



STATEMENT OF ACCOUNTS

2023/24

Draft subject to final audit opinion and certification

Hammersmith & Fulham Council

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CONTENTS

The Executive Director of Finance & Corporate Services' Narrative Report, the Council's Statement of Accounts for the Year Ended 31 March 2024 and the Council's Annual Governance Statement are set out on the following pages.

Independent auditor's report to the members of the London Borough of Hammersmith and Fulham	5
CERTIFICATION BY CHAIR OF THE AUDIT COMMITTEE	6
THE EXECUTIVE DIRECTOR OF FINANCE & CORPORATE SERVICES' NARRATIVE REPORT	7
STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS	18
CORE FINANCIAL STATEMENTS	19
Movement in Reserves Statement	20
Comprehensive Income and Expenditure Statement	21
Balance Sheet	22
Cash Flow Statement.....	23
NOTES TO THE CORE FINANCIAL STATEMENTS	24
1. Expenditure and Funding Analysis	24
1a. Note to the Expenditure and Funding Analysis.....	26
2. Expenditure and Income Analysed by Nature	28
3a. Adjustments between Accounting Basis and Funding Basis under Regulations	29
3b. Usable Reserves.....	32
3c Unusable Reserves.....	32
4a. Transfers to/from Earmarked Reserves.....	36
4b. Earmarked Reserves Description	37
5. Material Items of Income and Expense.....	38
6. Other Operating Income and Expenditure.....	39
7. Financing and Investment Income and Expenditure	39
8. Taxation and non-specific grant income and expenditure.....	39
9. Property, Plant and Equipment.....	40
10. Investment Properties.....	46
11. Heritage Assets	47
12. Assets Held for Sale.....	47
13. Capital Expenditure and Capital Financing.....	48
14. Leases (Finance and Operating)	49
15. Private Finance Initiative	50
16. Debtors.....	52
17. Cash and Cash Equivalents	52
18. Creditors	53
19. Other Long-Term Liabilities.....	53
20. Provisions.....	53
21. Financial Instruments.....	54
22a. Cash Flow Statement – Net Cash Flow from Operating Activities	61
22b. Cash Flow Statement – Operating Activities	61
22c. Reconciliation of Liabilities Arising from Financing Activities.....	62
23. Agency Services	62
24. Members' Allowances	62
25. Officers' Remuneration	63

26. Pension Schemes Accounted for as Defined Contribution Schemes.....	65
27. Defined Benefit Schemes	65
28. External Audit Costs	70
29. Dedicated Schools Grant	71
30. Grant Income.....	73
31. Related Parties.....	74
32. Better Care Fund Pooled Budget.....	76
33. Interest in Companies	76
34. Contingent Assets and Contingent Liabilities	77
35. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty	78
36. Trust Funds	79
37. Events after the Reporting Period	79
38. Statement of Accounting Policies	80
39. Critical Judgements in Applying Accounting Policies	92
40. Accounting Standards not yet adopted	93
SUPPLEMENTARY FINANCIAL STATEMENTS	94
Collection Fund Account.....	95
Housing Revenue Account (HRA).....	97
Pension Fund Accounts	101
Draft Annual Governance Statement 2023/24.....	124
GLOSSARY OF TERMS.....	139

Independent auditor's report to the members of the London Borough of Hammersmith and Fulham

Audit report, opinion and certificate to follow with final version of the 2023/24 accounts.

CERTIFICATION BY CHAIR OF THE AUDIT COMMITTEE

Certificate to follow further to Audit Committee approval of final 2023/24 accounts.

THE EXECUTIVE DIRECTOR OF FINANCE & CORPORATE SERVICES' NARRATIVE REPORT

Introduction from the Executive Director of Finance & Corporate Services

Hammersmith & Fulham is a dynamic, diverse and exciting place to live and work. Sitting alongside four and a half miles of the river Thames and nestled between one of the world's busiest airports, the City of London and London's West End, the Borough is aiming to be the best place for business in Europe, as well as a thriving hub for the arts, culture, sports and leisure.

Hammersmith & Fulham, like most local authorities, continues to face significant financial challenges. For over a decade, national and local public finances have been under significant pressure whilst demand for our services has increased.

2023/24 was characterised by the ongoing impact of the cost-of-living crisis and inflationary and interest rate pressures arising from the recent national and international economic turbulence. Throughout the year, the Council has had to balance an increased demand for services whilst at the same time dealing with a rise in cost-pressures. These challenges reinforce the importance of finding ever more efficient ways to make our resources go further.

The Council's continued focus on financial resilience, embedded through the medium-term financial strategy and programme to deliver savings has enabled it to mitigate against the financial challenges and manage the financial resources effectively. The Council has remained within budget during the year and earmarked reserves continue to be proportionate at £184m given the current strategic operating environment. Capital investment for the financial year was £185m.

Looking ahead to 2024/25, the Council has set a balanced budget and continues its commitment to investment through an ambitious capital programme.

The strategic operating environment of the Council remains significantly challenging with the continuing macro-economic pressures. The Council will continue to act prudently to maintain adequate levels of one-off reserves to manage financial risk and to maintain the investment to deliver the Council priorities and complete the Building Homes and Communities Programme and the major Regeneration Schemes including Civic Campus. The Council will continue to deliver services in line with the six values and especially being 'ruthlessly financially efficient'.

Priorities and Performance

The Council has established the following values in its vision:

- Building shared prosperity
- Creating a compassionate council
- Doing things with residents, not to them
- Being ruthlessly financially efficient
- Taking pride in Hammersmith & Fulham
- Rising to the challenge of the climate and ecological emergency

The Council has adopted a new Corporate Plan for 2023-26 which provides a comprehensive and cross-cutting set of ambitions and key outcomes in terms of sustainable economic, social and environmental benefits. Council objectives and performance is robustly monitored at a corporate, departmental and service level and reported to the Strategic Leadership Team (SLT) and Cabinet.

Organisational Overview and External Environment

As a unitary authority Hammersmith & Fulham has responsibility for the delivery of a broad range of services including:

- Adult Social Care
- Children Services
- Collection of Revenues (Council Tax and Business Rates)
- Social and Affordable Housing and Homelessness
- Economic Regeneration and Development
- Welfare Benefits Administration
- Community Services (Libraries, Parks, Leisure Centres)
- Planning and Building Control
- Public Health
- Regulatory Services (including Trading Standards, Food Safety, Environment Health, HMOs)
- Highways and Transport
- Waste Management and Recycling

Additional details of our services are available on our website.

Governance

The Council operates the Leader/Cabinet system with 50 councillors in total representing 21 Wards. The Council's governance arrangements are explained in detail in the Annual Governance Statement (AGS) and this is published as part of these financial statements. The Council's Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that it is efficient, transparent and accountable to local residents. The latest version of the Council's Constitution can be viewed on our website.

Organisational Model

A list of our main service areas and directors – who together comprised the Strategic Leadership Team (SLT) - as at the end of the 2023/24 financial year was as follows:

Chief Executive	Sharon Lea
Strategic Director of Economy	Jonathan Pickstone
Strategic Director of Environment	Bram Kainth
Strategic Director of Social Care	Linda Jackson
Strategic Director – Chief Operating Officer (Interim)	Nicola Ellis
Strategic Director of Children's Services	Jacqui McShannon
Director of Finance	Sukvinder Kalsi
Director of Legal Services (Monitoring Officer)	Grant Deg

Up to date information concerning the SLT is available here:

<https://www.lbhf.gov.uk/councillors-and-democracy/about-hammersmith-fulham-council/our-services>

People

The council employs 2,410 people in full time and part-time contracts (excluding schools). The workforce generally reflects the diversity of residents across the Borough. The table below sets out a Departmental breakdown of the Council's employees by age, disability, gender and ethnicity.

Age

Age group	Childrens Services	Finance	Corporate Services	Social Care	The Economy	The Environment
<20	0%	0%	0%	0%	2%	4%
20-24	4%	7%	2%	1%	2%	2%
25-29	11%	8%	7%	6%	6%	7%
30-34	14%	10%	7%	8%	11%	8%
35-39	9%	7%	10%	8%	11%	7%
40-44	15%	15%	9%	12%	13%	14%
45-49	10%	11%	11%	13%	11%	13%
50-54	12%	12%	14%	15%	13%	13%
55-59	14%	18%	24%	19%	15%	19%
60-64	10%	11%	17%	21%	16%	17%

Disability

Disability	Childrens Services	Finance	Corporate Services	Social Care	The Economy	The Environment
Declared Disability	7.8%	7.3%	6.8%	10.3%	7.6%	5.6%

Gender

Department	Female Employees	Female Employees	Male Employees	Male Employees
Social Care	169	72.2%	65	27.8%
Children's Services	353	80.6%	85	19.4%
Finance	93	52.5%	84	47.5%
Corporate Services	212	62.4%	128	37.6%
The Economy	317	46.1%	371	53.9%
The Environment	202	37.9%	331	62.1%
Grand Total	1,346	55.9%	1,064	44.1%

The Council, like other large employers, publishes its gender pay gap information. To see our gender pay results and those of other organisations you can visit: <https://gender-pay-gap.service.gov.uk/>

Ethnicity

Ethnicity	Childrens Services	Finance	Corporate Services	Social Care	The Economy	The Environment
Asian	8%	10%	14%	6%	9%	17%
Black	23%	26%	27%	34%	23%	24%
Mixed	6%	6%	6%	4%	5%	8%
No data provided	13%	11%	8%	9%	9%	5%
Other	2%	0%	1%	1%	2%	1%
Prefer not to say	2%	2%	2%	3%	10%	2%
White	45%	46%	42%	43%	43%	44%

Risks and Opportunities

The Council's risk management framework involves an ongoing process to identify the risks to our policies, aims and objectives and to prioritise them according to likelihood and impact. The Council maintains a comprehensive suite of risk registers which are regularly reviewed by the Audit Committee. This is published as part of the relevant committee papers which can be accessed on our website.

The Council's overall key risks and other financial risks are summarised below:

Key risks	Impact and Mitigation
Management of complaints and requests for information from residents	Mishandling of queries and complaints potentially resulting in underlying issues not being addressed and/or escalation to regulatory authorities. In order to mitigate against the complaint failures, we have set up the Complaints and Disputes Resolution team, which have been instrumental in resolving historic cases and significantly reducing open complaints. Housing complaints performance is also overseen by an SLT chaired board, with regular oversight of the progress being made.
Ensuring that all outstanding housing repairs are completed especially with regard to health and safety disrepair cases, and Category 1 Hazards, HHSRS and damp and mould.	Overall, we are trying to mitigate against this risk, in-line with direction set by internal audit, the monitoring officer, the Housing Ombudsman, and the Social Housing Regulator. We continue to prioritise reducing the backlog of legal disrepair cases, complaints including Ombudsman cases, and keeping our residents safe. We also seek to reduce the backlog of work-in-progress (WIP) which has reduced to 3,708 live jobs and continue to target voids. We are also securing additional contactors to provide extra capacity and secure greater value for money.
Failure to maintain services to residents in the event of IT systems being compromised and affecting service resilience.	The Council continues to monitor and mitigate external risks which may affect its IT systems, including attempts to breach our network through cyber-attacks, on-going security patching, the robustness of our supplier chain and overall disaster recovery provision against a backdrop of increasing costs. In 2023/24 mitigations included risk-mitigation workshops run by digital services, enhancements to email security and participation by Digital Services in an expert led cyber security workshop and training programmes.

Other key financially focussed risks	Impact and Mitigation
Financial Management - Medium-Term Planning.	<p>The Council's financial operating environment remains challenging (with the macro-economic inflationary/interest pressures, lower household incomes and rising unemployment). This has increased operating costs including pay and external service contracts, affects the affordability of regeneration programmes, reduces our commercial income, and increases arrears on rents, council tax, business rates as households, visitors and businesses reduce costs. It also impacts services, especially homelessness and other welfare services. In addition, there are many national reforms in progress (business rates, social care funding, social housing rent caps) and there are substantial demographic and new legislative burdens.</p> <p>The Council has a well-developed and established medium term financial planning process (for revenue, capital, and treasury management). The 2024/25 General Fund and HRA budgets have been balanced and were approved through February. There will now be considerable work taking place corporately across summer 2024 to meet the 2025/26 budget gap. The General Fund financial position is relatively strong (stable debt levels and reserves) but the outlook remains more challenging on the HRA. The Council has established strong in-year financial governance arrangements (from Finance SLT to DMTs).</p>
Commercial, contract management and procurement risks, rules, outcomes, social value, management of spend and contractor performance management.	<p>Weak commercial and contract management carries regulatory and financial risks and a potential adverse impact on service provision.</p> <p>The Council has a well-established Corporate Procurement Team. The Contracts Assurance Board meets weekly to ensure governance compliance, consider new future procurement legislation, the major medium-term procurements that are in progress and to update our policies e.g., Social Value Policy, as necessary.</p>
Information management and digital continuity, regulations, legislation, and compliance.	<p>The nature of the Council's business activities means that there are ongoing information governance risks, including network security, which continue to be managed.</p> <p>These risks are managed through a range of organisational measures including Information Management (IM) & Information security (IS) mandatory training, maintenance of policies, guidance documents, standards, and codes of practice. The Council deploys technical measures to protect its network and infrastructure.</p>
Delivering the Civic Campus Programme in a timely manner.	<p>The project has been delayed due to the impact of the site incident in May 22. Works are now progressing on site and is being monitored by the Client Management Team (CMT). Meetings to review the overall programme are currently being arranged to provide an updated programme.</p>
Impact of the closure of Hammersmith Bridge to pedestrians, road, and river traffic.	<p>The ongoing closure of Hammersmith Bridge presents risks to the wider economy in addition to the wider impact on the local community.</p> <p>Works for stabilisation is in the final stage with the jacking operation starting in late summer. Procurement preparation has started for the main works. CCSO and monitoring continues and 24/7 personnel on the bridge. Work continues to stabilise the bridge with the pedestals encased in concrete and the next phase will be to finish the steel works and then jack-up the bridge to replace the bearings.</p>

Opportunities

Regarding opportunities, the Council continues to progress and explore a number of regeneration schemes and development schemes through its **Capital Programme** (see later section). In addition, the Industrial Strategy – **Economic Growth for Everyone** – reflects our ambition to make our borough the best place to do business in Europe and to ensure that everyone benefits. Hammersmith & Fulham is changing rapidly and we're determined to seize the opportunities for everyone. We believe local government has a role in supporting growth. It can bring partners together, regenerate town centres, help with affordable workspaces, teach people the skills they need, use procurement to support local firms and much more. In Hammersmith & Fulham, we want to use the power of local government to create a borough able to compete with the best in the 21st century. The detail of our Industrial Strategy is published online on our website.

The Industrial Strategy will be more important than ever as the effect of the pandemic and the cost-of-living crisis affects jobs, businesses and livelihoods. The Council will continue to work with partners and businesses to lead the way to economic recovery of the borough and as a result, the Industrial Strategy has entered into Upstream, a partnership between the Council and Imperial College London. Upstream's vision is for Hammersmith & Fulham to have an inclusive, thriving ecosystem of ambitious science, tech and creative organisations, with the White City innovation district a global beacon of growth through innovation.

The strategy also includes:

- how we will make it easier for entrepreneurs to start and grow a business, creating more affordable workspaces, exploring business rates cuts for key sectors, and creating a new venture capital fund to support tech and creative businesses
- details of major regeneration and infrastructure schemes, including delivering 10,000 new homes, half of which will be affordable, as well as improvements to rail links and the station at Old Oak Common
- our investment in local skills, with extra support for science and maths teachers and apprenticeships.

The Environment

In our part of a busy city, residents deserve a place that is safe, clean, and green. We are working hard to be the most environmentally positive borough in London because the health and wellbeing of our communities is so important.

In 2019, H&F Council declared a climate and ecological emergency. We have set ambitious targets for emissions by 2030 for our borough. You can find out more about what the Council is doing to tackle this emergency on our website: <https://www.lbhf.gov.uk/environment/climate-and-ecological-emergency>.

Some of our key environmental achievements during the last 12 months are set out below:

- The H&F Green Investment was launched to raise up to £5m to fund climate and ecological products from cycling infrastructure and greening measures to flood risk installations and solar power, protecting communities now and for generations to come.
- A Council-led partnership with Imperial and the NHS launched to help clean H&F's dirty air and improve residents' health. The three-year programme will help to raise awareness of air quality in the borough and help residents reduce their exposure to pollution.
- The Council continues to increase the number of electric car charging stations, encouraging residents to make the switch to EVs.
- New air quality monitoring stations have been installed across the borough to help track air pollution levels
- Hammersmith's new mending circle was launched to help residents' make their clothes last longer. Reusing instead of buying new saves money and helps the environment by reducing waste.

Finance Strategy, Performance and Outlook

Strategy and Resource Allocation

The Council has embedded the **Medium-Term Financial Strategy (MTFS)** within its business planning framework. The MTFS has been the vehicle for allocating resources to the Council's priorities, driving through efficiency savings and monitoring their delivery. It provides the Council with a forum for challenging budget and service proposals, identifying and developing savings and efficiencies and dealing with significant financial risks, in particular the long-term reduction in government funding.

