate Fund (PUT)	28,350	4%	28,084	5%
Total invested	**28,350**	**4%**	**28,084**	**5%**
Cash	97	0%	97	0%
Total all Schroders Funds	**28,447**	**4%**	**28,181**	**5%**

CIV [Baillie Gifford] Investments comprising a "Diversified Growth Fund" are held via a sub-fund the London Collective Investment Vehicle, who employ Baillie Gifford & Co, to manage the underlying investment vehicle (during 2015/16 and prior to being held by the CIV the underlying fund relinquished its former insurance-based structure without otherwise changing its nature).

	Value of Assets Under Investment			
	30 Sept 2016		31 March 2016	
Pooled Investments	**£000**	**% of Fund**	**£000**	**% of Fund**
London LGPS CIV Diversified Growth Fund (Class A Income) (ACS)	86,001	13%	81,756	14%
Total invested	**86,001**	**13%**	**81,756**	**14%**

*Previous year represents Baillie Gifford Life Limited Diversified Growth Fund "P Class" (Insurance Policy)

NOTE P16 VALUATION OF FUNDS UNDER MANAGEMENT

The Code requires investments to be valued at their Fair Value basis. Where there is an active market for a particular investment, the bid price is usually the appropriate quoted price to represent the fair value of that investment. The following paragraphs describe the valuation basis used. Also noted is a categorisation of the Fund's investments according to the "fair value hierarchy" described in The Code (para. 2.10.2.29).

Henderson Global Investors ("HGI") (excluding property) (Level 1)

The equity and bond investments managed by HGI are represented at mid-value less a percentage "liquidation fee" (now termed a "swing rate") issued by the manager, broadly reflecting the "mid-to-bid" margin for the relevant asset class. The closing prices (and "swing rates") issued by HGI are not quoted on any independent pricing services (such as Bloomberg), although mid-day prices for the majority of the HGI pooled vehicles held by the Fund are quoted on such sources.

L&G (excluding property) (Level 1)

Investments with L&G are held via two insurance policies. Under this arrangement, which is the conventional form of UK passive fund management, the surrender value of the policy is directly linked to underlying units in L&G's index-tracking funds, held (and maintained) in proportion to the policy holder's required asset distribution. The policy holder has no title to or direct beneficial ownership of either the units or underlying physical securities, which are the property of L&G. The policy values have been shown in the accounts in accordance with the bid values of the reference units issued by L&G, representing the effective surrender value of the policy. The unit prices are not quoted on any independent pricing services.

Property Investments (including Henderson L&G and Schroders) (Level 2)

All the Fund's unitised property investments are represented at the latest available bid value issued by the funds according to their respective pricing conventions, and these prices are quoted on independent pricing services.

CIV [Baillie Gifford] (Level 2)

The CIV [Baillie Gifford] Diversified Growth Fund is "single priced" reflecting the bid value of the underlying assets. This price is therefore represented as the fair value of the investment. The price issued by the CIV is the same price as that issued by the manager of the fund, Baillie Gifford. The unit prices are not quoted on any independent pricing services.

	30 Sept 2016		31 March 2016	
Summary Classification of Managers' Holdings	Multi-Asset	Property	Multi-Asset	Property
CIV [Baillie Gifford]	2	N/A	2	N/A
L&G	1	2	1	2
Henderson Global Investors	1	2	1	2
Schroders	N/A	2	N/A	2
Summary Classification of Fund Holdings by Value	Quoted market price Level 1 £000	Using observ-able inputs Level 2 £000	Quoted market price Level 1 £000	Using observ-able inputs Level 2 £000
Financial Assets				
Financial assets at fair value through P & L	519,027	148,862	452,480	144,571
Loans and receivables	7,549	0	8,757	0
Total Financial Assets	526,576	148,862	461,237	144,571
Financial Liabilities				
Financial liabilities at fair value through P & L	0	0	0	0
Financial liabilities at amortised cost	390	0	869	0
Total Financial Liabilities	390	0	869	0
Net Financial Assets	526,186	148,862	460,368	144,571

NOTE P17 RESTRICTIONS AFFECTING THE REALISATION OF INVESTMENTS

There were no formal restrictions affecting the ability of the Fund to realise its investments at their carrying value at the end of the period reported.

NOTE P18 INFORMATION ON ASSETS DIRECTLY HELD

In addition to funds under the management of fund managers, the Fund directly held 1,485,701 units in the Local Authorities Property Fund (LAPF). This is a property unit trust to which the trustee is the Local Authorities Mutual Investment Trust (LAMIT), responsible for the appointment of the property manager, CCLA Investment Management Limited. In common with the Fund's other property assets, this investment is regarded as "Level 2" under the Code.

In 2015/16 all participating boroughs in the London Collective Investment Vehicle initiative were required to subscribe to £150k in share capital of the "CIV Operating Company, in order to meet FCA requirements for the Operator to have minimum "Regulatory Capital" proportional to the level of AUM it is responsible for. The Fund therefore holds 150,000 'B' non-voting redeemable shares in London LGPS CIV Limited. This investment represents private / unlisted equity and is potentially redeemable at par value (although for practical purposes the investment is wholly illiquid). It is therefore represented in the accounts at a notional market value of par and is regarded as "Level 2" under the Code.

	30 Sept 2016		31 March 2016	
	£000	**% of Fund**	**£000**	**% of Fund**
LAMIT Local Authorities Property Fund (PUT)	4,128	1%	4,283	1%
London LGPS CIV Limited	150	0%	150	0%
	4,278	1%	4,433	1%

There were no purchases or sales in LAPF units by the Fund during 2015/16 or 2014/15. The fund assets are valued by surveyors appointed by the trustee managers of the trust and the units are carried in the Balance Sheet at bid price, reflecting their fair value.

There were no restrictions affecting the ability of the Fund to realise its investment in LAPF at its carrying value at year-end, other than the general liquidity issues inherent in holding this asset class.

NOTE P19 FINANCIAL INSTRUMENTS

NOTE P19a 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 (excluding cash) by category and net assets statement heading. No financial assets were reclassified during the accounting period.

	Designated as fair value through P/L		Loans and receivables		Financial Liabilities at Amortised Cost	
	30 Sept 2016 £000	31 March 2016 £000	30 Sept 2016 £000	31 March 2016 £000	30 Sept 2016 £000	31 March 2016 £000
Financial Assets						
Equities – Unlisted	150	150	0	0	0	0
Unit Trusts – Property	62,712	62,665	0	0	0	0
Unit Trusts – Other	113,904	98,665	0	0	0	0
Unitised Insurance Policies	292,726	254,538	0	0	0	0
Open Ended Investment Companies (OEICS)	112,397	99,278	0	0	0	0
Authorised Contractual Scheme (ACS)	86,001	81,756	0	0	0	0
Cash	0	0	6,216	7,937	0	0
Debtors	0	0	1,332	820	0	0
Total	**667,890**	**597,052**	**7,548**	**8,757**	**0**	**0**
Financial Liabilities						
Creditors		0	0	0	390	869
Total		**0**	**0**	**0**	**390**	**869**

NOTE P19b NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

The only financial instruments which incurred a gain or loss in year were the Fund's investment assets which are valued at fair value through the Fund Account. This includes both realised and unrealised gains and losses.

	30 Sept 2016 £000	31 March 2016 £000
Change in fair value recognised in profit and loss	(67,175)	8,620

NOTE P19c FAIR VALUE OF FINANCIAL INSTRUMENTS AND LIABILITIES

All of the Fund's investments at 30 September 2016 and 31 March 2016 had a carrying value that was identical to the fair value (i.e. where relevant, all investments were "marked to market" on a continuous basis). Changes in market value have been recognised in the Fund Account for the relevant year.

NOTE P19d VALUATION OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

The Fund's non-cash investments are made via pooled investments, and the Fund does not directly own any of the underlying assets. The valuation of these instruments is derived from valuation techniques using inputs based significantly on observable market data (e.g. the values of the underlying assets in the pooled vehicle). See note P16 for full details.

NOTE P20 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Fund invests in three principal asset classes, equities, bonds and property, each of which is held primarily with a view to their long-term return characteristics.

In a long-term context, three principal categories of investment-related risk are identified.

Benchmark: the risk that the chosen benchmark will give rise to asset value fluctuations that are largely uncorrelated with fluctuations in liabilities.

Portfolio: the risk that the Fund performs poorly relative to the chosen benchmark.

Operational: the risk of fraud and breaches of regulatory constraints.

In current terminology, benchmark and portfolio risk are collectively referred to as market risk and typically analysed in terms of constituent elements such as price, interest rate and currency risk. Given the nature (and relative simplicity) of the Fund's investment structure, however, it is still considered appropriate to comment in this area principally in terms of benchmark (strategic) risk and portfolio (implementation) risk, whilst acknowledging the constituent elements referred noted above.

The Fund accepts and acknowledges a significant degree of benchmark risk entailed by its 57.5% equity weighting. In determining the Fund's asset allocation, the following considerations were taken into account:-

(i) the long-term investment horizon of the Fund;
(ii) the lower cost of pension provision associated with anticipated long-term equity returns;
(iii) the potential of real assets (such as equities and property) to match the effect of future increases in pension liabilities arising from inflation and pay growth.