Annually, the Council sets the **Revenue Budget** – this sets out the Council's spending plans on day-to-day expenditure which includes everything from staff salaries, building maintenance and the costs of refuse collection and disposal. It is a legal requirement of the Council to set a balanced budget i.e. expenditure cannot be more than the resources available. In brief, the 2023/24 budgets included:

-
- Investment of £10.7m was provided to meet the costs of statutory obligations, demographic, service and demand pressures and key resident priorities. Budget provision is also made regarding the ongoing consequences of the pandemic;
 - Savings of £2.9m were put forward to balance the budget;
 - The budget proposals included measures to strengthen the Council's future financial resilience by contributing resources of £5.3m to contingencies. In addition, a one-off contingency of £1.0m was set aside to support residents for cost-of-living and further develop the Council Tax Support scheme;
 - Overall, this produced a net revenue budget requirement of £132.6m funded from council tax, the local share of business rates and revenue support grant from government.

This resulted in a gross budget of £539.6m (and net revenue budget requirement of £132.6m) funded from council tax, the local share of business rates and revenue support grant from government.

General government grant funding increased by £7.9m from 2022/23 to 2023/24. Although an increase on 22/23 funding levels, this is still below the increase in the Council's costs due to inflation, demographic pressures and wider economic challenges.

The Council's 2023/24 budget was set with an emphasis on tackling the cost-of-living crisis and delivery of resident priorities. The budget recognised that the ongoing cost-of-living crisis had led to an increase in demand for services whilst the upturn in both interest rates and inflation, alongside the resetting of the public finances, at a national level, had placed a further strain on local authorities.

The 2023/24 budget was also set with the need to strengthen the Council's financial resilience as a mitigation against this increased financial risk and preserve front line services valued by residents, visitors and businesses. The budget recommended that the range for the optimal level of general balances be between £19m-£25m. The actual general balances carried forward at the end of 2023/24 were £21.6m.

The Council also approves the **Capital Programme** which captures the spending to purchase or improve the Council's long-term assets (such as buildings and vehicles). The 2023-27 capital programme, approved in February 2023, totalled £506.8m and key elements included:

The programme included:

- A housing and regeneration programme of £383m
- The Civic Campus Programme/Refurbishment of Hammersmith Town Hall
- Hammersmith Bridge Stabilisation
- The Council's rolling programmes for Planned Building Maintenance and Footways and Carriageways
- The Schools Maintenance Programme.

Financial Performance

The revenue outturn for 2023/24 shows a year end underspend of £0.3m after adjustments to and from reserves across a range of services and taking into account anticipated risks on our finances from the continuing macro-economic turbulence together with technical timing impacts on the Collection Fund. This net underspend will be added to the General Fund balance. At the end of the year, the General Fund Balance stands at £21.6m and earmarked reserves were £184m for both the General Fund and the HRA.

The Statement of Accounts for 2023/24 sets out the Council's spending and funding in line with accounting requirements. The position below explains the same information in the form of the Council's management accounts. The Council's financial position (for example, total usable reserves and final working balance) is the same in both formats. The summary General Fund outturn position is as set out below:

Department	Budget	Actual	Over/ (Under) Spend
	£m	£m	£m
Social Care including Public Health	68.9	70.7	1.8
Children's Services	63.7	65.0	1.3
The Economy Department	12.1	14.4	2.3
The Environment Department	68.3	70.2	1.9
Controlled Parking Account	(31.8)	(31.2)	0.6
Finance	0.7	0.3	(0.4)
Resources	19.3	18.7	(0.6)
Centrally Managed Budgets (including unallocated contingency)	(7.1)	(14.3)	(7.2)
Gross Operating Expenditure	194.1	193.8	(0.3)
Technical and Financial Accounting Adjustments	(20.6)	(20.6)	-
Non-Ring-fenced Revenue Grants	(65.7)	(65.7)	-
Net Contribution to/(from) Earmarked Reserves	20.7	20.7	-
Total Net Expenditure	128.5	128.2	(0.3)

Funded by:			
Localised Business Rates	(54.6)	(54.6)	-
Council Tax	(73.9)	(73.9)	-
Total Funding	(128.5)	(128.5)	-
Final Position	0	(0.3)	(0.3)

Dedicated schools grant (DSG) is paid in support of local authority schools' budgets, being the main source of income for the schools. In common with other London Boroughs, the High Needs Block element has come under increased pressure in supporting children with special educational needs and spend has been significantly higher than the funding provided by central government. The Council holds a cumulative DSG deficit of £14.5m, which in line with statutory accounting requirements is held in an unusable reserve and will remain unchanged through the statutory determination period (2021-2024). This deficit reserve is matched by a discretionary usable earmarked reserve to ensure that the Council is able to fund this deficit on the expiration of the statutory provisions.

The Statement of Accounts also includes the ring-fenced Housing Revenue Account for the provision of social housing. The closing balance on the Housing Revenue Account was £5.4m with associated Earmarked Reserves of £9.8m. This reflects a budgeted use of reserves during 2023/24. The HRA is facing some significant financial challenges in increasing costs, particularly in housing repairs and to fund capital investment in health and safety. As a result, there is a continued need to identify significant efficiencies in future years to ensure that the HRA is sustainable. Further details for 2023/24 are set out in the HRA Statement of Accounts.

The Council's **Balance Sheet** as at 31 March 2024 is summarised below.

Summary Balance Sheet	31-Mar-24 £m	31-Mar-23 £m
Long Term Assets	2,153	2,196
Current Assets	233	341
Current Liabilities	(242)	(238)
Net Pension Liabilities	(39)	(90)
Other Long-Term Liabilities	(294)	(316)
Net Assets	1,811	1,893
<i>Represented by:</i>		
Usable Reserves	(321)	(301)
Unusable reserves	(1,490)	(1,592)
Total Reserves	(1,811)	(1,893)

The breakdown of the usable reserves is set out below:

Summary Usable Reserves	31-Mar-24 £m	31-Mar-23 £m
General Fund Balance	(22)	(21)
General Fund Earmarked Reserves	(174)	(154)
HRA Balance and Earmarked Reserves	(15)	(21)
Schools Reserves	(5)	(7)
Capital Reserves (Receipts and Grants)	(105)	(98)
Total	(321)	(301)

Capital

In 2023/24, the actual capital expenditure (outturn) totalled £184.8m and the table below summarises capital expenditure by service area:

Department	2023/24 £m	2022/23 £m
Adult Social Care	1.3	1.8
Children's Services	2.3	0.9
The Environment Department	28.0	26.9
Finance	0.8	1.0
The Economy Department - General Fund Schemes	69.8	43.7
The Economy Department - Housing and Regeneration	18.7	12.9
The Economy Department - Housing Revenue Account	63.9	52.9
Total	184.8	140.1

The 2023/24 capital programme was financed as follows:

Capital Financing	2023/24 £m	2022/23 £m
Capital Receipts	3.3	6.3
Increase in Capital Finance Requirement (CFR)	120.7	77.1
Capital Grants and Contributions	41.7	35.2
Major Repairs Reserve (MRR)	17.2	17.8
Council and School Reserves	0.7	0.2
Revenue Contributions to Capital	1.2	3.5
Total	184.8	140.1

The capital additions during the year included:

- £63.9m investment in the Council's social housing stock and fire safety measures
- £35.2m on the Civic Campus development
- £16.8m on affordable housing schemes
- £22.9m on the borough's highways and infrastructure schemes, including Hammersmith Bridge pre-restoration works

Financial Outlook

The Council's 2024/25 budget proposals were approved in February 2024 to tackle the cost-of-living crisis and delivery of resident priorities. Local government continues to operate in a difficult and uncertain financial environment for the short and medium term. Although inflation has fallen in recent months, price rises over the last twelve months continue to impact the Council's budgetary position and increase the cost of living for its residents and businesses. The 2024/25 budget was set with the need to strengthen the Council's financial resilience as mitigation against this increased financial risk and preserve front line services valued by residents, visitors, and businesses.

General government grant funding has increased by an estimated £6.45m from 2023/24 to 2024/25. Although an increase on 23/24 funding levels, this is still below the increase in the Council's costs due to inflation, demographic pressures, and wider economic challenges.

The key summary of the 2024/25 revenue budget is as follows:

- Investment of £10.7m was provided to meet the costs of statutory obligations, demographic, service and demand pressures and key resident priorities.
- Savings of £8.1m were put forward to balance the budget;
- Overall, this produced a net revenue budget requirement of £200.1m funded from council tax, the local share of business rates and revenue support grant from government.

The Council faces significant future financial risk with uncertainty regarding the ongoing impact of the pandemic, future government funding allocations, inflationary and cost of living pressures, the ongoing impact of Brexit, the impact of the war in Ukraine and increasing demand for services.

The medium-term outlook for local authority financing remains extremely challenging, however, management are not aware of any material uncertainties in relation to the Council's ability to continue as a going concern.

Capital Investment Outlook

The 2024-28 capital programme was also approved in February 2024. The programme for this period totals £576.4m. The gross anticipated spend for 2024/25 is £263.7m, comprising the General Fund (GF) Programme of £115.6m and the Housing Revenue Account (HRA) Programme of £148.1m.

The General Fund capital programme includes:

- The Civic Campus Programme/Refurbishment of Hammersmith Town Hall
- Hammersmith Bridge Stabilisation and Pre restoration works
- Green investment projects
- The Council's rolling programmes for Planned Building Maintenance and Footways and Carriageways
- The Schools Maintenance Programme.

Civic Campus

In January 2019, Full Council approved plans for major regeneration of the King Street area which included the redevelopment of the failing, existing Hammersmith Town Hall building, creating a new Civic Campus. The completed development will:

- create a new civic and community campus, including new fit-for-purpose, inclusively designed office accommodation for the Council and act as a catalyst for change, with the inclusion of open public realm and shared spaces within the Town Hall for use by the neighbourhood as well as the greater community.
- refurbish and restore the heritage elements of the Town Hall, whilst creating an opportunity for improved ways of working in order to be ruthlessly financially efficient and address the financial challenges faced by the Council.
- contribute to the borough's housing ambitions by increasing the supply of good quality, genuinely affordable housing for local residents to meet local housing need.
- create pride in H&F by transforming King Street into a new civic and cultural destination, improving the public realm and Grade II listed Town Hall, providing new local amenities for residents, including a new five screen cinema, café/restaurant, retail and public event spaces.
- promote economic growth in line with the H&F Industrial Strategy, Economic Growth for Everyone, through the creation of new retail and commercial space, including affordable space for start-up businesses to combat High Street decline; and
- contribute to meeting the climate change emergency by the use of cutting-edge green technology.

Hammersmith Bridge

The Grade II* Listed 134-year-old Hammersmith Bridge (the Bridge) was closed to motor vehicles in April 2019 and to all users in August 2020 on public safety grounds. Following an 11-month closure and extensive investigations by Hammersmith & Fulham engineers and the introduction of a pioneering temperature control scheme, it re-opened to pedestrians, cyclists, and river traffic on 17 July 2021.

The re-opening, with strict conditions, was recommended by the Board for the Continued Case for the Safe Operation (CCSO). One condition was that for the Bridge to remain open, it must be properly and permanently stabilised as soon as possible. The Council has incurred significant spend (at risk) of almost £26.6m (estimated to the end of 2023/24) to ensure the continued safe operation of the Bridge and work towards stabilisation. In addition to this, the Council has incurred significant spend (again at risk) of almost £15.3m (estimated to the end of 2023/24) for pre-restoration works, in readiness for the full restoration of the Bridge. These works include removal of the two gas mains off the Bridge and diversion on an alternative route, the planning application for the innovative truss option, geotechnical works and further development of the contract and procurement process for the full restoration of the bridge. These pre-restoration works will ensure that the future project to fully restore the Bridge can be undertaken with greater expediency and effectiveness, and with minimisation of technical and financial risks.

In line with government announcements, central government (Department for Transport (DfT)) and Transport for London (TfL) will fund two-thirds of the total project costs, and this is expected to be formalised in a proposed Memorandum of Understanding (MoU). The Council's one third contribution is expected to be funded from a new road user charging scheme, or a toll.

Evaluation of engineering options for the stabilisation and strengthening of the Bridge are well advanced. The Council has completed an outline business case for a full strengthening and restoration programme which will see the Bridge re-opened to motor vehicles and will secure funding from the DfT and TfL.

HRA Asset Management Capital Strategy

The Council has approved a 12-year HRA Asset Management Capital Strategy which details the spending priorities for the twelve-year period between 2022/23 and 2033/34 and will be investing almost £730m. The aim of the Strategy is to direct capital investment to where it will make the biggest impact on residents' quality of life, health and wellbeing with the following key spend areas:

- Fire Safety
- Structural Safety
- Asset Replacement
- Disabled Adaptations
- Stock Condition Survey findings
- Climate Emergency
- Estate Improvements
- White City Estate
- Charecroft Estate Phase 2
- West Kensington Estate

The 2024-28 HRA capital programme includes spend of £272.6m regarding the 12-year strategy and the delivery of the strategy will inform every subsequent annual revision of the capital programme budget.

Building Homes and Communities Strategy

The Building Homes and Communities Strategy sets out a self-funding programme of investment in homes and community assets, where the council utilises its land and property assets to meet its key priorities of delivering affordable housing and supporting the council's financial challenge. The strategy aims to:

- build new, genuinely affordable housing which will help maintain the borough's vibrant social mix
- support the Council's Business Plan priority of 'Building Shared Prosperity'
- renew key community assets, including schools and leisure centres
- generate income to reinvest in frontline services and the Housing Revenue Account.

Structure of the Statement of Accounts and Basis of Preparation

The Statement of Accounts sets out the Council's income and expenditure for the financial year 2023/24 and its Balance Sheet as at 31 March 2024. This covers the General Fund, Housing Revenue Account, Pension Fund, and the Collection Fund. The format of the accounts follows the Code of Practice on Local Authority Accounting in the UK 2023/24, which specifies the principles and practices of accounting required to give a "true and fair" view of the financial position, financial performance, and cash flows of a local authority. It primarily comprises the Key Financial Statements (including notes to the accounts) and Supplementary Financial Statements (also with notes).

The Statement of Accounts comprises:

Key Financial Statements

The **Movement in Reserves Statement (MiRS)** is a summary of the changes to the Council's reserves during the financial year. The reserves represent the Council's net worth and are analogous to the equity of a private company. Reserves are divided into 'usable' and 'unusable' reserves. Usable reserves can be used to fund expenditure; unusable reserves cannot.

The **Comprehensive Income and Expenditure Statement (CIES)** reports all the Council's gains and losses during the financial year. The CIES is prepared in accordance with International Financial Reporting Standards and the detail will therefore differ from the Council's management accounts and revenue budgets. However, the Council's financial position i.e. the working balance and usable reserves, will be the same.

The **Balance Sheet** is a 'snapshot' of the Council's assets, liabilities, and reserves on 31 March 2024. The reserves are always equal to the Council's assets less the Council's liabilities. Assets represent everything owned by the Council and money owed to it. Liabilities are the sums that the Council owes to others.

The **Cash Flow Statement** shows the changes to the Council's cash and 'cash equivalents' during the financial year. Cash equivalents are assets that can be readily converted into cash and have a low likelihood of a change in value. The statement shows cash flows from: 'operating' activities, which are the cash flows from the Council's services; 'investing' activities, which are the cash flows from the Council's capital investment, investments and asset sales; and 'financing' activities, which are primarily the cash flows relating to the Council's borrowings.

Explanatory Notes

The **Notes** provide more detail about the items contained in the key financial statements, the Council's accounting policies and other information that helps interpretation and understanding of the key financial statements and accounts.

Included in the Notes is the **Expenditure and Funding Analysis (EFA)**. This shows how annual expenditure is used and funded from resources by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting principles.

Supplementary Financial Statements

The **Housing Revenue Account** shows the income and expenditure relating to the provision of housing and associated services to the council tenants and leaseholders and includes the Statement of Movement on the HRA Fund Balance. This reflects the statutory obligation of the Council to account separately for the cost of its activities as a landlord in the provision of council housing.

The **Collection Fund Account** summarises the income and expenditure relating to the collection of council tax and non-domestic rates, including the precept collected on behalf of the Greater London Authority. It sets out the contribution of Hammersmith & Fulham Council taxpayers to the costs of local services and its distribution to the Greater London Authority.

The **Pension Fund Account** sets out a summary of the transactions during the year (Fund Account) and the overall financial position of the pension fund at 31 March 2024 (Net Assets Statement).

The **Annual Governance Statement** is a statement by the Leader of the Council and the Chief Executive on the arrangements and systems for internal control across the Council and the governance arrangements of the Council during the year.

Materiality and Group Accounts

Group Accounts have not been included in the 2023/24 Statement of Accounts on the grounds that they do not have a material effect on the overall statements. Their inclusion does not provide any more usefulness to readers' understanding. Information concerning the Council's interest in companies, both material and otherwise from the perspective of group accounting, is provided in Note 33 – Interest in Companies.