It is recognised that in adopting a benchmark in which equities are the dominant asset class, the Fund is exposed to significant volatility, both in the short-term and in terms of longer-term potential outcome. This volatility encompasses both the absolute value of the investment fund and its value relative to the liabilities of the Fund.

From analysis provided by the Fund's investment advisors, Hymans Robertson LLP, based on data as at 30 September 2016 it is estimated that the Fund's benchmark has an expected annual volatility (exclusive of currency risk) of around 14.3%. (In this context, volatility represents one standard deviation i.e. the range within which approximately two-thirds of annual outcomes will fall. This is not, therefore, the most likely outcome but rather a relative measure of volatility.) In monetary value terms, based on the Fund's market value at 30 September 2016, the expected price volatility represented around £96m. The tables below detail the expected volatility of the fund's investments (by asset class), in % and monetary terms.

Value as at 30 September 2016:

Asset type	Value as at 30 Sept 2016	Percent-age Change	Value on Increase	Value on Decrease
	£000	%	£000	£000
UK Equities	162,558	20.2%	195,395	129,721
Overseas Equities	246,961	23.5%	304,997	188,925
UK Government Bonds	41,573	8.4%	45,065	38,081
UK Corporate Bonds	68,085	11.0%	75,574	60,596
Cash	6,216	0.5%	6,247	6,185
Property	62,712	14.3%	71,679	53,743
Alternatives (DGF)	86,001	12.5%	96,751	75,251
Total Assets Invested*	674,106	14.3%	770,502	577,708

For comparison, the value as at 31 March 2016, based on analysis provided the Fund's then independent performance measurer, VM Performance Services/ State Street Global Services was:

Asset type	Value as at 31 March 2016	Percent-age Change	Value on Increase	Value on Decrease
	£000	%	£000	£000
UK Equities	138,948	10.4%	153,426	124,469
Overseas Equities	214,436	9.8%	235,429	193,443
UK Government Bonds	38,409	6.1%	40,752	36,066
UK Corporate Bonds	60,838	5.99%	64,482	57,194
Cash	7,937	0.0%	7,938	7,936
Property	62,665	1.8%	63,818	61,512
Alternatives (DGF)	81,756	4.5%	85,451	78,060
Total Assets Invested*	604,989	6.7%	645,280	564,696

* The % change for Total Assets includes the impact of correlation across asset classes and is therefore different to the sum of the individual cash variances shown for each asset class.

Portfolio risk is controlled via the adoption of asset allocation ranges and the explicit monitoring of quarterly performance relative to the benchmark return. In "investment style" terms, the Fund seeks to mitigate the potential for variance to benchmark indices by managing the majority of its assets (and all equity investments) on either a fully passive or "enhanced index" basis (the latter targets up to 75bps index outperformance with an emphasis on low tracking error relative to conventional active management). At 30 September 2016, around 43% of fund assets were managed on a fully passive basis, 25% within "enhanced index" vehicles and 32% (comprising property, cash and approximately half of the Fund's bond investments) on an "active" basis.

Operational risk is controlled primarily by the audit and compliance functions maintained by the fund managers, supervised by the Council's Internal Audit and Risk Management section. The Council relies primarily on the annual AAF 01/06 (or SAS 70) reporting framework on fund managers' internal controls as evidence of their risk management mechanisms, but recognises that this is provided to clients for information purposes only by the reporting auditor.

Liquidity Risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore takes steps to ensure that it has adequate cash resources to meet its commitments. The Fund has a 1% target benchmark allocation to cash and immediate access to all balances held. In the event of it being required, the Fund has overdraft facilities and an ability to borrow funds on a short-term basis from the Administering Authority (subject to the relevant provisions of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. In general, the Fund's pooled investment assets have good liquidity, based on daily, weekly or monthly dealing. In exceptional market circumstances, liquidations in the Fund's pooled property investments can be suspended (at the managers' discretion), but this is not considered to materially impact the Fund's overall liquidity.

The Fund currently remains cash-flow positive in its regular dealings with members and plans in advance for exceptional funds outflows e.g. bulk transfers. This situation is unlikely to change in the short term. However, it is possible that changes to the structure of the Council (as single largest employer) could impact this position. The Fund's liquidity is reviewed regularly and officers will ensure policies were in place to ensure liquidity if monitoring suggests there is a risk of this position changing.

Interest Rate Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates (information on the expected volatility of the Fund's fixed interest securities is shown in the table above).

The Fund's direct exposure to interest rate movements as at 30 September 2016 and 31 March 2016 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Asset type	Value as at 30 Sept 2016 £000	Value as at 31 March 2016 £000
UK Government Bonds	41,573	38,409
UK Corporate Bonds	68,085	60,838
Cash and Cash Equivalents	6,216	7,937
Total	115,874	107,184

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 the carrying value of the Fund's financial assets and liabilities. The Fund's benchmark cash allocation is invested under a Treasury Management Policy adopted by the Pension Fund Committee in February 2011 which reflects the Council's own Policy and Strategy (subject to their being a separate maximum £5m counterparty limit for any cash investment.). The Fund's maximum exposure to credit risk as conventionally understood is detailed in the above table. The Fund's investments in corporate bonds are in two pooled vehicles predominantly comprising investment-grade securities. At 30 September 2016, around 96% of the Fund's total corporate bond investments (by value) were at grade BBB or higher. The distribution of the Fund's credit exposure by manager is shown in the tables below.

Credit Rating	% as at 30 Sept 2016	% as at 31 March 2016
Henderson Global Investors		
AAA	9.4	10.2
AA	12.6	16.1
A	28.4	24.6
BBB	41.1	42.2
<BBB	4.9	3.5
Other	3.7	3.4
Legal & General		
AAA	18.9	19.1
AA	17.2	19.4
A	31.0	29.0
BBB	32.8	32.3
Other	0.1	0.2

Other risks: the Fund recognises and accepts currency risk (i.e. additional volatility to base currency) associated with the 34.5% of Fund assets denominated in currencies other than sterling. Additional analysis form Hymans Robertson LLP (again based on data as at the reporting date) indicates that the non-sterling element of the portfolio has an expected annual volatility of around 10% (£25m in value terms), or around 4% in terms of the Fund as a whole. The equivalent figures for 31 March 2016 (again provided by WM/State Street) were: expected annual volatility of around 6% (£13m in value terms), or around 2% in terms of the Fund as a whole. The largest exposure at the reporting date was to the USD (44% of risk by value) and Euro (26%).

NOTE P21 MATERIAL TRANSACTIONS WITH RELATED PARTIES

The Pension Fund is a separate entity from the Council with its own Fund Account and Net Assets Statement. The following material transactions took place between the Council and the Pension Fund:

Income:	2016/17 to 30 Sept £000	2015/16 £000
Pension Contributions from the Council (employer's contributions)	(6,275)	(12,675)
Pension Contributions from employees (deductions paid over)	(1,528)	(3,160)
Total Income	**7,803**	**15,835**
Expenditure:		
Indirect support costs provided by the Council	**151**	**302**

In addition, at the reporting date £71k in other re-imbursements (principally VAT recovered on behalf of the Fund) were due from the Council.

Additionally, the Council's Director of Resources and Deputy Chief Executive, Mark Maidment, acts in the capacity of Treasurer to the South West Middlesex Crematorium Board (SWMCB), one of the Fund's admitted employers. In 2016/17 (to the reporting date), SWMCB paid over employer's contributions of £36k and employees' contributions of £10k to the Fund.

Of the five Councillors who sat on the Pension Fund Committee in 2016/17, none were active members of the LGPS (under the provisions permitting elected members' allowances to be pensionable) during the reporting period; Councillor membership of the LGPS within this authority ceased completely (in May 2014), in accordance with the provisions of section 26 of The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014. Two members of the Committee have a deferred benefit in the LGPS

Management Remuneration and Pension Scheme Membership
Mark Maidment, Director of Resources and Deputy Chief Executive, is employed by the Council as administering authority to the Fund and performs a similar management function for both the Council and the Fund, attending the Pension Fund Committee and exercising the most senior level of control delegated by that body. He is included within the scope of Note 33 in the Council's main Statement of Accounts covering Officers' Remuneration. It is not possible accurately to apportion the element of that remuneration that relates to Pension Fund duties carried out. All senior Council officers involved in the management of the Pension Fund are members of the LGPS.

NOTE P22 CONTINGENT ASSETS AND LIABILITIES

Apart from future pension and benefit liabilities, the Pension Fund had no contingent assets or liabilities as at 30 September 2016.

NOTE P23 EVENTS AFTER THE REPORTING DATE

As noted above, on 1 October 2016, by retrospective effect of statute coming in legal force on 26 January 2017 all assets and liabilities of the London Borough of Richmond Pension Fund transferred to the London Borough of Wandsworth. There are therefore no other events after the reporting date that are relevant to the London Borough of Richmond.

STATEMENT OF RESPONSIBILITIES

Responsibilities of the Council

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Resources and Deputy Chief Executive;
- Manage its affairs to secure economic, efficient and effective use of resources, and safeguard its assets;
- Approve the Council's Accounts, including those of the Pension Fund.