In addition, the Council is the sole trustee of the Wormwood Scrubs Charitable Trust (WSCT). Group accounts have not been prepared on the grounds of materiality however Note 36 provides a high-level summary of the balances of the Trust. The Trust's annual report and accounts are considered annually by the WSCT Committee and published here: <http://democracy.lbhf.gov.uk/mgCommitteeDetails.aspx?ID=467>. The Trust's accounts are also available via the Charity Commission website.

Accounting Policies

The 2023/24 accounts are compliant with International Financial Reporting Standards (IFRS) in that they comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) / Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code of Practice on Local Authority Accounting in the United Kingdom 2020 (the Code) which is based on IFRS. The accounting policies adopted by the Council comply with the Code and are set out in Note 38 to the Statement of Accounts. These are substantially unchanged from 2022/23.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Executive Director of Finance & Corporate Services.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

Responsibilities of the Executive Director of Finance & Corporate Services

The Executive Director of Finance & Corporate Services is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC 2023/24 Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Executive Director of Finance & Corporate Services has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code of Practice on Local Authority Accounting.

The Executive Director of Finance & Corporate Services has also:

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

CERTIFICATE OF THE EXECUTIVE DIRECTOR OF FINANCE & CORPORATE SERVICES

I confirm that the Statement of Accounts present a true and fair view of the financial position of the London Borough of Hammersmith and Fulham and the London Borough of Hammersmith and Fulham Pension Fund as at 31 March 2024 and income and expenditure for the financial year 2023/24.

Sukvinder Kalsi
Executive Director of Finance & Corporate Services
Date: XX November 2024

CORE FINANCIAL STATEMENTS

Movement in Reserves Statement

Comprehensive Income and Expenditure Statement

Balance Sheet

Cash Flow Statement

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) and other reserves. The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes.

Notes	General Fund (GF) Balance £000	GF Earmarked Reserves £000	Schools Balance £000	Housing Revenue Account (HRA) £000	HRA Earmarked Reserves £000	Capital Grants Unapplied £000	Major Repairs Reserve £000	Capital Receipts Reserve £000	Capital Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2022 (Restated)*	(20,408)	(160,761)	(10,169)	(15,564)	(10,593)	(53,313)	(554)	(9,561)	(878)	(281,801)	(1,219,273)	(1,501,074)
Movement in Reserves during 2022/23												
Total Comprehensive Income and Expenditure	(18,646)	-	2,820	40,583	-	-	-	-	-	24,757	(416,820)	(392,063)
Adjustments between accounting basis & funding basis under regulations	24,654	-	-	(35,471)	-	(16,405)	554	(17,998)	878	(43,788)	43,788	-
Transfer to/(from) Earmarked Reserves	(6,949)	6,949	-	432	(432)	-	-	-	-	-	-	-
(Increase)/Decrease in 2022/23	(941)	6,949	2,820	5,544	(432)	(16,405)	554	(17,998)	878	(19,031)	(373,032)	(392,063)
Balance at 31 March 2023 (Restated)*	(21,349)	(153,812)	(7,349)	(10,020)	(11,025)	(69,718)	-	(27,559)	-	(300,832)	(1,592,305)	(1,893,137)
Movement in Reserves during 2023/24												
Total Comprehensive Income and Expenditure	(11,001)	-	1,914	88,888	-	-	-	-	-	79,801	2,621	82,422
Adjustments between accounting basis & funding basis under regulations	(10,073)	279	-	(83,015)	-	(3,134)	-	(4,152)	-	(100,095)	100,095	-
Transfer to/(from) Earmarked Reserves	20,777	(20,777)	-	(1,226)	1,226	-	-	-	-	-	-	-
(Increase)/Decrease in 2023/24	(297)	(20,498)	1,914	4,647	1,226	(3,134)	-	(4,152)	-	(20,294)	102,716	82,422
Balance at 31 March 2024	(21,646)	(174,310)	(5,435)	(5,373)	(9,799)	(72,852)	-	(31,711)	-	(321,126)	(1,489,589)	(1,810,715)

*For further details please refer to Note 9 (vi) – Prior Period Adjustment

General Fund and HRA Balances as disclosed in Note 1 Expenditure Funding Analysis note:

	General Fund Balances* £000	HRA Balances** £000	Total Balances £000
Balance as at 31 March 2022	(191,338)	(26,157)	(217,495)
Balance as at 31 March 2023	(182,510)	(21,045)	(203,555)
Balance as at 31 March 2024	(201,391)	(15,172)	(216,563)

* General Fund Balances were calculated by adding the General Fund (GF) balance, GF earmarked reserves and schools balance from the Movement in Reserves Statement.

** HRA Balances were calculated by adding the Housing Revenue Account (HRA) and HRA earmarked reserves from the Movement in Reserves Statement.

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

	Notes	Year Ended 31 March 2024			Year Ended 31 March 2023		
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
		£000	£000	£000	£000	£000	£000
Children's Services		187,707	(126,915)	60,792	181,203	(128,598)	52,605
Social Care		127,941	(68,613)	59,328	121,018	(64,300)	56,718
Economy		88,027	(57,494)	30,533	57,136	(45,933)	11,203
Local Authority Housing (HRA)		94,066	(98,230)	(4,164)	93,182	(85,549)	7,633
Local Authority Housing (HRA) - Dwelling Revaluation	5	103,279	-	103,279	36,473	-	36,473
Environment (including Parking)		103,266	(73,475)	29,791	110,156	(75,123)	35,033
Finance		10,786	(698)	10,088	8,645	12	8,657
Resources		40,081	(10,244)	29,837	27,366	(7,507)	19,859
Centrally Managed Budgets		114,078	(100,838)	13,240	104,671	(98,581)	6,090
Cost of Services		869,231	(536,507)	332,724	739,850	(505,579)	234,271
Other Operating Expenditure	6	2,806	(6,330)	(3,524)	4,454	(7,522)	(3,068)
Financing and investment income and expenditure	7	14,800	(29,826)	(15,026)	24,666	(18,729)	5,937
Taxation and non-specific grant income and expenditure	8	14,364	(248,737)	(234,373)	18,620	(231,003)	(212,383)
(Surplus) or Deficit on Provision of Services				79,801			24,757
(Surplus) or deficit on revaluation of non-current assets				56,603			10,714
(Surplus) or deficit on revaluation of available for sale financial assets				-			-
Remeasurements of the net defined benefit liability	27			(53,982)			(427,534)
Other Comprehensive Income and Expenditure				2,621			(416,820)
Total Comprehensive Income and Expenditure				82,422			(392,063)

Balance Sheet

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

	Note No.	31 March 2024 £000	31 March 2023 £000 (restated)*	31 March 2022 £000 (restated)*
Property, Plant and Equipment	9	1,958,364	2,045,492	2,019,514
Heritage Assets	11	8,023	8,023	8,023
Investment Property	10	94,547	85,478	81,131
Intangible Assets		1,555	745	545
Investments in Associates and Joint Ventures	21	30,018	33,113	15,679
Long Term Debtors	16	60,508	22,997	14,502
Long Term Assets		2,153,015	2,195,848	2,139,394
Assets Held for Sale	12	-	-	13,229
Short Term Investments	21	118,716	120,625	124,658
Short Term Debtors	16	68,478	61,290	53,954
Inventories		50	58	98
Cash and Cash Equivalents	17	45,330	159,061	208,855
Current Assets		232,574	341,034	400,794
Bank overdraft	17	(7,477)	(7,536)	-
Short Term Borrowing	21	(18,337)	(6,846)	(2,581)
Short Term Creditors	18	(184,642)	(183,107)	(215,541)
Provisions	20	(16,453)	(16,120)	(26,071)
Grants and Contributions Receipts in Advance	30	(15,046)	(24,017)	(10,374)
Current Liabilities		(241,955)	(237,626)	(254,567)
Long Term Borrowing	21	(253,053)	(267,737)	(272,011)
Long Term Creditors	21	(100)	(100)	(100)
Provisions	20	(1,747)	(6,000)	(6,000)
Other Long Term Liabilities	19	(50,154)	(100,880)	(483,224)
Grants and Contributions Receipts in Advance	30	(27,865)	(31,402)	(23,212)
Long Term Liabilities		(332,919)	(406,119)	(784,547)
NET ASSETS		1,810,715	1,893,137	1,501,074
Usable Reserves	3b	(321,126)	(300,832)	(281,801)
Unusable Reserves	3c	(1,489,589)	(1,592,305)	(1,219,273)
TOTAL RESERVES		(1,810,715)	(1,893,137)	(1,501,074)

*For further detail please refer to Note 9 (vi) - Prior Period Adjustment

Cash Flow Statement

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

	Notes	2023/24 £000	2022/23 £000
Net surplus or (deficit) on the provision of services		(79,801)	(24,757)
Adjustments to net surplus or deficit on the provision of services for non-cash movements	22a	43,378	(3,681)
Adjust for items in the net deficit on the provision of services that are investing or financing activities		(17,471)	(26,124)
Net cash flows from Operating Activities		(53,894)	(54,562)
<u>Investing Activities</u>			
Purchase of Property, plant and equipment, investment property and intangible assets		(138,102)	(110,451)
Proceeds from sale of property, plant and equipment, investment property and intangible assets		17,472	26,124
Net proceeds/payments from short-term and long-term investments		5,004	(13,501)
Other receipts from investing activities		63,323	46,665
Net cash flows from Investing Activities		(52,303)	(51,163)
<u>Financing Activities</u>			
Net Cash receipts/payments of short and long term borrowing		(3,584)	1,867
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts		(1,468)	(628)
Other proceeds/payments for financing activities		(2,423)	47,156
Net cash flows from Financing Activities		(7,475)	48,395
Net increase or (decrease) in cash and cash equivalents		(113,672)	(57,330)
Cash and cash equivalents at the beginning of the reporting period		151,525	208,855
Cash and cash equivalents at the end of the reporting period	17	37,853	151,525

NOTES TO THE CORE FINANCIAL STATEMENTS

1. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's departments. Income and expenditure is presented more fully in the Comprehensive Income and Expenditure Statement.

2023/24

	As reported for resource management	Adjustments to arrive at Net Expenditure chargeable to GF and HRA Balances	Net Expenditure chargeable to GF and HRA Balances	Adjustments between Accounting and Funding Basis	Comprehensive Income and Expenditure Statement (CIES)
	£000	£000	£000	£000	£000
Children's Services	65,001	(7,968)	57,033	3,759	60,792
Social Care	70,732	(11,576)	59,156	172	59,328
Economy	14,412	(6,389)	8,023	22,510	30,533
Local Authority Housing (HRA)	-	(21,423)	(21,423)	120,538	99,115
Environment (including Parking)*	39,022	(27,330)	11,692	18,099	29,791
Finance	262	9,749	10,011	77	10,088
Resources	18,684	10,409	29,093	744	29,837
Centrally Managed Budgets	(14,278)	29,455	15,177	(1,937)	13,240
	193,835	(25,073)	168,762	163,962	332,724
Other income and expenditure not charged to services	(65,679)	(116,091)	(181,770)	(71,153)	(252,923)
(Surplus) or Deficit on Provision of Services before planned use of Earmarked Reserves	128,156	(141,164)	(13,008)	92,809	79,801
Opening Balance of General Fund/ HRA Balances (including Earmarked Reserves)			(203,555)		
add: (Surplus) or Deficit on Provision of Services			(13,008)		
Closing Balance of General Fund/ HRA Balances (including Earmarked Reserves)			(216,563)		

2022/23

	As reported for resource management	Adjustments to arrive at Net Expenditure chargeable to GF and HRA Balances	Net Expenditure chargeable to GF and HRA Balances	Adjustments between Accounting and Funding Basis	Comprehensive Income and Expenditure Statement (CIES)
	£000	£000	£000	£000	£000
Children's Services	53,395	(9,675)	43,720	8,885	52,605
Social Care	68,190	(13,983)	54,207	2,511	56,718
Economy	(16,422)	22,491	6,069	5,134	11,203
Local Authority Housing (HRA)	-	(18,364)	(18,364)	62,470	44,106
Environment (including Parking)*	42,456	(28,450)	14,006	21,027	35,033
Finance	2,131	5,390	7,521	1,136	8,657
Resources	9,163	7,887	17,050	2,809	19,859
Centrally Managed Budgets	(198)	11,123	10,925	(4,835)	6,090
	158,715	(23,581)	135,134	99,137	234,271
Other income and expenditure not charged to services	(38,838)	(82,356)	(121,194)	(88,320)	(209,514)
(Surplus) or Deficit on Provision of Services before planned use of Earmarked Reserves	119,877	(105,937)	13,940	10,817	24,757
Opening Balance of General Fund/ HRA Balances (including Earmarked Reserves)			(217,495)		
add: (Surplus) or Deficit on Provision of Services			13,940		
Closing Balance of General Fund/ HRA Balances (including Earmarked Reserves)			(203,555)		

* Please note Parking Services is disclosed on a separate line in the management reporting.

The Cost of Service per the Comprehensive Income and Expenditure Statement is substantially similar to the position as reported to decision makers (per the management accounts as summarised in Narrative Report). This is because the Council's management accounts include technical items such as capital charges and pension adjustments where these are chargeable to services. The differences which do arise are attributable to items which are included within the Departmental analysis in the Council's management accounts but are reported below the cost of services line in the statements of accounts. These items primarily consist of financing income and expenditure, levies, and a small number of technical accounting entries.

1a. Note to the Expenditure and Funding Analysis

The note below refers to the Expenditure and Funding Analysis statement and explains the adjustments between the Comprehensive Income and Expenditure Statement and net expenditure chargeable to General Fund and HRA balances for the following:

Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

Other Statutory Adjustments

Other statutory adjustments between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For Financing and investment income and expenditure, the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and business rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

1a. Note to the Expenditure and Funding Analysis (cont'd)

Adjustments from the General Fund and HRA to arrive at the Comprehensive Income and Expenditure Statement amounts are set below

	2023/24				2022/23			
	Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Differences	Total Adjustments	Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000	£000	£000	£000	£000
Children's Services	(3,604)	(155)	-	(3,759)	(987)	(7,898)	-	(8,885)
Social Care	(125)	(47)	-	(172)	(146)	(2,365)	-	(2,511)
Economy	(22,455)	(55)	-	(22,510)	(3,186)	(1,948)	-	(5,134)
Local Authority Housing (HRA)	(120,548)	10	-	(120,538)	(54,025)	(8,445)	-	(62,470)
Environment (including Parking)*	(18,004)	(95)	-	(18,099)	(15,706)	(5,321)	-	(21,027)
Finance	(52)	(25)	-	(77)	(16)	(1,120)	-	(1,136)
Resources	(677)	(67)	-	(744)	(676)	(2,133)	-	(2,809)
Centrally Managed Budgets	949	1,015	(27)	1,937	988	3,817	30	4,835
Net Cost of Services	(164,516)	581	(27)	(163,962)	(73,754)	(25,413)	30	(99,137)
Other income and expenditure not charged to services - General Fund	30,472	(2,849)	6,100	33,723	32,406	(13,036)	41,949	61,319
Other income and expenditure not charged to services - HRA	34,501	(488)	3,417	37,430	27,111	(1,968)	1,858	27,001
(Surplus) or Deficit on Provision of Services	(99,543)	(2,756)	9,490	(92,809)	(14,237)	(40,417)	43,837	(10,817)

2. Expenditure and Income Analysed by Nature

This note analyses the nature of the Council's expenditure and income. The totals for income and expenditure vary from the totals for gross expenditure and income on the Comprehensive Income and Expenditure Statement, due to the treatment of internal recharges, and from showing business rates income and gains/losses on disposals as net figures in this note.

	2023/24 £000	2022/23 £000
Expenditure		
Employee Benefits	225,721	233,100
Other Services Expenses	473,300	429,061
Capital Charges & Revaluations	171,013	77,911
Interest Payments	11,147	11,209
Levies	2,403	3,084
Business rates tariff	14,344	17,965
Payments to the Government Housing Capital Receipts Pool	427	2,195
Net interest on the net defined benefit liability (asset)	3,337	13,000
Total Expenditure	901,692	787,525
Income		
Fees, Charges and other Service Income	(253,139)	(235,303)
Grants and Contributions	(397,447)	(369,653)
Income from Council Tax and NDR	(142,476)	(138,803)
Interest and Investment Income	(22,816)	(11,518)
(Gains)/losses on the disposal of non-current assets	(6,013)	(7,491)
Total Income	(821,891)	(762,768)
(Surplus) or Deficit on the Provision of Services	79,801	24,757

3a. 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 in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against:

General Fund Balances - The General Fund includes any surplus after meeting net expenditure on Council services.

School Balances - This balance is comprised of unspent balances of schools and other educational establishments at the year end, which may be applied in the following year. The balances can only be used by the schools or establishments and are not available to the Council for general use.

Earmarked Reserves - these are amounts set aside for specific purposes see Note 4 for a description of each Earmarked Reserve.

Capital Grants Unapplied - These are capital grants with no payback conditions and have had no associated expenditure in 2023/24 or prior years.

Housing Revenue Account - This reserve provides a working balance for the Housing Revenue Account, for which transactions are ring-fenced under the provisions of the Local Government and Housing Act 1989.

Major Repairs Reserve - The Major Repairs Reserve is available for financing major repairs to the Council's housing stock.