Responsibilities of the Director of Resources and Deputy Chief Executive

The Director of Resources and Deputy Chief Executive is responsible for the preparation of the Council's Accounts, including those of the Pension Fund, in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in United Kingdom (The Code).

In preparing the Pension Fund Accounts, the Director of Resources and Deputy Chief Executive has:

- Selected suitable accounting policies, and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Local Authority Code.

The Director of Resources and Deputy Chief Executive has also:

- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities;
- Ensured the Pension Fund Accounts give a true and fair view of the financial transactions during the period ended 30 September 2016, and the amount and disposition of the Fund's assets and liabilities as at 30 September 2016, other than liabilities to pay pensions and other benefits after the end of the scheme year.

Certificate

I certify that the Accounts of the Pension Fund give a true and fair view of the financial transactions of London Borough of Richmond upon Thames Pension Fund during the period ended 30 September 2016, and the amount and disposition of the Fund's assets and liabilities as at 30 September 2016.

Mark Maidment
Director of Resources and Deputy Chief Executive
14 September 2017

CERTIFICATE OF APPROVAL

These financial statements were approved by the Statutory Accounts Committee on 14 September 2017.

Chairman
Statutory Accounts Committee
14 September 2017

Date authorised for issue: This statement of accounts is authorised for issue on 14 September 2017 and any events up to this date are reflected in the note on events after the Balance Sheet date – see Note P23.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON BOROUGH OF RICHMOND UPON THAMES PENSION FUND

We have audited the pension fund financial statements of London Borough of Richmond upon Thames (the "Authority") for the period ended 30 September 2016 under the Local Audit and Accountability Act 2014 (the "Act"). The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes. 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 2016/17.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Act and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Resources and Deputy Chief Executive and auditor

As explained more fully in the Statement of Responsibilities, the Director of Resources and Deputy Chief Executive is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, which give a true and fair view. Our responsibility is to audit and express an opinion on the pension fund financial statements in accordance with applicable law, the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") 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 pension fund 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 pension fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Resources and Deputy Chief Executive; and the overall presentation of the pension fund financial statements. In addition, we read all the financial and non-financial information in the Authority's Statement of Accounts to identify material inconsistencies with the audited pension fund financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the pension fund financial statements

In our opinion:

- the pension fund financial statements present a true and fair view of the financial transactions of the pension fund during the period ended 30 September 2016 and of the amount and disposition at that date of the fund's assets and liabilities, and
- the pension fund financial statements have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

Emphasis of Matter – Basis of Preparation – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note P1 and P2 to the financial statements concerning the basis of preparation of the financial statements. As explained in note 2 London Borough of Richmond upon Thames Pension Fund ceased to exist on 1 October 2016 and on the same date the London Borough of Richmond upon Thames Pension Fund merged into London Borough of Wandsworth Pension Fund. In accordance with the 2016/17 Code of Practice on Local Authority Accounting, the financial statements have been prepared on a going concern basis.

Opinion on other matters

In our opinion, the other information published together with the audited pension fund financial statements in the Authority's Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the audited pension fund financial statements.

Elizabeth Jackson

Elizabeth Jackson
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

30 Finsbury Square
London
EC2P 2YU

26 September 2017

TABLE OF NOTES

SINGLE ENTITY ACCOUNTS

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GLOSSARY OF TERMS

ACCRUALS
Amounts charged to the accounts for goods or services received during the year for which payments have not yet been made, and for income due, which has not yet been received.

ACHIEVING FOR CHILDREN (AfC)
A Community Interest Company that is jointly owned by LB Richmond and RB Kingston. From 1 April 2014 both Councils procured the majority of Children and Educational Services from this organisation.

AMORTISATION
The practice of reducing the value of assets to reflect their reduced value over time. The term means the same as depreciation, though in practice amortisation tends to be used for intangible assets.

AUDIT COMMISSION
The Audit Commission was an independent public corporation that existed between 1 April 1983 and 31 March 2015. The Commission's primary objective was to appoint external auditors to a range of local public bodies in England. Going forward external audit services for local authorities will be provided by private sector audit firms and will be procured in line with procurement best practice.

BALANCE SHEET
A statement of the Council's assets and liabilities at the 31 March (Balance Sheet date).

BUDGET
An estimate of amounts expected to be spent or received during the year. This can refer to the Council's overall budget, the budget for a particular area (e.g. Capital Budget or Education Budget) or for a specific item (e.g. Printing Budget).

BUSINESS RATES
Also referred to as National Non-Domestic Rates (NNDR). This is tax is payable by Businesses and administered by the Council. The tax is based upon the Rateable Value of the business premises and a Multiplier Rate set by Central Government each year. The income is shared by Central Government, the Council and the Greater London Authority in the proportion 50:30:20.

BUSINESS RATE SUPPLEMENT
The Business Rate Supplements Act 2009 enables levying authorities - county councils, unitary district councils and, in London, the Greater London Authority - to levy a supplement on the Business Rate to support additional projects aimed at economic development of the area. A Business Rate Supplement is currently being levied by the Greater London Authority in relation to the Crossrail project.

CABINET
This is the executive body responsible for undertaking all of the Council's functions except those that are reserved to the full Council or delegated to Committees or officers.

CAPITAL ADJUSTMENT ACCOUNT
This reserve contains the balance of depreciation against the Prudent Provision for Repayment of Debt, also known as Minimum Revenue Provision (MRP), additional debt repayments over the MRP, reserved capital receipts and usable capital receipts and grants etc. applied to meet capital expenditure.

CAPITAL EXPENDITURE
Expenditure on the acquisition or enhancement of assets that have a significant value and a useful life beyond 1 year.

CAPITAL FINANCING REQUIREMENT
With the introduction of the Prudential Code on 1 April 2004, each local authority has to calculate a number of indicators that help to determine whether the authority can maintain its borrowing with prudent and sustainable levels. One of the key indicators is the Capital Financing Requirement (CFR) that represents the Council's underlying need to borrow. This is the value of capital assets that have not been financed from Council resources.

CAPITAL CHARGES
Charges made to service revenue accounts, based on the consumption of fixed assets by the service consisting of depreciation and impairment.

CAPITAL CONTRIBUTIONS
Some capital schemes receive contributions from third parties that have an interest in supporting a capital scheme. The most common source of capital contributions is from Schools that contribute part of their own resources towards a capital scheme in which they have an interest.

CAPITAL GRANTS
Government departments and Transport for London support Council capital expenditure through capital grants that can be specific to a particular capital scheme or can be more general support to a particular policy programme or government initiative. These grants are used to finance the relevant element of capital expenditure to which the grant relates.

CAPITAL PROGRAMME
A 6 year plan that identifies capital projects and purchases. The capital programme provides a planned schedule for financial planning and is reviewed annually.

CAPITAL RECEIPTS
Income received from the sale of land, buildings and other capital assets or the Council's share of such sales by other bodies. These may be used to finance capital expenditure but are not available to finance revenue expenditure.

CASH AND CASH EQUIVALENTS
Cash is represented by notes and coins held by the Council and deposits available on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value e.g. instant access accounts.

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)
This is an accountancy body that produces standards and codes of practice for accounting and financial functions in the public sector. It is one of the bodies responsible for the 2 principal codes of practice that determine how the Council presents its accounts (see the next paragraph).

THE CODE
This Code of Practice is based on International Financial Reporting Standards (IFRSs), and has been developed by the CIPFA/LASAAC Code Board under the oversight of the Financial Reporting Advisory Board. The Code provides guidance to all Local Authorities on how to apply accounting standards for the production of the Statement of Accounts and outlines information that must be included.

COLLECTION FUND
Local authorities that are required by law to collect Council Tax and Business Rates must establish a 'Collection Fund' that records the amounts collected from Council Tax and Business Rates separately from the Council's own accounts. The Collection Fund also shows payments made to the government and precepting authorities, and transfers to the Council's General Fund.

COMMUNITY ASSETS
Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples include parks and historic buildings.

COMMUNITY INFRASTRUCTURE LEVY (CIL)

CIL is a planning charge available to local authorities in England and Wales which was introduced by the Planning Act 2008 and came into force on 6 April 2010.

COMMUNITY INTEREST COMPANY

A Community Interest Company is a special type of Ltd. company which exists to benefit the community rather than the private shareholders. Its primary objectives are social objectives and any surpluses are re-invested into the organisation.

CONTINGENCIES

Money set aside from a budget to meet the cost of unforeseen items of expenditure, or shortfalls in income.

COUNCIL TAX

A major source of income to the Council. It is levied on households within the Council's area based on property values and the proceeds are paid into the Collection Fund for distribution to precepting authorities, which are Council and the Greater London Authority.

COUNCIL TAX SUPPORT

Assistance provided by the Council to adults on low incomes to help them pay their Council Tax bill. Previously, this was known as Council Tax Benefit and the cost was largely met by Government grant.

CREDITORS

Organisations and individuals to whom the Council owes money.

CURRENT ASSETS

These are assets that will be consumed within the next accounting period (i.e. less than 1 year). Examples are stock, cash and debtors.

CURRENT LIABILITIES

Those amounts which will become payable or could be called upon in the next accounting period (i.e. less than 1 year).

DEBTORS

Organisations and individuals who owe money to the Council.