Capital Receipts Reserve - This reserve relates to the capital receipts from the sale of assets, such as Right-To-Buy properties and other general receipts.

Capital Reserves - These comprise other funds held for capital purposes.

3a. Adjustments between Accounting Basis and Funding Basis under Regulations (cont'd)

2023/24	General Fund Balance £000	School Balances £000	Earmarked Reserves £000	Capital Grants Unapplied £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Receipts Reserve £000	Capital Reserves £000	Total Usable Reserves £000
Adjustments to the Revenue Resources									
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:									
Pensions costs (transferred to (or from) the Pensions Reserve)	(2,278)	-	-	-	(478)	-	-	-	(2,756)
Financial instruments (transferred to the Financial Instruments Adjustments Account)	74	-	-	-	-	-	-	-	74
Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	453	-	-	-	-	-	-	-	453
Holiday pay (transferred to the Accumulated Absences Reserve)	(27)	-	-	-	-	-	-	-	(27)
Equal pay settlements (transferred to the Unequal Pay Back Pay Account)	-	-	-	-	-	-	-	-	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(62,320)	-	-	-	(124,032)	-	-	-	(186,352)
Transfer in-year Dedicated Schools Grant deficit/(surplus) (to DSG Adjustment Account)	-	-	-	-	-	-	-	-	-
Total Adjustments to Revenue Resources	(64,098)	-	-	-	(124,510)	-	-	-	(188,608)
Adjustments between Revenue and Capital Resources									
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	24	-	-	-	7,994	-	(8,017)	-	1
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	(5)	-	-	-	(88)	-	93	-	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(427)	-	-	-	-	-	427	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve	-	-	-	-	17,176	(17,176)	-	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	3,561	-	-	-	-	-	9,454	-	13,015
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,666	-	-	-	-	-	-	-	1,666
Total Adjustments between Revenue and Capital Resources	4,819	-	-	-	25,082	(17,176)	1,957	-	14,682
Adjustments to Capital Resources									
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-	-	-	-	3,345	-	3,345
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	-	-	17,176	-	-	17,176
Application of capital grants to finance capital expenditure	22,848	-	279	5,855	12,996	-	-	-	41,978
Transfers of capital grants from revenue to Capital Grants Unapplied	5,572	-	-	(8,989)	3,417	-	-	-	-
Movements in the market value of investment properties	8,931	-	-	-	-	-	-	-	8,931
Cash payments in relation to deferred capital receipts	-	-	-	-	-	-	(9,454)	-	(9,454)
Movement in the Donated/Bartered Assets credited to the Comprehensive Income and Expenditure Statement	11,855	-	-	-	-	-	-	-	11,855
Total Adjustments to Capital Resources	49,206	-	279	(3,134)	16,413	17,176	(6,109)	-	73,831
Total Adjustments	(10,073)	-	279	(3,134)	(83,015)	-	(4,152)	-	(100,095)

3a. Adjustments between Accounting Basis and Funding Basis under Regulations (cont'd)

2022/23	General Fund Balance £000	School Balances £000	Earmarked Reserves £000	Capital Grants Unapplied £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Receipts Reserve £000	Capital Reserves £000	Total Usable Reserves £000
Adjustments to the Revenue Resources									
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:									
Pensions costs (transferred to (or from) the Pensions Reserve)	(30,004)	-	-	-	(10,413)	-	-	-	(40,417)
Financial instruments (transferred to the Financial Instruments Adjustments Account)	74	-	-	-	-	-	-	-	74
Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	23,817	-	-	-	-	-	-	-	23,817
Holiday pay (transferred to the Accumulated Absences Reserve)	30	-	-	-	-	-	-	-	30
Equal pay settlements (transferred to the Unequal Pay Back Pay Account)	-	-	-	-	-	-	-	-	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(37,640)	-	-	-	(58,511)	-	-	-	(96,151)
Transfer in-year Dedicated Schools Grant deficit/(surplus) (to DSG Adjustment Account)	-	-	-	-	-	-	-	-	-
Total Adjustments to Revenue Resources	(43,723)	-	-	-	(68,924)	-	-	-	(112,647)
Adjustments between Revenue and Capital Resources									
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve									
	13,780	-	-	-	11,674	-	(26,331)	878	1
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	(103)	-	-	-	(116)	-	219	-	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(2,195)	-	-	-	-	-	2,195	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve	-	-	-	-	17,305	(17,305)	-	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	2,225	-	-	-	-	-	-	-	2,225
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	3,706	-	-	-	-	-	-	-	3,706
Total Adjustments between Revenue and Capital Resources	17,413	-	-	-	28,863	(17,305)	(23,917)	878	5,932
Adjustments to Capital Resources									
Use of the Capital Receipts Reserve to finance capital expenditure									
	-	-	-	-	-	-	6,332	-	6,332
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	-	-	17,859	-	-	17,859
Application of capital grants to finance capital expenditure	28,950	-	-	3,510	2,734	-	-	-	35,194
Transfers of capital grants from revenue to Capital Grants Unapplied	18,059	-	-	(19,915)	1,856	-	-	-	-
Movements in the market value of investment properties	3,955	-	-	-	-	-	-	-	3,955
Cash payments in relation to deferred capital receipts	-	-	-	-	-	-	(413)	-	(413)
Total Adjustments to Capital Resources	50,964	-	-	(16,405)	4,590	17,859	5,919	-	62,927
Total Adjustments	24,654	-	-	(16,405)	(35,471)	554	(17,998)	878	(43,788)

3b. Usable Reserves

Movements in usable reserves are detailed in the Movement in Reserves Statement and Note 3a above.

3c Unusable Reserves

	31 March 2024 £000	<i>Restated</i> 31 March 2023 £000
Revaluation Reserve	(263,203)	(323,043)
Capital Adjustment Account	(1,271,053)	(1,365,656)
Deferred Capital Receipts Reserve	-	-
Pensions Reserve	38,735	89,961
Financial Instruments Adjustment Account	681	756
Available for Sale Financial Instruments Reserve	-	-
Collection Fund Adjustment Account	(12,585)	(12,132)
Accumulated Absences Account	3,331	3,304
Dedicated Schools Grant Adjustment Account	14,505	14,505
Total Unusable Reserves	(1,489,589)	(1,592,305)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. 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.

	2023/24 £000	2022/23 £000
Balance at 1 April	(323,043)	(337,899)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	56,603	10,714
Difference between fair value depreciation and historical cost depreciation	3,051	3,088
Accumulated gains on assets sold or scrapped	186	1,054
Amount written off to the Capital Adjustment Account	3,237	4,142
Balance at 31 March	(263,203)	(323,043)

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 as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

	2023/24 £000	<i>Restated</i> 2022/23 £000
Balance at 1 April	(1,365,656)	(1,388,805)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
• Charges for depreciation non-current assets	22,849	19,475
• Revaluation losses on property, plant and equipment	121,741	35,671
• Amortisation of intangible assets	220	183
• Revenue expenditure funded from capital under statute	9,028	5,521
• Reversal of Major Repairs Allowance credited to the HRA	17,176	17,061
• Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	15,339	18,240
	186,353	96,151
Adjusting amounts written out of the Revaluation Reserve	(3,237)	(4,142)
Net written out amount of the cost of non-current assets consumed in the year	183,116	92,009
Capital financing applied in the year:		
• Use of the Capital Receipts Reserve to finance new capital expenditure	(3,345)	(6,332)
• Use of the Major Repairs Reserve to finance new capital expenditure	(17,176)	(17,860)
• Capital grants and contributions applied	(41,978)	(35,194)
• Statutory provision for the financing of capital investment charged against the General Fund and HRA balances (including finance lease	(3,561)	(2,225)
• Statutory provision for the financing of capital investment charged against the General Fund and HRA balances (including loan repayments)	(9,454)	-
• Capital expenditure charged against the General Fund and HRA balances	(1,666)	(3,706)
	(77,180)	(65,317)
Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	(8,932)	(3,955)
Adjustments between Capital Adjustment Account and Capital Receipts Reserve (Deferred Cost and Loan Repayments)	9,454	412
Movement in the Donated/Bartered Assets credited to the Comprehensive Income and Expenditure Statement	(11,855)	-
Balance at 31 March	(1,271,053)	(1,365,656)

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits 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.

	2023/24 £000	2022/23 £000
Balance at 1 April	89,961	477,078
Remeasurements of the net defined benefit liability/(asset)	(53,982)	(427,534)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	28,518	63,009
Employer's pensions contributions and direct payments to pensioners payable in the year	(25,762)	(22,592)
Balance at 31 March	38,735	89,961

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 taxpayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2023/24 £000	2022/23 £000
Balance at 1 April	(12,132)	11,685
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	(453)	(23,817)
Balance at 31 March	(12,585)	(12,132)

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.

	2023/24 £000	2022/23 £000
Balance at 1 April	3,304	3,334
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	27	(30)
Balance at 31 March	3,331	3,304

Dedicated Schools Grant (DSG) Adjustment Account

The DSG Adjustment Account represents the DSG deficit balance. Parliament approved the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2020 in November 2020 which amends the 2003 Regulations by establishing new accounting practices in relation to the treatment of local authorities' schools budget deficits which must now be recorded in a separate account established solely for the purpose of recording deficits relating to school's budget.

	2023/24 £000	2022/23 £000
Balance at 1 April	14,505	14,505
In-year Dedicated Schools Grant (surplus)/deficit (to DSG Adjustment Account)	-	-
Balance at 31 March	14,505	14,505

4a. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2023/24.

	Balance at 31 March 2022 £000	Transfers In 2022/23 £000	Transfers Out 2022/23 £000	Movement Between 2022/23 £000	Balance at 31 March 2023 £000	Transfers In 2023/24 £000	Transfers Out 2023/24 £000	Movement Between 2023/24 £000	Balance at 31 March 2024 £000
General Fund									
1 Insurance Fund	(5,248)	-	773	-	(4,475)	-	-	-	(4,475)
2 Controlled Parking Fund	(722)	(2,297)	233	-	(2,786)	(521)	447	-	(2,860)
3 Efficiency Projects Reserve	(1,981)	(750)	-	-	(2,731)	(1,100)	467	-	(3,364)
4 Corporate Demand Pressures	(28,367)	(3,836)	1,922	(7,071)	(37,352)	(242)	3,048	5,329	(29,217)
5 Troubled Families Reserve	(1,634)	(82)	-	-	(1,716)	-	75	-	(1,641)
6 Collection Fund Smoothing Reserve	(23,352)	(2,151)	22,094	-	(3,409)	(6,628)	-	-	(10,037)
7 Partners in Practice	(957)	-	-	-	(957)	-	205	-	(752)
8 Civic Campus	(5,497)	-	4,144	-	(1,353)	(2,500)	3,182	(7,700)	(8,371)
9 Managed Services	(1,260)	-	-	-	(1,260)	-	-	-	(1,260)
10 Corporate People Reserve	(150)	(1,400)	-	-	(1,550)	-	-	-	(1,550)
11 Corporate Technology & IT	(4,956)	(925)	-	-	(5,881)	(2,743)	1,968	-	(6,656)
12 Planning Reserve	(1,723)	-	-	-	(1,723)	-	59	(59)	(1,723)
13 Corporate Property Reserve	(500)	(400)	221	-	(679)	(850)	231	-	(1,298)
14 Pandemic Response Support	(6,002)	(1,000)	4,946	-	(2,056)	-	558	-	(1,498)
15a Dedicated Schools Grant Support Reserve	(11,820)	-	-	7,071	(4,749)	-	-	2,371	(2,378)
15b Dedicated Schools Grant High Needs Block	(2,685)	(7,071)	-	-	(9,756)	(2,371)	-	-	(12,127)
15c Dedicated Schools Grant - Schools & Early years Block	(299)	(824)	234	-	(889)	(134)	889	-	(134)
16 Homelessness Prevention Reserve	(750)	-	-	-	(750)	-	610	-	(140)
17 Pre-Development Costs Reserve	(5,000)	-	-	-	(5,000)	-	-	-	(5,000)
18 Inflation Risk Reserve	-	(4,800)	-	-	(4,800)	-	-	-	(4,800)
19 Other Funds (General Fund)	(8,559)	(2,418)	2,944	-	(8,033)	(1,007)	2,763	59	(6,218)
General Fund Reserves	(111,462)	(27,954)	37,511	-	(101,905)	(18,096)	14,502	-	(105,499)
General Fund Revenue Grants & Other Contributions									
20 S106 - Revenue Schemes	(29,806)	(9,851)	1,730	-	(37,927)	(6,001)	1,390	-	(42,538)
21 Community Infrastructure Levy Reserve	(17,369)	(667)	-	-	(18,036)	(4,885)	-	-	(22,921)
22 Other Revenue Grants and Contributions	(1,840)	(3,100)	9,280	-	4,340	(7,479)	71	-	(3,068)
Revenue Grants Sub-Total	(49,015)	(13,618)	11,010	-	(51,623)	(18,365)	1,461	-	(68,527)
General Fund Total	(160,477)	(41,572)	48,521	-	(153,528)	(36,461)	15,963	-	(174,026)
HRA Reserves									
23 HRA Non-dwellings Impairment Reserve	(2,758)	(755)	-	-	(3,513)	(383)	-	-	(3,896)
24 HRA Strategic Regeneration and Housing Development	(3,596)	-	-	-	(3,596)	-	-	-	(3,596)
25 HRA Utilities Reserve	(1,962)	-	-	-	(1,962)	-	-	-	(1,962)
26 Disrepairs Compensation and Legal costs	(514)	(1,122)	828	-	(808)	-	808	-	-
27 Other Funds (HRA)	(2,047)	(26)	643	-	(1,430)	(240)	1,041	-	(629)
HRA Sub-Total	(10,877)	(1,903)	1,471	-	(11,309)	(623)	1,849	-	(10,083)
Grand Total	(171,354)	(43,475)	49,992	-	(164,837)	(37,084)	17,812	-	(184,109)

Nb. Prior year comparatives have been subject to reclassification to align with the 2023/24 presentation however overall prior year totals remain unchanged (excepting minor rounding)

4b. Earmarked Reserves Description

The main purpose of each earmarked reserve is explained below:

1	Insurance Fund	This was established to underwrite a proportion of the Council's insurable risks.
2	Controlled Parking Fund	the surplus from the running of the Controlled Parking operations within the Borough is accumulated in this Fund. In the past, this reserve had to be used to meet expenditure on transport and highways related activities.
3	Efficiency Projects Reserve	This reserve will fund future revenue expenditure and capital investment that will provide future revenue savings.
4	Corporate Demand Pressures	To meet unbudgeted demands and pressures.
5	Troubled Families	This reserve has been created to carry forward funding that has already been earned, but not spent, into Year 3 of the project in order to fund the costs associated with running the programme.
6	Collection Fund Smoothing Reserve	This reserve smooths the impact of statutory timing differences between funding and impact business rates deficits and provides additional resilience to manage unanticipated shortfalls in future Collection Fund revenue.
7	Partners in Practice	This is a reserve for Children's Services social care practice improvement as part of DFE innovation programme.
8	Civic Campus	This is held to fund the costs of implementing the Civic Campus redevelopment.
9	Managed Services	This reserve is used to fund the cost of supporting the Managed Services project and for the development of the IBC system.
10	Corporate People Reserve	This is the consolidation of various Human Resource related reserves.
11	Corporate Technology & IT	This reserve is used to finance IT projects.
12	Planning Reserve	This reserve is to support funding of CIL and regeneration related projects.
13	Corporate Property Reserve	This is to be used to cover the one-off costs related to LBHF property management.
14	Pandemic Response Support	This represents the residual balances from grants provided to local authorities and internal provisions and will be applied to deal to with ongoing pandemic and post-pandemic related support.
15	DSG - Various	<p>15a. DSG Support Reserve - This reserve offsets the DSG Unusable Reserve – Deficit to ensure that the expenditure incurred to date can be fully funded in light of continuing pressures and in the event that the deficit recovery plan is unable to recover the current cumulative position. Overall the DSG reserve (deficit and deficit set-aside) is nil as the cumulative deficit is matched by the reserve set aside.</p> <p>15b. DSG High Needs Block Deficit Reserve - Parliament has approved the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2020 in November 2020 which amends the 2003 Regulations by establishing new accounting practices in relation to the treatment of local authorities' schools budget deficits which must now be recorded in a separate account established solely for the purpose of recording deficits relating to school's budget and account for the cumulative Dedicated Schools Grant deficit in unusable reserves. As the statutory requirement is time limited, it continues to set aside reserves to match the High Needs Block deficit until such time as the cumulative deficit is eliminated.</p> <p>15c. DSG (Schools & Early years Block) Reserve - This reserve records the cumulative balance on the Schools and Early years block.</p>
16	Homelessness Prevention Reserve	This reserve is used to deliver homelessness prevention outcomes.