DEDICATED SCHOOLS GRANT (DSG)

DSG was introduced in 2006/07 and is the main ring-fenced grant that pays for Education Services. Most of the DSG is delegated to schools.

DEPRECIATION

The writing down of the value of a fixed asset in the balance sheet in line with its expected useful life.

EARMARKED RESERVES

Amounts set aside for specific purposes falling outside the definition of provisions.

EMPLOYEE BENEFITS

Salaries, wages, paid annual leave and paid sick leave.

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

FINANCE LEASE

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee.

FIXED ASSETS
These are assets that are likely to be in use by the Council for more than 1 year, such as land and buildings.

FUNDING BASIS
This refers to the Funding Basis under regulations. The Council is required to include several items in the Comprehensive Income and Expenditure Statement under The Code that are not a charged to Council Tax payers (e.g. depreciation).

GENERAL FUND
This is available for any purpose and is held to manage major in-year spending issues and to ensure financial stability.

HERITAGE ASSETS
Heritage Assets are assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations.

IAS 19
Accounting standard requiring the recognition by an authority of the attributable share of the assets and liabilities of pension funds with which it is associated showing the employer's commitment to increase contributions to make up any shortfall in attributable net assets, or its ability to benefit (via reduced contributions) from a surplus in the scheme, even though the fund retains title to the assets and the responsibility to pay pensions.

IMPAIRMENT LOSS
Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
A core financial statement that provides a summary of the resources generated and consumed by the Council in the year.

INFRASTRUCTURE ASSETS
These are fixed assets that are not saleable, for example, roads.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
The regulations under which the accounts are published. A set of international accounting standards stating how particular types of transactions and other events should be reported in financial statements. IFRS are issued by the International Accounting Standards Board.

INTANGIBLE FIXED ASSETS
Intangible fixed assets that are likely to be in use by the Council for more than 1 year are recognised where there is no 'physical' asset but the Council controls future economic benefits from the asset. For example computer software.

INVENTORIES
Inventories are materials or supplies that will be consumed in producing goods or providing services or will be sold or distributed as part of an authority's ordinary business.

LONG TERM BORROWING
This is external borrowing for a period of 1 year or more. Temporary borrowing is defined as external borrowing for 364 days or less.

MINIMUM REVENUE PROVISION (MRP)
The minimum amount which must be charged to the General Fund each year and set aside as prudent provision for debt repayment, as required by the Local Government Act 1989 and Capital Financing Regulations (as amended).

MOVEMENT IN RESERVES STATEMENT (MIRS)
A prime statement that draws together all the movements, in both the usable and unusable reserves.

NATIONAL NON-DOMESTIC RATES
Also referred to as Non-Domestic Rates (NNDR), this is explained in the paragraph on Business Rates.

NET BOOK VALUE
An asset or liabilities original book value net of any accounting adjustments such as depreciation.

NET REALISABLE VALUE
The value of an asset that can be realised upon the sale of the asset, less any costs associated with either the eventual sale or the disposal of the asset in question.

OPERATIONAL ASSETS
These are fixed assets that are held, occupied, used or consumed by the Council in the direct delivery of its services.

OPERATING LEASE
This is a type of lease under which lease rentals are paid for the use of the asset over the period of the lease. The asset remains the property of the lessor and has to be returned at the end of the lease.

OUTTURN
This is the final expenditure and income in any financial year. Outturn reports usually compare the final net expenditure (expenditure less income) against the relevant budget.

PRECEPT
A charge made by prescribed public authorities that do not administer the local Council Tax on the Collection Fund.

PROVISIONS
Amounts set aside for liabilities and losses which are likely to occur but where the exact amount or timing is uncertain but can be reasonable estimated.

Public Works Loan Board
The Public Works Loan Board (PWLB) is a Government body that makes long term loans to local authorities.

REVALUATION RESERVE
This reserve contains the balance on the revaluation of fixed assets and any subsequent movement in the current cost of assets arising from depreciation or disposals of those assets.

REVENUE EXPENDITURE
Day to day payments on the running of Council services such as salaries and wages, operating costs and charges for the use of assets.

REVENUE EXPENDITURE FUNDED BY CAPITAL UNDER STATUTE (REFCUS)
Capital expenditure that does not result in a new or enhanced asset in the Council’s accounts. An example is an improvement grant made to an individual. This expenditure is also referred to as revenue expenditure classified as capital by statute.

SECTION 106 RECEIPT

Under Section 106 of the Town and Country Planning Act, 1990, developers and local authorities can enter into planning obligations to enable developments to proceed that might otherwise not be approved. These obligations are commonly referred to as Section 106 agreements and in some cases these provide for the developer to make financial payments to the Council that have to be used for compensatory works or measures that facilitate the proposed development.

SECTION 151 OFFICER
Section 151 of the Local Government Act 1972 requires each local authority to appoint a suitably qualified officer to be responsible for the proper administration of its financial affairs. This officer is sometimes referred to as the Section 151 Officer. The Section 151 Officer for this Council is the Director of Resources and Deputy Chief Executive.

SERVICE REPORTING CODE OF PRACTICE (SERCOP)
The CIPFA SERCOP establishes proper practices with regard to consistent financial reporting for services. It provides best practice guidelines about which services or transactions to report together.

TANGIBLE NON-CURRENT ASSETS
Tangible fixed assets are ‘physical’ assets that provide future economic benefit and are likely to be in use by the Council for more than 1 year.

TEMPORARY AND LONG TERM INVESTMENTS
The Council has cash surpluses that reflect its usable revenue and capital reserves and the incidence of cash flows. These investments are in loans to banks and other financial institutions. The majority of investments are short term, i.e. with repayment in less than 365 days. Longer term investments (365 days or longer) include long term loans to another local authority.

TEMPORARY BORROWING
This is defined as external borrowing for 364 days or less. Long term borrowing is external borrowing for a period of 1 year or more.

TERMINATION BENEFITS
Amounts payable to employees as a result of a decision by the Council to terminate an officer’s employment prior to normal retirement age or an officer’s decision to accept voluntary redundancy.

ALTERNATIVE FORMATS

If you have difficulty understanding this publication, please visit Reception at the address below where we can arrange a telephone interpreting service

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TW1 3BZ

Nese keni veshtersi per te kuptuar kete botim, ju lutemi ejani ne recepcionin ne adresen e shenuar me poshte ku ne mund te organizojme perkthime nepermjet telefonit.

এই প্রকাশনার অর্থ বুঝতে পারায় যদি আপনার কোন সমস্যা হয়, নিচে দেওয়া ঠিকানায় রিসেপ্শন-এ চলে আসুন যেখানে আমরা আপনাকে টেলিফোনে দোভাষীর সেবা প্রদানের ব্যবস্থা করতে পারবো।

إذا كانت لديك صعوبة في فهم هذا المنشور، فنرجو زيارة الإستقبال في العنوان المعطى أدناه حيث بإمكاننا أن نرتب لخدمة ترجمة شفوية هاتفية.

اگر در فهميدن اين نشريه مشكل داريد، لطفا به ميز پذيرش در آدرس قيد شده در زير رجوع فرماييد تا سرويس ترجمه تلفنى برايتان فراهم آورده شود.

જો તમને આ પુસ્તિકાની વિગતો સમજવામાં મુશ્કેલી પડતી હોય તો, કૃપયા નીચે જણાવેલ સ્થળના રિસેપ્શન પર આવો, જ્યાં અમે ટેલિફોન પર ગુજરાતીમાં ઇન્ટરપ્રિટીંગ સેવાની ગોઠવણ કરી આપીશું.

ਜੇਕਰ ਤੁਹਾਨੂੰ ਇਸ ਪਰਚੇ ਨੂੰ ਸਮਝਣ ਵਿਚ ਮੁਸ਼ਕਲ ਪੇਸ਼ ਆਉਂਦੀ ਹੈ ਤਾਂ ਹੇਠਾਂ ਦਿੱਤੇ ਗਏ ਪਤੇ ਉੱਪਰ ਰਿਸੈਪਸ਼ਨ 'ਤੇ ਆਓ ਜਿੱਥੇ ਅਸੀਂ ਟੈਲੀਫ਼ੋਨ ਤੇ ਗੱਲਬਾਤ ਕਰਨ ਲਈ ਇੰਟਰਪ੍ਰਿਟਰ ਦਾ ਪ੍ਰਬੰਧ ਕਰ ਸਕਦੇ ਹਾਂ।

اگر آپ کو اِس اشاعت کو سمجھنے میں کوئی مشکل ہے تو، براہِ کرم نیچے دیئے ہوئے ایڈریس کے استقبالیے پر جا کر ملیئے، جہاں ہم آپ کیلئے ٹیلیفون انٹرپریٹینگ سروس (ٹیلیفون پر ترجمانی کی سروس) کا انتظام کر سکتے ہیں۔

FEEDBACK

We continuously try to improve our communications with the public and welcome any comments or suggestions on this publication. Please send any comments to:

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OTHER PUBLICATIONS:
In addition to this Statement of Accounts that has to be produced in a format that complies with legislation and professional guidance, the Council publishes a range of other reports covering finance and performance.

If you are interested in the Council's finances and how it performs, please visit our website and follow the link on the front page to Statements of Accounts www.richmond.gov.uk.