17	Pre-Development Costs Reserve	This reserve is to provide for the risk associated with the council's general fund capital strategy and initiatives.
18	Inflation Risk Reserve	This is reserve is to provide for risks associated with inflationary pressures.
19	Other Funds	This comprises a number of smaller reserves, existing to fund various projects and potential future commitments.
20	S106 - Revenue Schemes	These reserves exist to fund various projects and potential future commitments in line with the requirements of the agreements.
21	Community Infrastructure Levy Reserve	This reserve set asides Community Infrastructure Levy receipts
23	Other Revenue Grants and Contributions	This comprises a number of smaller grants and contributions, existing to fund various projects and potential future commitments.
24	HRA Non-dwellings Impairment Reserve	This reserve is to smooth the future impact of non-dwellings impairments on the HRA following the introduction of HRA self-financing.
25	HRA Strategic Regeneration and Housing Development	This reserve is to provide for the risk associated with the council's strategy and regeneration and housing development initiatives.
26	HRA Utilities Reserve	This reserve provides support for the payment of commission refunds to tenants.
27	Disrepairs Compensation and Legal costs	This is a reserve to provide for potential disrepairs compensation and associated costs
28	Other HRA Funds	This reserve is to fund various smaller projects specific to the HRA.

5. Material Items of Income and Expense

Transactions in 2023/24

HRA Dwellings have been revalued downwards in-year. The downward revaluation is approximately 7%. The size of the asset base means that this revaluation is a material amount. The gross revaluation decrease recognised in CIES is £103.3m.

Other Land and Buildings assets have been revalued downwards in-year. This decrease in their valuations results from sites earmarked for affordable housing development being revalued to reflect their intended use. The gross revaluation decrease recognised in CIES is £18.3m.

Transactions in 2022/23

HRA Dwellings have been revalued downwards in-year. The downward revaluation is approximately 0.97%. The size of the asset base means that this revaluation is a material amount. The gross revaluation decrease recognised in CIES is £36m.

6. Other Operating Income and Expenditure

	2023/24	2022/23
	£000	£000
Levies	2,383	2,429
Payments to the Government Housing Capital Receipts Pool	427	2,195
(Gains)/losses on the disposal of non-current assets	(6,013)	(7,491)
Other Operating Income and Expenditure	(321)	(201)
Total	(3,524)	(3,068)

7. Financing and Investment Income and Expenditure

	2023/24	2022/23
	£000	£000
Interest payable and similar charges	11,147	11,209
Net interest on the net defined benefit liability (asset)	3,337	13,000
Interest receivable and similar income	(13,502)	(6,808)
Income and expenditure in relation to investment properties	(6,694)	(6,754)
Net (gains)/losses from fair value adjustments on investment properties	(9,314)	(4,710)
Total	(15,026)	5,937

8. Taxation and non-specific grant income and expenditure

	2023/24	2022/23
	£000	£000
Non-domestic rates income	(68,926)	(71,827)
NDR Levy	20	655
Business rates tariff	14,344	17,965
Non-domestic rates income and expenditure	(54,562)	(53,207)
Council Tax Income	(73,550)	(66,976)
Non-ringfenced government grants	(66,079)	(53,717)
Capital grants and contributions	(40,182)	(38,483)
Total	(234,373)	(212,383)

9. Property, Plant and Equipment

(i) Movements on Balances

Movements in 2023/24

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment £000
Cost or Valuation								
At 1 April 2023	1,460,077	340,100	17,445	29,278	65,677	72,963	1,985,540	26,633
Additions	65,893	7,901	10,728	993	12	41,027	126,554	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(51,834)	(14,832)	-	-	(611)	-	(67,277)	(652)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(113,043)	(18,973)	-	-	(127)	-	(132,143)	-
Derecognition – disposals	(2,985)	-	(4,274)	-	(11,855)	-	(19,114)	-
Assets reclassified (to)/from PPE	-	27,173	-	-	(27,173)	-	-	-
Assets reclassified (to)/from Investment Properties	-	(180)	-	-	-	-	(180)	-
Other reclassifications	-	-	-	-	127	-	127	-
At 31 March 2024	1,358,108	341,189	23,899	30,271	26,050	113,990	1,893,507	25,981
Accumulated Depreciation and Impairment								
At 1 April 2023	-	(685)	(5,690)	(21,612)	-	-	(27,987)	-
Depreciation charge	(16,893)	(3,909)	(2,964)	(1,640)	(46)	-	(25,452)	(404)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	7,094	3,536	-	-	44	-	10,674	404
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	9,764	636	-	-	2	-	10,402	-
Derecognition – disposals	35	-	855	-	-	-	890	-
At 31 March 2024	-	(422)	(7,799)	(23,252)	-	-	(31,473)	-
Net Book Value								
At 31 March 2024	1,358,108	340,767	16,100	7,019	26,050	113,990	1,862,034	25,981

9. Property, Plant and Equipment (cont'd)

Movements in 2022/23

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment £000
Cost or Valuation								
At 1 April 2022	1,474,362	335,779	9,392	28,156	67,538	52,222	1,967,449	26,639
Additions	52,629	2,438	8,053	1,074	-	25,206	89,400	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(22,337)	1,773	-	-	(1,861)	-	(22,425)	(6)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(44,827)	158	-	-	-	-	(44,669)	-
Derecognition – disposals	(3,588)	-	-	-	-	-	(3,588)	-
Derecognition – other	(627)	-	-	-	-	-	(627)	-
Assets reclassified (to)/from PPE	4,465	(48)	-	48	-	(4,465)	-	-
At 31 March 2023	1,460,077	340,100	17,445	29,728	65,677	72,963	1,985,540	26,633
Accumulated Depreciation and Impairment								
At 1 April 2022	-	(705)	(4,166)	(20,340)	-	-	(25,211)	-
Depreciation charge	(17,061)	(3,631)	(1,524)	(1,272)	(47)	-	(23,535)	(388)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	8,658	3,008	-	-	45	-	11,711	388
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	8,354	643	-	-	2	-	8,999	-
Derecognition – disposals	42	-	-	-	-	-	42	-
Derecognition – other	7	-	-	-	-	-	7	-
At 31 March 2023	-	(685)	(5,690)	(21,612)	-	-	(27,987)	-
Net Book Value								
At 31 March 2023	1,460,077	339,415	11,755	7,666	65,677	72,963	1,957,553	26,633

9. Property, Plant and Equipment (cont'd)

Infrastructure Assets	2023/24 £000	2022/23 £000
Net book value (modified historical cost) at 1 st April	87,938	77,277
Additions	22,919	23,656
Depreciation	(14,528)	(12,995)
Net book value at 31st March	96,329	87,938

	2023/24 £000	2022/23 £000
Infrastructure Assets	96,329	87,938
Other PPE Assets	1,862,035	1,957,554
Total PPE Assets	1,958,364	2,045,492

The authority has determined in accordance with Regulation 30M England of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

(ii) Depreciation and Useful life

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

Council Dwellings (Building element only – land not depreciated)	53 - 56 years
Other Land and Buildings (Building element only – land not depreciated)	41 - 56 years
Surplus Assets (Building element only – land not depreciated)	50 - 56 years
Infrastructure Assets	3 - 40 years
Vehicles, Plant, Furniture & Equipment	5 - 25 years
Community Assets	5 - 73 years

9. Property, Plant and Equipment (cont'd)

(iii) Effect of Changes in Estimates

In 2023/24 the Council made no material changes to its accounting estimates for Property, Plant and Equipment.

(iv) Revaluation and Impairments

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued through full inspection at least every four years. The Council has used the external valuation contractor Wilks Head & Eve to carry out the valuations under instruction from the Council's internal Valuation and Property Services. Rolling programme values are reviewed internally to ensure they are not materially misstated at balance sheet 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 the Royal Institution of Chartered Surveyors. Valuations have an effective date of 31 March 2024.

The significant assumptions applied in estimating the current values are:

- Valuations of owner occupied properties reflect special adaptations or particular suitability of the premises for the existing use, but specifically exclude, so far as possible value attributable to goodwill and alternative uses.
- No allowance has been made for any national or local tax whether existing or which may arise in the future.
- All properties except Housing Dwellings have been valued on an individual basis, thus envisaging that they will be marketed individually or in groups over an appropriate period of time.
- Except where specific information is available, properties have been properly maintained and are in good repair and condition.

	Council Dwellings £000	Other Land and Buildings £000	Infrastructure Assets £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Carrying value under Cost Model	1,567,646	232,028	96,329	16,100	7,019	76,364	113,990	2,109,476
Carried at Historical Cost	-	-	96,329	16,100	7,019	-	113,990	233,438
Valued at current value as at:								-
31 March 2024	1,358,108	320,778	-	-	-	26,050	-	1,704,936
31 March 2023	-	12,737	-	-	-	-	-	12,737
31 March 2022	-	3,303	-	-	-	-	-	3,303
31 March 2021	-	3,949	-	-	-	-	-	3,949
	1,358,108	340,767	96,329	16,100	7,019	26,050	113,990	1,958,363

9. Property, Plant and Equipment (cont'd)

(iv) Revaluation and Impairments continued.

The Council values its dwellings in accordance with the proper practice set out in the Government guidance "Stock Valuation for Resource Accounting: Guidance for Valuers – 2016". Under the requirements of the "beacon system" of valuation and 75 per cent discount applied to the open market valuation of the dwellings using the "Existing Use Valuation – Social Housing" methodology, the Council's capital expenditure on its dwelling stock does not increase the value of the assets on a pound-for-pound basis; at best the value of a dwelling will be increased by only 25 per cent of the capital expenditure incurred upon it.

Desktop revaluation of housing dwellings stock as at 31 March 2024 was commissioned by the Council and completed by the external valuer Wilks, Head and Eve. A revaluation based on full inspection of housing dwellings stock is scheduled for 2024/25.

Where assets are revalued downwards and revaluation losses are in excess of the available Revaluation Reserve, balances are debited to the Surplus or Deficit on the Provision of Services. A review of property, plant and equipment was carried out for 2023/24 and there were no cases of impairment of assets to report.

Impairment and valuation losses not covered by the Revaluation Reserve in relation to HRA dwellings – are charged to the HRA Income & Expenditure Statement but will continue to be reversible through a transfer to the Capital Adjustment Account (CAA) via the Movement in Reserves Statement (MIRS). Valuation gains in relation to HRA dwellings, where taken to the HRA income and expenditure statement, can also be reversed under the Item 8 Credit and Debit Determination, by a transfer to the CAA via the MIRS.

Impairment and valuation losses not covered by the Revaluation Reserve in relation to HRA non-dwellings can now be reversed in the same way as losses for dwellings. As with dwellings, valuation gains for non-dwellings, where taken to the HRA income and expenditure statement, can also be reversed by a transfer to the CAA via the MIRS.

(v) Capital Commitments

The total of capital commitments exceeding £2m at the balance sheet date were as follows:

	31 March 2024 £000	31 March 2023 £000
Service Department		
Housing Revenue Account	24,210	18,567
Regeneration and Community Projects	34,386	101,101
Affordable Housing Schemes	85,340	102,723
Environment	7,346	8,468
	151,282	230,859

(vi) Prior Period Adjustment

A prior period adjustment has been made in the 2023/24 financial statements in respect of Surplus Asset valuations. This adjustment has increased the value of Surplus Assets by £25.4m, matched with a corresponding credit to the Capital Adjustment Account (CAA). This adjustment has impacted the Balance Sheet, Movement in Reserves Statement and Capital Adjustment note. There has been no impact on the Comprehensive Income and Expenditure Statement nor is there an impact on the General Fund balance as a consequence of this change.

The detailed impact of the above in the relevant statements and notes is set out below:

9. Property, Plant and Equipment (cont'd)

Effect on Balance Sheet at 31 March 2022

	Originally stated 2021/22 £000	Surplus Assets Restatement £000	Restated 2021/22 £000
Property, Plant and Equipment	1,994,114	25,400	2,019,514
Long Term Assets	2,113,994	25,400	2,139,394
Net Assets	1,475,674	25,400	1,501,074
Unusable Reserves	(1,193,872)	(25,400)	(1,219,272)
Total Reserves	(1,475,674)	(25,400)	(1,501,074)

Effect on Balance Sheet at 31 March 2023

	Originally stated 2022/23 £000	Surplus Assets Restatement £000	Restated 2022/23 £000
Property, Plant and Equipment	2,020,092	25,400	2,045,492
Long Term Assets	2,170,448	25,400	2,195,848
Net Assets	1,867,737	25,400	1,893,137
Unusable Reserves	(1,566,905)	(25,400)	(1,592,305)
Total Reserves	(1,867,737)	(25,400)	(1,893,137)

Effect on Note 9 (i) PPE 21/22

	Originally stated 2021/22 £000	Surplus Assets Restatement £000	Restated 2021/22 £000
Surplus Assets	42,138	25,400	67,538
Total Property, Plant and Equipment	1,994,114	25,400	2,019,514

Effect on Note 9 (i) PPE 22/23

	Originally stated 2022/23 £000	Surplus Assets Restatement £000	Restated 2022/23 £000
Surplus Assets	40,277	25,400	65,677
Total Property, Plant and Equipment	2,020,092	25,400	2,045,492

Effect on Note 3c Unusable Reserves 21/22

	Originally stated 2021/22 £000	Surplus Assets Restatement £000	Restated 2021/22 £000
Capital Adjustment Account	(1,363,405)	(25,400)	(1,388,805)
Total Unusable Reserves	(1,193,872)	(25,400)	(1,219,272)

9. Property, Plant and Equipment (cont'd)

Effect on Note 3c Unusable Reserves 22/23

	Originally stated 2022/23 £000	Surplus Assets Restatement £000	Restated 2022/23 £000
Capital Adjustment Account	(1,340,256)	(25,400)	(1,365,656)
Total Unusable Reserves	(1,566,905)	(25,400)	(1,592,305)

10. Investment Properties

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

	2023/24 £000	2022/23 £000
Rental income from investment property	(7,010)	(7,210)
Direct operating expenses (including repairs and maintenance) arising from investment properties	316	456
Net (gain)/loss	(6,694)	(6,754)

(i) Revaluation

In 2023/24 the Council commissioned a full revaluation of its investment properties including an inspection of each property where appropriate as at the balance sheet date of 31st March 2024. The work was undertaken by our independent external valuers – Wilks, Head & Eve, whose staff are qualified surveyors with the Royal Institution of Chartered Surveyors (RICS). The valuation bases are in accordance with the Statement of Asset Valuation Practices and Guidance Notes of RICS.

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The following table summarises the movement in the fair value of investment properties over the year:

	31 March 2024 £000	31 March 2023 £000
Balance at start of the year	85,478	81,131
Additions:		
• Subsequent expenditure	109	482
Derecognition	(534)	(845)
Net gains/(losses) from fair value adjustments	9,314	4,710
Transfers:		
• (to)/from Property, Plant and Equipment	180	-
Balance at end of the year	94,547	85,478

10. Investment Properties (cont'd)

(ii) Fair Value Hierarchy

The Council's commercial land, office and retail asset valuations have been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the locality. Market conditions for these asset types are such that the levels of observable inputs, such as assumed void periods, estimated rental value and capitalisation rate (equivalent yield), are significant leading to all the Council's investment properties being categorised at Level 2 in the Fair Value hierarchy (see Note 38 Accounting Policies for an explanation of the fair value levels). There were no changes in valuation techniques and no transfers between Levels 1 and 2 during 2023/24.

11. Heritage Assets

	Art Collections	Books & Printed Materials	Ceramics & Glass	Other Heritage Assets	Total Assets
	£000	£000	£000	£000	£000
Cost or Valuation					
At 1 April 2023	7,688	131	118	86	8,023
Movement on balance	-	-	-	-	-
At 31 March 2024	7,688	131	118	86	8,023

There have been no movements on Heritage Assets in 2023/24.

12. Assets Held for Sale

All Assets Held for Sale have been classified as Current as sales are expected within 12 months from balance sheet date.

	31 March 2024	31 March 2023
	£000	£000
Balance outstanding at start of year	-	13,229
Additions:	-	-
Assets newly classified as held for sale:	-	-
• Property, Plant and Equipment	-	-
Assets sold	-	(13,229)
Net gains/(losses) from fair value adjustments	-	-
Balance outstanding at year-end	-	-

13. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PPP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2023/24	2022/23
	£000	£000
Opening Capital Financing Requirement	503,530	423,053
Capital Investment		
Property, Plant and Equipment	134,199	113,058
Investment Properties	109	482
Intangible Assets	1,074	390
Revenue Expenditure Funded from Capital under Statute	9,028	5,521
Capital Funding of third-party capital loans	43,243	26,759
Sources of Finance		
Capital receipts – used to fund Capital Expenditure	(3,345)	(6,332)
Government grants and other contributions	(59,154)	(53,241)
Sums set aside from revenue:		
Direct revenue contributions	(1,666)	(3,475)
MRP/loans fund principal	(3,561)	(2,225)
Voluntary Application of Capital Receipts & Grants	(9,454)	(43)
Deferred costs of capital disposals	-	(417)
Closing Capital Financing Requirement	614,003	503,530
Explanation of movements in year		
Increase in underlying need to borrow	117,168	74,899
(Decrease) in underlying need to borrow	(63)	(63)
Voluntary application of Capital Receipts and Grants to repay debt	(9,454)	(43)
Increase/(Decrease) in Deferred costs of capital disposals	-	(417)
Assets acquired under finance leases	2,822	6,100
Increase/(decrease) in Capital Financing Requirement	110,473	80,476

14. Leases (Finance and Operating)

Council as Lessee

Finance Leases

The Council engaged into a Refuse Removal contract in 2022/23. As part of this contract LBHF has effective control of the contractor's fleet of vehicles and is deemed to be implied finance leases.

The assets acquired under these implied leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31 March 2024 £000	31 March 2023 £000
Vehicles, Plant, Furniture and Equipment	7,702	6,100
	7,702	6,100

The implied minimum lease payments are made up of the following amounts:

	31 March 2024 £000	31 March 2023 £000
Finance lease liabilities (net present value of minimum lease payments):		
• current	(889)	(699)
• non-current	(6,383)	(5,292)
Finance costs payable in future years	(989)	(846)
Minimum lease payments	(8,261)	(6,837)

The Council has not sub-let any of the vehicles held under the implied finance leases.

Operating Leases

The Council has acquired some office accommodation, hostels, depot facilities and a range of vehicles and office equipment by entering into operating leases.

The future minimum lease payments due under these non-cancellable leases in future years are:

	31 March 2024 £000	31 March 2023 £000
Not later than one year	8,151	2,457
Later than one year and not later than five years	7,606	4,166
Later than five years	9,377	5,895
	25,134	12,518

14. Leases (Finance and Operating) (cont'd)

The expenditure charged to the service revenue accounts during the year in relation to these leases was:

	31 March 2024 £000	31 March 2023 £000
Minimum lease payments	11,331	3,578
Contingent rents	-	-
Sublease payments receivable	-	-
	11,331	3,578

The Council has sub-let 3 properties held under operating leases and they are included within Operating Leases as Lessor below. The total future expected receipts are £4,911k at 31 March 2024.

Council as Lessor

Finance Leases

The Council is not engaged in any material Finance Leases as a Lessor.

Operating Leases

The Council leases out property and equipment under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, day centres and community centres
- for economic development purposes providing suitable affordable accommodation for local businesses
- as an investment to make use of the Council's assets

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2024 £000	31 March 2023 £000
Not later than one year	5,124	4,396
Later than one year and not later than five years	12,248	13,687
Later than five years	12,808	12,561
	30,180	30,644

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. No material contingent rents were receivable by the Council.

15. Private Finance Initiative

2023/24 was the nineteenth year of a 25-year Private Finance Initiative (PFI) to provide new services for vulnerable older people in the borough. The PFI has created three new nursing homes (one of which was completed one year later than the other two). NHS North West London Integrated Care Board also shares the services provided at these sites through a back-to-back agreement with the Council.

At the end of the contract ownership of the homes reverts to the Council. A Memorandum of Understanding was agreed in 2015-16 to rebase the Unitary Charge and to clarify that payments are adjusted annually for CPI. The Memorandum does not change any other significant aspect of the contract.

15. Private Finance Initiative (cont'd)

Property Plant and Equipment

The assets used to provide services at the residential care and nursing homes and sheltered accommodation are recognised on the Council's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 9.

Payments

The Council makes an agreed payment each year (Unitary Charge) which is adjusted each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. The annual Unitary Charge has been split into service charge, liability and interest.

Payments remaining to be made under the PFI contract at 31 March 2024 (excluding the effect of changes in market conditions and availability/performance deductions) are as follows:

	Payment for Services	Liability	Interest	Total
	£000	£000	£000	£000
Payable in 2024/25	6,565	592	824	7,981
Payable within two to five years	29,152	3,342	2,323	34,817
Payable within six to ten years	11,023	1,693	349	13,065
	46,740	5,627	3,496	55,863

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

	2023/24	2022/23
	£000	£000
Balance outstanding at start of year	6,146	6,601
Payments during the year	(519)	(455)
Capital expenditure incurred in the year	-	-
Balance outstanding at year-end	5,627	6,146

16. Debtors

(i) Short term debtors

	31 March 2024 £000	31 March 2023 £000
Council Tax Receivable from Taxpayers	25,234	22,826
Non Domestic Rates Receivable from Taxpayers	23,556	21,374
Business Rates Supplement Debtor	-	1,725
Trade Debtors	29,488	27,150
Other Debtors	40,315	39,290
VAT Debtors	11,646	7,183
Prepayments and Accrued Income	19,170	16,988
Impairment Allowance for Doubtful Debts	(80,931)	(75,246)
Total	68,478	61,290

(ii) Long term debtors

	31 March 2024 £000	31 March 2023 £000
Acquisition of commercial units (Civic Campus)	36,268	22,397
Education City loan	22,060	100
Other Long Term Debtors	2,180	500
Total	60,508	22,997

17. Cash and Cash Equivalents

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

	31 March 2024 £000	31 March 2023 £000
Cash held by the Council	74	108
Bank current accounts	-	-
School bank accounts	5,436	7,343
Short-term deposits	39,820	151,610
Cash and Cash Equivalents	45,330	159,061
Bank overdraft*	(7,477)	(7,536)
Cash Management**	37,853	151,525

*The year-end bank overdraft reflects the bank position including all outstanding and unrepresented items. LBHF does not operate a physical bank overdraft as part of its cash management policy. This presentation is a technical requirement under IFRS.

**The prior year is presented differently in that the entire Cash Management figure appears under Cash and Cash Equivalents in the Balance Sheet rather than being split between Cash and Cash Equivalents and Bank overdraft as it is in the current year.

The detailed analysis of the movement in Cash & Cash Equivalents is illustrated on the Cash Flow Statement and Note 22.

18. Creditors

	31 March 2024 £000	31 March 2023 £000
Council Tax Creditor	(2,647)	(1,595)
NDR Retained Income Creditor	(82,424)	(89,330)
Business Rate Supplement Creditor	(231)	-
NDR Taxpayers Receipts not yet Paid to Government	(41)	(53)
Council Tax Refundable to Taxpayers	(7,595)	(7,022)
Non Domestic Rates Refundable to Taxpayers	(18,604)	(14,301)
Other Tax and Social Security Payable	(4,551)	(3,071)
Trade Creditors	(1,034)	(273)
Other Creditors	(66,034)	(66,244)
Short Term PFI Lease Liability	(592)	(519)
Short Term Finance Lease Lease Liability	(889)	(699)
Total	(184,642)	(183,107)

19. Other Long-Term Liabilities

	31 March 2024 £000	31 March 2023 £000
Net Pensions Liability	(38,735)	(89,961)
Finance Lease Liability	(6,384)	(5,292)
Private Finance Initiative (PFI) Liability	(5,035)	(5,627)
TOTAL	(50,154)	(100,880)

20. Provisions

	Insurance £000	NDR - Losses on Appeals £000	Other Provisions £000	Total £000
Balance at 31 March 2022	(2,230)	(16,808)	(13,034)	(32,072)
Additional provisions	(903)	(15,871)	-	(16,774)
Amounts used	-	-	908	908
Unused amounts reversed	-	21,731	4,087	25,818
Balance at 31 March 2023	(3,133)	(10,948)	(8,039)	(22,120)
Additional provisions	(599)	(2,149)	(4,946)	(7,694)
Amounts used	-	2,760	6,256	9,016
Unused amounts reversed	-	2,559	39	2,598
Balance at 31 March 2024	(3,732)	(7,778)	(6,690)	(18,200)
<i>Of which:</i>				
Next twelve months	(3,732)	(7,778)	(4,943)	(16,453)
Over twelve months	-	-	(1,747)	(1,747)
Balance at 31 March 2024	(3,732)	(7,778)	(6,690)	(18,200)

Following the introduction of the new Business Rates Retention Scheme by Central Government on 1 April 2013, the Council must account for its share of Non-Domestic Rates assets and liabilities. As a result of this, the Council has been exposed to a significant number of outstanding ratings appeals. The estimated liability for this has been included in the table above.

The Council's insurance provision (held for known future insurance claims resulting from the Council's self-insurance of liability risks and fire damage) received a full actuarial assessment of the Insurance Fund position as at 31 December 2020. The provision is based upon updated professional estimates of continuing open claims identified in that year's assessment. It also reflects claims that have been currently received for which they expect payment in the next 12 months.

During 1992/93, the then Council's insurers, Municipal Mutual Insurance (MMI), ceased accepting new business. The Council is a member of a scheme of arrangement that has been put into place to try to ensure

an orderly settlement of the run-off of MMI. The scheme of arrangement was triggered in 2012/13 and the Council was required to pay a levy of £426k in 2013/14, for which a provision was made in 2012/13 accounts; representing 15% of claims payments made to date. MMI in setting this 15% levy chose a mid-point based upon an actuarial analysis of potential future losses with the aim of ensuring a solvent run off of current losses and those yet to emerge. This means the Council will be required to fund 25% of all payments for any newly reported losses during the period of MMI policy coverage prior to 1993. The Council has sufficient funds in its Insurance reserve to cover this exposure. The recent actuarial assessment estimates the LBHF share of ongoing MMI Liability at £793k based on outstanding and incurred but not reported claims.

Other provisions include amounts to cover refunds to tenants and leaseholders for previously levied water rate charges, legal settlements, and backdated schools staff salaries.

21. Financial Instruments

(i) Financial Instruments – Balances

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

	Long Term		Current	
	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000
Financial assets at amortised cost				
Investments	195	195	118,716	120,625
Investment in Joint Venture held at cost	29,823	32,918		
Cash and Cash Equivalents	-	-	47,810	159,061
Long Term Debtors	23,314	600	-	-
Trade Debtors	-	-	30,341	27,872
Total	53,332	33,713	196,867	307,558
Financial liabilities at amortised cost				
Borrowings	(253,053)	(267,737)	(18,337)	(6,846)
Bank overdraft	-	-	(9,957)	(7,536)
Long Term Creditors	(100)	(100)	-	-
Trade Creditors	-	-	(68,549)	(67,735)
Total	(253,153)	(267,837)	(96,843)	(82,117)
Other Liabilities:				
PFI & Finance Lease liabilities	(11,418)	(10,919)	(1,481)	(1,217)

Under accounting requirements, the carrying value of the financial instrument is shown in the balance sheet which includes the principal amount borrowed or lent including accrued interest. Fair value has been measured by direct reference to published price quotations in an active market.

The "Investment in Joint Venture held at cost" line has been added as a separate line to the financial assets section of the table above to enhance the disclosure by clearly showing the investment in the JV in the accounts for both years. The amounts for trade debtors and creditors are the values identified in Notes 16 and 18 to the accounts gross of any allowance for bad debts, see paragraph on Credit Risk below, but excluding outstanding balances to/from Government Departments, debts arising from taxation demands and monies received or paid in advance. Further analysis of PFI and Finance Lease liabilities is given in Notes 14 and 15.

(ii) Reclassifications

No financial instruments have been reclassified between valuation at amortised cost and valuation at fair value during 2023/24 or previous years.

21. Financial Instruments (cont'd)

(iii) Income, Expense, Gains and Losses

	2023/24			2022/23		
	Financial Liability at amortised cost £000	Financial Assets: Loans and receivables £000	Total £000	Financial Liability at amortised cost £000	Financial Assets: Loans and receivables £000	Total £000
Interest expense	11,147	-	11,147	11,209	-	11,209
Total expense in Surplus or Deficit on the Provision of Services	11,147	-	11,147	11,209	-	11,209
Interest income	-	(13,398)	(13,398)	-	(6,808)	(6,808)
Total income in Surplus or Deficit on the Provision of Services	-	(13,398)	(13,398)	-	(6,808)	(6,808)
Net gain/(loss) for the year	11,147	(13,398)	(2,251)	11,209	(6,808)	4,401

(iv) Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term investments 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 Loan Board (PWLB) loans have been valued using the standard new loan rates published by the Debt Management Office (DMO) on 31st March 2024.
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months the carrying amount is assumed to approximate to fair value.
- The fair value of trade debtors and creditors are taken to be the invoiced amounts.
- The fair value of cash, overdrafts and other cash equivalents is taken to be the carrying value.

£0.1m of the Long Term investment at 31 March 2024 (£0.1m at 31 March 2023) shown in section (i) relates to the Council's investment in the GLE Group matched by the long term creditor of the same amount. Again, as any difference in values would be insignificant the fair value is taken to be the carrying value for both the investment and the liability.

The fair values calculated for the remaining instruments which consist of the Council's borrowings and investments (excluding any Cash or Cash Equivalents) are as follows:

	31 March 2024		31 March 2023	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Liabilities				
<u>Borrowings</u>				
PWLB Debt	(270,390)	(206,302)	(274,583)	(225,106)
Total	(270,390)	(206,302)	(274,583)	(225,106)

Investments, the Investment in Joint Venture, PFI & Finance Lease Liabilities and Local Authority bonds are all held at cost so are not included in the above table. For these categories of financial assets/liabilities, there is not considered to be a material difference between their cost and fair value. Both PWLB borrowings and money market loans are categorised as Level 2 in the fair value hierarchy.

21. Financial Instruments (cont'd)

The fair value for financial liabilities is lower than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans in the market at the balance sheet date. The commitment to pay interest below current market rates decreases the amount that the authority would have to pay if the lender requested or agreed to early repayment of the loans. The calculation above uses the PWLB certainty rate as the discount factor, if the premature repayment rate were to be used the fair value would be £231.753m as at 31 March 2024.

The fair value for financial liabilities has been determined by reference to the PWLB redemption rules and prevailing PWLB standard new loan rates at each Balance Sheet date. They include accrued interest.

At 31st March 2024, all money market loans and receivables are repayable within two years. Therefore, the carrying amount is assumed to be approximate fair value; the figure for both years includes accrued interest. The prevailing comparator market rates have been taken from indicative investment rates at the Balance Sheet date. In practice, rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures and the difference is not likely to be material.

Nature and Extent of Risks Arising from Financial Instruments

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

- **credit risk** – the possibility that other parties might fail to pay amounts due to the Council
- **liquidity risk** – the possibility that the Council might not have funds available to meet its commitments to make payments
- **re-financing risk** – the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms
- **market risk** – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements

Overall Procedures for Managing Risk

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

- by formally adopting the requirements of the Code of Practice on Treasury Management in the Public Services;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its constitution;
- by approving annually in advance prudential and treasury indicators for the following three years limiting the Council's:
 - overall borrowing;
 - maximum and minimum exposures to fixed and variable rates;
 - maximum and minimum exposures for the maturity structure of its debt;
 - maximum annual exposures to investments maturing beyond a year; and
- by approving an investment strategy for the forthcoming year that sets criteria for both investing and selecting investment counterparties in compliance with the Government guidance.

These are required to be reported and approved at or before the meeting when the Council's Council Tax is set and Revenue Budget approved. These items are reported within the Annual Treasury Strategy, which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

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

Credit Risk

Credit risk arises from deposits with banks and financial institutions as well as credit exposure to the Council's customers.

This risk is minimised through the *Annual Investment Strategy*, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. The *Annual Investment Strategy* also considers maximum amounts in respect of each financial institution. Deposits are not made with banks and

financial institutions unless they meet the minimum requirements of the investment criteria. Additional selection criteria are also applied following the application of the initial credit criteria.

21. Financial Instruments (cont'd)

The Council's maximum exposure to credit risk in relation to its investments in banks cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to not be able to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2024 that this was likely to crystallise.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any counterparty in relation to outstanding deposits or non-investment activity related financial instrument.

A lifetime expected credit loss (ECL) approach has been applied to trade and other debtors held by the Council and the credit loss rates used in calculating the ECL vary widely due to the different type of debts that were reviewed by each service. Trade and other debtors include ECL for social housing rents with a loss rate ranging from 50% to 100% while Parking debts are 77% provided for. In total, the ECL for trade and other debtors at 31 March 2024 was £39.5m (£38.7m at 31 March 2023).

Liquidity Risk

The Council manages its liquidity position through the risk management procedures set out above and through cash flow management procedures required by the *Code of Practice on Treasury Management* in the Public Services. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day-to-day cash flow needs, while the PWLB provides access to longer term funds, it also acts as a lender of last resort to local authorities (although it will not provide funding to an authority whose actions are unlawful). The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. Thus there is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

Exposure to customers is assessed by reference to past experience, age of debt, and stage of recovery process. Details of these debts are reported in Note 16. The sums shown are net of a prudent allowance for their impairment amounting to £18.80 million at 31 March 2024 (£16.69 million at 31 March 2023). The Council does not normally allow credit for its customers.

The past due but not impaired amount can be analysed by age as follows:

	31 March 2024 £000	31 March 2023 £000
Less than three months	11,484	17,801
Three to six months	1,162	2,017
Six months to one year	1,765	1,741
More than one year	13,451	11,876
	27,862	33,435

Refinancing and Maturity Risk

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

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

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs and spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

21. Financial Instruments (cont'd)

The maturity analysis of **financial liabilities** is as follows:

	31 March 2024 £000	31 March 2023 £000
Less than one year	(15,689)	(4,279)
Between one and two years	-	(15,689)
Between two and five years	(22,395)	(9,984)
Between five and ten years	(42,789)	(39,937)
More than ten years	(187,580)	(201,843)
Total	(268,453)	(271,732)

The maturity analysis of **financial assets** is as follows:

	31 March 2024 £000	31 March 2023 (restated) £000
Less than one year	117,000	118,600
Between one and two years	30,018	33,113
Between two and three years	-	-
More than three years	22,060	100
Total	169,078	151,813

The above tables exclude trade payables and receivables and cash and cash equivalents all of which are due to be paid/received within one year.

Market risks – comprise the below:

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

- *Borrowing at variable rates:* the interest expense charged to the Comprehensive Income and Expenditure Statement will rise.
- *Borrowing at fixed rates:* the fair value of the borrowing liability will fall (no impact on revenue balances)
- *Investments at variable rates:* the interest income credited to the Comprehensive Income and Expenditure Statement will rise.
- *Investments at fixed rates:* the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings do not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments is posted to the Surplus or Deficit on the Provision of Services and affects the General Fund balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The *Annual Treasury Strategy* draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. The Strategy sets a treasury indicator that provides maximum and minimum limits for fixed and variable interest rate exposure. The treasury team monitors market and forecast interest rates within the year and adjusts exposure 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 rate borrowing would be postponed.

Price risk: the Council, excluding the Pension Fund, does not generally invest in equities or marketable bonds.

Foreign exchange risk: the Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movement in exchange rates.

22a. Cash Flow Statement – Net Cash Flow from Operating Activities

	2023/24 £000	2022/23 £000
Adjustment for items included elsewhere in the Cash Flow Statement:		
Capital Grants	(63,323)	(46,665)
Adjustment for 'non-cash' items included in the Income and Expenditure Statement:		
Depreciation and Amortisation of non-current assets	40,245	36,719
Impairments and revaluations	112,427	30,961
Value of non-current assets derecognised on disposal	18,758	5,011
Value of 'Assets Held for Sale' derecognised on disposal	-	13,229
Other derecognitions of non-current assets	-	-
Assets transferred to/(from) Assets Held for Sale	-	-
Net adjustment made in respect of IAS 19 (Pensions)	2,756	40,417
Non-cash fixed asset acquisitions (incl. finance leases)	(14,677)	-
Revaluations of Available for Sale Financial Assets	-	-
Amortisation of Premia and Discounts	6	5
Impairment of Financial Instruments	-	-
Movement in non-cash assets and liabilities:		
(Increase)/decrease in short-term Debtors*	(6,879)	(9,203)
add/less: (Increase)/decrease in Capital Debtors	1,190	(225)
(Increase)/decrease in Long-term Debtors	(37,511)	(8,396)
Increase/(decrease) in short-term Creditors*	4,033	(79,603)
add/less: Increase/(decrease) in Capital Creditors	807	(3,255)
Assets transferred to 'Assets Held for Sale'	-	-
Increase/(decrease) in Long-Term Finance Leases	1,968	5,401
(Increase)/decrease in Inventories	8	40
Increase/(decrease) in Provisions	(3,921)	(9,950)
Increase/(decrease) in Grants and Contributions Receipts in Advance	(12,509)	21,833
Adjustments to net surplus or deficit on the provision of services for non-cash movements	43,378	(3,681)

*Excluding movements in the Collection Fund Debtors/Creditors with precepting authorities and the short-term element of Finance Leases and PFI's which are included on the face of the cashflow statement.

22b. Cash Flow Statement – Operating Activities

The cash inflows/(outflows) for operating activities include the following:

	2023/24 £000	2022/23 £000
Interest Received	13,811	4,942
Interest Paid	(11,071)	(11,223)

22c. Reconciliation of Liabilities Arising from Financing Activities

	Opening Balance	Cash (Inflow)/ Outflow	Transfers between ST and LT	Other Non-Cash changes	Closing Balance
	£000	£000	£000	£000	£000
2023/24					
Long-Term Borrowing	(267,732)	-	15,689	(10)	(252,053)
Short-Term Borrowing	(6,847)	6,847	(15,689)	(2,648)	(18,337)
Bonds	-	(1,000)	-	-	(1,000)
Finance Lease Liabilities	(5,991)	686	-	(1,967)	(7,272)
PFI	(6,146)	519	-	-	(5,627)
Total	(286,716)	7,052	-	(4,625)	(284,289)
2022/23					
Long-Term Borrowing	(272,011)	-	4,279	-	(267,732)
Short-Term Borrowing	(2,582)	2,582	(4,279)	(2,568)	(6,847)
Finance Lease Liabilities	-	109	-	(6,100)	(5,991)
PFI	(6,601)	455	-	-	(6,146)
Total	(281,194)	3,146	-	(8,668)	(286,716)

23. Agency Services

The Council acts as agent under agreements with various bodies and receives financial reimbursement for the costs of such services from the bodies concerned. In some cases, the council makes a small surplus or deficit on these agreements through commission or reimbursement of costs. These surpluses or deficits are included within the relative service lines in the CIES. Bodies with whom we have these agency agreements include Thames Water, Transport for London and the Department for Education (DfE).

24. Members' Allowances

The Council paid the following amounts to members of the Council during the year.

	2023/24	2022/23
	£000	£000
Members' Allowances	1,042	959

25. Officers' Remuneration

This note shows the remuneration as paid through the Council's payroll to the Council's Chief Executive, Statutory Chief Officers, members of the Strategic Leadership Team (i.e. those reporting to the Chief Executive) and employees with salaries over £150,000.

Post	Notes	Year	Salary, fees and allowances	Bonuses	Expenses allowances	Compensation for loss of office	Pension Contribution	Total
			£	£	£	£	£	£
Chief Executive - Sharon Lea	1	2023/24	212,481	-	-	-	33,198	245,679
		2022/23	187,604	-	-	-	-	187,604
Strategic Director of Childrens Services - Jacqueline McShannon		2023/24	167,595	-	-	-	34,525	202,120
		2022/23	161,925	-	-	-	27,689	189,614
Strategic Director of Economy		2023/24	148,624	-	-	-	30,708	179,332
		2022/23	144,027	-	-	-	24,629	168,656
Strategic Director - Chief Operating Officer	2	2023/24	124,800	-	-	-	28,065	152,865
Director of Legal Services (Monitoring Officer)	3	2023/24	19,919	-	-	-	4,103	24,022
Director of Finance (Section 151)	4	2023/24	148,800	-	-	-	30,653	179,453
		2022/23	106,665	-	-	-	19,171	125,836
Strategic Director - Social Care - Lisa Redfern	5a	2023/24	27,828	-	-	-	5,733	33,561
		2022/23	166,971	-	-	-	28,552	195,523
Strategic Director - Social Care	5b	2023/24	142,312	-	191	-	26,803	169,306
Strategic Director - Environment - Brahmesh Kainth	6	2023/24	152,070	-	-	-	31,326	183,396
		2022/23 (restated)	114,683	-	-	-	21,673	136,356

Notes

1. Sharon Lea served as acting Chief Executive in 2022/23 (and confirmed as permanent by Council on 24 May 2023).
2. The Strategic Director - Chief Operating Officer commenced in post on an interim basis in May 2023.
3. The Director of Legal Services (Monitoring Officer) commenced in post in January 2024. Prior to this, the Monitoring Officer role was occupied on an external interim basis (see further details of the interim arrangement in Note 31).
4. The Director of Finance commenced in post on an interim basis in July 2022 and was made permanent in June 2023.
5. There were two postholders who occupied this post during 2023/24 - the original postholder (5a) left the Council in May 2023 and was replaced in the same month by the new officer (5b).
6. The Strategic Director - Environment commenced in post in June 2022.

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions and including redundancy payments) were paid the following amounts.

Remuneration Band	2023/24		2022/23	
	Number of Employees		Number of Employees	
£170,000 - £174,999		1		0
£165,000 - £169,999		0		1
£140,000 - £144,999		0		1
£130,000 - £134,999		5		1
£125,000 - £129,999		2		3
£120,000 - £124,999		5		3
£115,000 - £119,999		2		3
£110,000 - £114,999		6		1
£105,000 - £109,999		11		4
£100,000 - £104,999		11		19
£95,000 - £99,999		13		10
£90,000 - £94,999		23		10
£85,000 - £89,999		11		25
£80,000 - £84,999		22		16
£75,000 - £79,999		41		23
£70,000 - £74,999		39		41
£65,000 - £69,999		94		50
£60,000 - £64,999		166		120
£55,000 - £59,999		224		181
£50,000 - £54,999		314		261
Total		990		773

Of the 990 employees listed above in 2023/24, 203 (21%) were employees where pay decisions rest with the School Governing Body and not the Council. The corresponding figure for 2022/23 was 173 (22%). Remuneration bands where there are nil employees in both years are excluded from the above table (e.g. £135,000 - £139,999).

These numbers do not include senior employees shown in the senior officers' remuneration table. The exception will be where an officer has moved internally into a senior officer position in-year and their salary up until that point exceeded £50k (that element of which will be included in the above table).

Exit Packages

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of packages by cost band		Total cost of exit packages in each band (£)	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
£0 - £20,000	7	15	22	17	29	32	228,923	240,530
£20,001 - £40,000	2	2	3	5	5	7	131,007	189,446
£40,001 - £60,000	-	1	2	-	2	1	95,900	40,414
£60,001 - £80,000	2	1	-	-	2	1	143,295	61,048
£80,001 - £100,000	-	-	2	1	2	1	174,585	90,460
£150,001 - £200,000	-	1	-	-	-	1	-	179,687
£200,001 - £250,000	1	-	-	-	1	-	210,927	-
£250,001 - £300,000	1	-	-	-	1	-	262,409	-
Total	13	20	29	23	42	43	1,247,046	801,585

This includes exit packages agreed by School Governing Bodies. Exit packages include the accrued cost of added years (the pension strain). These costs are not paid to individuals but reflect the cost to the Council of the employee retiring early, without actuarial reduction of their pension.

Please note that exit package cost bands where there are nil values in both years are excluded from the above table (e.g. £100,001 - £150,000).

26. Pension Schemes Accounted for as Defined Contribution Schemes

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

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2023/24, the Council paid £5.58 million to Teachers' Pensions in respect of teachers' retirement benefits, representing 23.68% of pensionable pay. The figures for 2022/23 were £5.56 million and 23.68%. There were no contributions remaining payable at the year-end.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. During 2023/24 the costs arising from additional benefits amounted to £351.8k (2022/23: £332.6k).

27. Defined Benefit Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in the following post-employment schemes:

- The Local Government Pension Scheme administered locally by London Borough of Hammersmith and Fulham (LBHF LGPS).
- The Local Government Pension Scheme administered by London Pensions Fund Authority (LPFA LGPS).

The schemes are funded defined benefit salary schemes, 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 scheme to 31 March 2014 provided benefits based on final salary and length of service on retirement. Changes to the LGPS came into effect on 1 April 2014 and any benefits accrued from this date will be based on career average revalued salary, with various protections in place for those members in the scheme before the changes took effect.

In general, participating in a defined benefit pension scheme means that the Council is exposed to a number of risks:

- Investment risk. The Fund holds investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.
- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the Pension Funds, there is an orphan risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers. All of the risks above may also benefit the Council e.g. higher than expected investment returns.

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments when they eventually fall due.

27. Defined Benefit Schemes (cont'd)

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/ retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

	LBHF Local Government Pension Scheme		LPFA Local Government Pension Scheme	
	2023/24 £000	2022/23 (restated) £000	2023/24 £000	2022/23 (restated) £000
<i>Comprehensive Income and Expenditure Statement</i>				
<i>Cost of Services:</i>				
• current service costs	26,274	50,958	59	116
• past service costs including curtailments	654	440	-	-
• (gain)/ loss from settlements	(348)	-	-	-
• administration expenses	-	-	15	16
• unfunded pension payments	(1,459)	(1,507)	(14)	(14)
<i>Financing and Investment Income and Expenditure:</i>				
• net interest expense / (income)	4,253	13,239	(916)	(239)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	29,374	63,130	(856)	(121)
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>				
<i>Remeasurement of the net defined benefit liability</i>				
• Return on plan assets (excluding the amount included in the net interest expense)	(37,864)	57,828	(2,280)	(49)
• Actuarial gains and losses arising on changes in demographic assumptions	(6,682)	(12,078)	(424)	(1,445)
• Actuarial gains and losses arising on changes in financial assumptions	(55,965)	(572,591)	(20)	(11,311)
• Experience (gain)/loss on defined benefit obligation	40,046	99,165	103	3,078
• Other actuarial (gains)/losses	5,542	-	-	14
• Impact of asset ceiling	-	-	3,562	9,855
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(25,549)	(364,546)	85	21
<i>Movement in Reserves Statement</i>				
• reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(29,374)	(63,130)	856	121
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>				
• employers' contributions payable to scheme	25,730	22,530	32	62

27. Defined Benefit Schemes (cont'd)

Assets and Liabilities in Relation to Post-Employment Benefits

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

	LBHF Local Government Pension Scheme		LPFA Local Government Pension Scheme	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Opening balance 1 April	1,264,689	1,690,777	32,303	42,978
Current service cost	26,274	50,958	59	116
Interest cost	59,657	45,802	1,495	1,089
Remeasurement (gains) and losses:				
- Change in financial assumptions	(55,965)	(572,591)	(20)	(11,311)
- Change in demographic assumptions	(6,682)	(12,078)	(424)	(1,445)
- Experience	40,046	99,165	103	3,078
Effect of settlements	(1,164)	-	-	-
Estimated benefits paid net of transfers in	(49,536)	(44,418)	(2,325)	(2,208)
Past service costs, including curtailments	6,196	440	-	-
Contributions by Scheme participants	8,694	8,141	20	20
Unfunded pension payments	(1,459)	(1,507)	(14)	(14)
Closing balance at 31 March	1,290,750	1,264,689	31,197	32,303

Reconciliation of fair value of the scheme (plan) assets:

	LBHF Local Government Pension Scheme		LPFA Local Government Pension Scheme	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Opening balance 1 April	1,174,685	1,213,697	51,348	52,127
Interest on assets	55,404	32,563	2,411	1,328
Remeasurement gain/ (loss):				
- Return on assets less interest	37,864	(57,828)	2,280	49
Other actuarial gains/(losses)	-	-	-	(14)
Administration expenses	-	-	(15)	(16)
Contributions by employer including unfunded	27,189	24,037	46	76
Contributions by scheme participants	8,694	8,141	20	20
Estimated benefits paid plus unfunded net of transfers in	(50,995)	(45,925)	(2,339)	(2,222)
Effect of settlements	(816)	-	-	-
Closing balance at 31 March	1,252,025	1,174,685	53,751	51,348

Pension Assets and Liabilities Recognised in the Balance Sheet

	31 March 2024 £000	31 March 2023 £000
<i>Present Value of Liabilities</i>		
LBHF Local Government Pension Scheme (Funded)	1,275,695	1,247,448
LBHF Local Government Pension Scheme (Unfunded)	15,055	17,241
LPFA Local Government Pension Scheme (Funded)	31,160	32,253
LPFA Local Government Pension Scheme (Unfunded)	37	50
<i>Fair Value of Assets</i>		
LBHF Local Government Pension Scheme	(1,252,025)	(1,174,685)
LPFA Local Government Pension Scheme	(53,751)	(51,348)
<i>Impact of Asset Ceiling</i>		
LBHF Local Government Pension Scheme		
LPFA Local Government Pension Scheme	22,564	19,002
<i>Net liability arising from defined benefit obligation</i>		
LBHF Local Government Pension Scheme	38,725	90,004
LPFA Local Government Pension Scheme	10	(43)
Total	38,735	89,961

27. Defined Benefit Schemes (cont'd)

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total net liability of £38.7m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- the deficits on both local government schemes will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.
- finance is only required to be raised to cover discretionary benefits when pensions are actually paid.

Local Government Pension Scheme Assets

The return on the Funds (on a bid value to bid value basis) for the year 31 March 2024 is estimated to be 8.0% for LBHF Local Government Pension Scheme and 9.34% for LPFA Local Government Pension Scheme. The actual return on Fund assets over the year may be different. The asset allocations are set out below:

	LBHF Local Government Pension Scheme		31 March 2023	
	31 March 2024		31 March 2023	
	£000	%	£000	%
Equities	125,872	10.1	132,949	11.3
Investment Funds and Unit Trusts	1,053,289	84.1	950,935	81.0
Cash	5,413	0.4	18,738	1.6
Property	67,451	5.4	72,063	6.1
Total	1,252,025	100	1,174,685	100

	LPFA Local Government Pensions Scheme		31 March 2023	
	31 March 2024		31 March 2023	
	£000	%	£000	%
Equities	32,544	60.5	30,196	58.8
Target Return Portfolio	9,273	17.3	9,547	18.6
Infrastructure	6,175	11.5	6,497	12.7
Property	4,917	9.1	5,042	9.8
Cash	842	1.6	66	0.1
Total	53,751	100	51,348	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. The LBHF Local Government Pension Scheme and LPFA Local Government Pension Scheme have been assessed by Hymans Robertson LLP and Barnett Waddingham respectively, independent firms of actuaries, with estimates being based on the latest full valuation of the schemes as at 31 March 2022. The principal assumptions used by the actuaries have been:

	LBHF Local Government Pension Scheme		LPFA Local Government Pension Scheme	
	2023/24	2022/23	2023/24	2022/23
Mortality Assumptions				
Life expectancy from age 65 - retiring today				
Men	21.6	21.8	20.2	20.5
Women	24.3	24.5	23.4	23.6
Life expectancy from age 65 - retiring in 20 years				
Men	22.6	22.8	21.0	21.3
Women	25.6	25.8	25.9	26.1
Financial Assumptions				
Rate of Inflation - CPI	2.80%	3.00%	2.95%	2.90%
Rate of Increase in Salaries	3.80%	4.00%	3.95%	3.90%
Rate of Increase in Pensions*	2.80%	3.00%	2.95%	2.90%
Discount Rate	4.80%	4.75%	4.85%	4.80%

*Pension increases are linked to CPI inflation, therefore the impact analysis is equivalent.

27. Defined Benefit Schemes (cont'd)

These assumptions are set with reference to market conditions at 31 March 2024.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes when each assumption analysed changes, all the other assumptions remain constant. The projected service costs for 2024/25 are £23.9m (LBHF) and £0.058m (LPFA).

	Impact on the Defined Benefit Obligation of the Scheme			
	LBHF Local Government Pension Scheme		LPFA Local Government Pension Scheme	
	Increase in Assumption £000	Decrease in Assumption £000	Increase in Assumption £000	Decrease in Assumption £000
Adjustment to:				
Discount Rate (+/-0.1%)		21,754		299
Long term salary increase (+/-0.1%)	760		5	
Pension increases & deferred revaluation* (+/-0.1%)	21,376		300	
Mortality age rating assumption (+/- 1 year)	51,408		1,876	

*Pension increases are linked to CPI inflation, therefore the impact analysis is equivalent.

Impact on the Council's Cash Flows

Contributions are set every 3 years as a result of the actuarial valuation of the Fund required by Regulations. The last actuarial valuation of the Fund was carried out as at 31 March 2022 and will set contributions for the period from 1 April 2023 to 31 March 2026. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a level of funding of 100% using the actuarial valuation assumptions. LBHF have agreed a strategy with the scheme's actuary to maintain this target funding level over a 19-year period (105% funded at the last triennial valuation).

The total contributions expected to be made by the Council in the year to 31 March 2025 are £25.798m to the LBHF Local Government Pension Scheme. The LPFA Local Government Pension Scheme was certified to pay a minimum of 11.6% employer pension contributions and total contributions are expected to be immaterial.

The actuary's estimate of the duration of the Employer's liabilities is 16 years for LBHF Local Government Pension Scheme and 10 years for LPFA Local Government Pension Scheme.

28. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections provided by the Council's external auditors:

	2023/24 £000	2022/23 £000
Fees payable to the External Auditor with regard to external audit services carried out by the appointed auditor for the year	463	231
Fees payable to External Audit for the certification of grant claims and returns for the year	57	63
Non-Audit Services	13	13
Total	533	307

Non-Audit Services consists of a CFO Insights subscription of £12,500.

29. Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department to fund academy schools in the Council's area. DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2011. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the Schools Budget funded by DSG receivable for 2023/24 are as follows:

	Central expenditure £000	Individual schools budget £000	Total £000
Final DSG for 2023/24 before academy and high needs recoupment			168,685
Academy and high needs figure recouped for 2023/24			82,342
Total DSG after academy and high needs recoupment for 2023/24			86,343
Plus: Brought forward from 2022/23			10,646
Less: Carry-forward to 2024/25 agreed in advance			(10,646)
Agreed initial budgeted distribution in 2023/24	32,344	53,999	86,343
In-year adjustments	2,122	(643)	1,479
Final budget distribution for 2023/24	34,466	53,356	87,822
Less: Actual central expenditure	32,190		32,190
Less: Actual ISB deployed to schools		54,457	54,457
Plus: Local authority contribution for 2023/24	440		440
In-year carry-forward to 2024/25	2,716	(1,101)	1,615
Plus: Carry-forward to 2024/25 agreed in advance			10,646
Carry-forward to 2024/25			12,262
DSG unusable reserve at the end of 2022/23			(14,505)
Addition to DSG unusable reserve at the end of 2023/24			-
Total of DSG unusable reserve at the end of 2023/24			(14,505)
Net DSG position at the end of 2023/24			(2,244)

29. Dedicated Schools Grant (cont'd)

Details of the Schools Budget funded by DSG receivable for 2022/23 are as follows:

	Central expenditure £000	Individual schools budget £000	Total £000
Final DSG for 2022/23 before academy and high needs recoupment			161,865
Academy and high needs figure recouped for 2022/23			77,217
Total DSG after academy and high needs recoupment for 2022/23			84,648
Plus: Brought forward from 2021/22			2,985
Less: Carry-forward to 2023/24 agreed in advance			(2,985)
Agreed initial budgeted distribution in 2022/23	28,604	56,044	84,648
In-year adjustments	7,080	(55)	7,025
Final budget distribution for 2022/23	35,684	55,989	91,673
Less: Actual central expenditure	28,456	-	28,456
Less: Actual ISB deployed to schools	-	55,979	55,979
Plus: Local authority contribution for 2022/23	424	-	424
In-year carry-forward to 2023/24	7,652	10	7,662
Plus: Carry-forward to 2023/24 agreed in advance			2,985
Carry-forward to 2023/24			10,646
DSG unusable reserve at the end of 2021/22			(14,505)
Addition to DSG unusable reserve at the end of 2022/23			-
Total of DSG unusable reserve at the end of 2022/23			(14,505)
Net DSG position at the end of 2022/23			(3,859)

The DSG has a cumulative deficit of £2.2 million. The cumulative DSG deficit as of March 2021 of £14.5m has been accounted for as an unusable reserve and any surpluses on the DSG, since that date, has been put in an earmarked reserve. Parliament has approved the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2020 in November 2020 which amends the 2003 Regulations by establishing new accounting practices in relation to the treatment of local authorities' schools budget deficits which must now be recorded in a separate account established solely for the purpose of recording deficits in unusable reserves. As the statutory requirement is time limited, it continues to set aside reserves to match the High Needs Block deficit until such time as the cumulative deficit is eliminated.

30. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2023/24:

	2023/24 £000	2022/23 £000
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	(20,198)	(18,046)
S31 Grant - Business Rates Retention Scheme Relief	(21,895)	(10,400)
Social Care Support Grant	(17,280)	(10,717)
Services grant	(2,502)	(4,264)
New Homes Bonus	(1,193)	(2,750)
Levy Account Surplus Grant	(1,038)	-
Other Non-ringfenced grants	(1,973)	(4,087)
Capital grants - Developer Contributions (inc. Section 106)	(22,103)	(20,647)
Capital grants - Right to Buy Ringfence Agreement (Hartopp & Lannoy)	(7,289)	(374)
Capital grants - Right to Buy Ringfence Agreement (Ed City+Farm Lane)	(3,242)	(850)
Capital grants - Food Waste Grant	(1,251)	-
Capital grants - Transport for London	(1,025)	(3,807)
Capital grants - Social Housing Decarbonisation Grant	(1,034)	(413)
Capital grants - Other	(4,238)	(15,845)
Total	(106,261)	(92,200)
Credited to Services		
Housing & Council Tax Benefit Subsidy	(94,829)	(91,016)
Dedicated Schools Grant	(86,841)	(91,592)
Public Health Grant	(23,801)	(22,345)
Developer Contributions (inc Section 106)	(21,310)	(17,972)
Improved Better Care Fund	(11,227)	(9,377)
Post 16 (EFA 16-19 Grant)	(5,211)	(5,048)
Homelessness Prevention-Flexible Homelessness Support Grant	(4,941)	(4,432)
Market sustainability and improvement fund	(3,574)	-
Pupil Premium Grant	(3,392)	(3,473)
Adult Learning	(3,343)	(2,853)
Household Support Fund Grant	(3,033)	(2,733)
Green Heat Network Fund - Civic Campus Grant	(2,512)	-
Unaccompanied Asylum Seeking Children Leaving Care	(1,491)	(1,756)
Social Care Discharge Fund Grant	(1,406)	-
Disabled Facilities Grant	(1,271)	(1,700)
GLA Universal Free School Meals Programme	(1,250)	-
Unaccompanied Asylum Seeking Children (U18)	(1,696)	(1,627)
PFI Grants	(1,429)	(1,429)
Rough Sleeping Initiatives Grant	(1,210)	(991)
Mainstream Schools Additional Grant	(1,186)	-
Homes for Ukraine Tariff Grant	(1,045)	(776)
Other grants and contributions	(14,146)	(16,583)
COVID-19 - Other grants	(1,057)	(1,924)
Total	(291,201)	(277,627)

30. Grant Income (cont'd)

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

	2023/24 £000	2022/23 £000
Grants and Contributions Receipts in Advance (Current)		
Homes for Ukraine Tariff Grant	(4,367)	(4,033)
Public Health Grant	(1,808)	(1,593)
Adult & Community Learning	(1,177)	(1,106)
Afghan Wrap Around Support Fund Grant	(1,091)	(554)
Other revenue grants	(5,394)	(15,131)
COVID-19 - Sales, Fees & Charges Support grant	(1,097)	(1,097)
COVID-19 - Other grants	(112)	(503)
Total	(15,046)	(24,017)

	2023/24 £000	2022/23 £000
Grants and Contributions Receipts in Advance (Non-Current)		
High Needs Provision Grant	(9,252)	(7,125)
Right to Buy Ringfence Agreement (White City)	(4,312)	(4,312)
Right to Buy Ringfence Agreement (Ed City)	(3,646)	(6,354)
Right to Buy Ringfence Agreement (Mund Street)	(1,778)	(1,778)
Right to Buy Ringfence Agreement (Hartopp & Lannoy)	(1,738)	-
Right to Buy Ringfence Agreement (Farm Lane)	(1,509)	(2,043)
Transport for London Grant	(1,193)	(1,056)
Developer contributions (inc. section 106)	(1,326)	(7,063)
Other capital grants	(3,111)	(1,671)
Total	(27,865)	(31,402)

31. Related Parties

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

The related party transactions with our subsidiaries have been included in Note 33.

Central 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 and provides the majority of its funding.

Grants received from government departments are set out in Note 30.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2023/24 is shown in Note 24.

Information regarding reportable transactions has been collated by requiring Members and Chief Officers to declare any related party transactions. A review was also carried out of the Council's Register of Declarations of Interests and of the Register of Pecuniary and Non-Pecuniary Interests of Councillors drawn up from declarations made at Committee and other meetings.

The related party transactions for 2023/24 are set out below.

Name of body	2023/24				
	Loans and Investments	Expenditure	Income	Income outstanding to LBHF (LBHF debtor balance)	Balance outstanding (LBHF creditor balance)
	£000	£000	£000	£000	£000
Action on Disability	-	276	-	-	-
Hammersmith and Fulham Citizen Advice Bureau	-	686	(26)	-	-
Hammersmith and Fulham Volunteer Centre	-	125	-	-	-
Lyric Hammersmith	-	315	(125)	100	(4)
Sands End Arts and Community Centre	-	25	(25)	-	-
Western Riverside Waste Authority	-	9,127	-	-	-
West King Street Renewal LLP	29,823	70	(776)	36,268	-
Total	29,823	10,624	(952)	36,368	(4)

Name of body	2022/23 (restated)				
	Loans and Investments	Expenditure	Income	Income outstanding to LBHF (LBHF debtor balance)	Balance outstanding (LBHF creditor balance)
	£000	£000	£000	£000	£000
Action on Disability	-	376	-	-	-
Hammersmith and Fulham Citizen Advice Bureau	-	623	(20)	-	-
Hammersmith and Fulham Volunteer Centre	-	146	-	-	-
Lyric Hammersmith	-	242	-	114	-
Sands End Arts and Community Centre	-	151	(31)	6	-
Western Riverside Waste Authority	-	10,834	(1)	-	-
West King Street Renewal LLP	32,918	-	(1,963)	22,396	-
Total	32,918	12,372	(2,015)	22,516	-

In addition to the above, there are instances where Members have relationships or hold positions with other public bodies and voluntary organisations with which the Council does not have a financially material relationship, but with which the Council has a financial or influential relationship. These include schools.

Senior officers are also asked to disclose their related party transactions. Based on these returns, West King Street Renewal LLP is included above.

Pension Fund

The Council is the administering authority of the Pension Fund. A detailed summary of the Pension Fund Accounts is included within this Statement of Accounts in the Supplementary Financial Statements section.

Wormwood Scrubs

The Mayor and Burgesses of the Council are the Trustees of the Wormwood Scrubs Charitable Trust. The Trust's objective is to hold Wormwood Scrubs Open Space "upon trust for the perpetual use thereof the inhabitants of the Metropolis for exercise and recreation" as defined by the Wormwood Scrubs Act of 1879. Income and expenditure is detailed in Note 36.

Interest in Companies

The Council has interest in a number of companies; Lyric Theatre Hammersmith Limited, Housing Joint Ventures, LBHF Ventures Limited, LBHF Joint Ventures Limited, LBHF Family Support Services Limited, H&F Housing Developments Ltd and West King Street Renewal LLP. Full details are disclosed in Note 33.

Provision of key management personnel

Amounts were incurred by the Council for payments to employment agencies for the services of key management personnel. For the post of Monitoring Officer, the cost was £64k in 2023/24 (up to January 2024).

32. Better Care Fund Pooled Budget

The Authority has entered into a pooled budget arrangement with the NHS North West London Integrated Care Board (NWL ICB) for the provision of Adult Social Care services to older people, people with physical or learning disabilities, people with mental health problems and services to safeguard adults.

The aim is to meet the needs of people living in the area of the London Borough of Hammersmith & Fulham. Expenditure funded from this budget includes the provision of care in residential settings, community services enabling people to remain in their own homes and a community independence service which supports the reablement of residents. The BCF Pooled budget has since 2022/23 included Discharge Funds. These funds supported hospital discharges through a combination of additional re-ablement, homecare and residential placements.

The arrangement is made in accordance with Section 75 of the National Health Service Act 2006 and any surplus or deficit generated will be the responsibility of the respective partner to whom it is attributed.

The pooled budget includes all income and expenditure relating to the Better Care Fund, whether funded by the local authority or the health service.

It is hosted by the London Borough of Hammersmith and Fulham, however, not all transactions pass through the Borough's accounting system.

For 2023/24, the overall level of the Better Care Pooled Fund contribution has fallen by £12.36m. This was primarily due to a review of the BCF undertaken at North West London Integrated Partnership Board, where a number of the services were removed from the BCF in 2023/24 and delivered by the host organisations. In addition, a number of other services were included in a new Section 75 agreement, managed by the Local Authority. These are the main reasons for the year-on-year change in the contributions and actual spends.

The following table summarises the position for 2023/24:

	2023/24	2022/23
	£000's	£000's
Contributions to the Pooled Budget:		
London Borough of Hammersmith & Fulham	(19,631)	(19,758)
NHS North West London Integrated Care Board (NHS NWL ICB)	(22,302)	(34,532)
Total Contributions	(41,933)	(54,290)
Expenditure Met by the Pooled Budget:		
Costs relating to the reablement of residents	5,500	5,620
Costs relating to care provided in residential settings or in community settings	34,100	51,978
Support Services and programme management relating to the BCF	1,911	2,153
Total Expenditure	41,511	59,751
Net (surplus)/deficit arising on the pooled budget in the year	(422)	5,461
Net (surplus)/deficit split by:		
Share of the net (surplus)/deficit due to the London Borough of Hammersmith & Fulham (includes capital resources)	(237)	79
Share of the net (surplus)/deficit due to the NHS NWL ICB	(185)	5,383

33. Interest in Companies

The Council has an involvement with a number of associated companies which are set out below. The assets, liabilities and reserves, income, expenditure and cashflows of these companies are not included in the Council's accounts as the Council's interest is not considered to be material and so does not justify such consolidation. Information is provided as to the general purpose of the company, its financial position, and any other material financial issues affecting the Council.

(i) Lyric Theatre Hammersmith Limited

This is a company limited by guarantee and a registered charity. Its main business is the promotion and encouragement of lively arts and theatre management. The Council supplies funding under a funding agreement to enable the company to carry out its charitable objectives. The revenue contributions by the

Council were £230k in 2022/23. The latest audited accounts available, those relating to 2022/23, show net assets of £9,291k (£10,270k in 2021/22) and net loss on its activities in that year of £979k (net loss of £678k in 2021/22). The Funding agreement also provides the financial arrangements and responsibilities of the Council and Theatre respectively as a consequence of the Company occupying its premises on the basis of a sub under lease from the Council. Copies of the accounts may be obtained from the Executive Director, Lyric Theatre, King Street, London W6 0QL.

(ii) Housing Joint Ventures

HFS Developments LLP is a joint venture between the Council (50%) and Stanhope Plc (50%) which was incorporated on 27 March 2014.

HFS Development 2 Limited is a joint venture between the Council (50%) and Stanhope Plc (50%) which was incorporated on 19 July 2016. The latest audited accounts available, those relating to 2022/23 show loss for the period amounted to £174k (loss of £127k in 2021/22).

(iii) LBHF Ventures Limited

LBHF Ventures Limited is a company wholly owned by the Council which was incorporated 9 June 2016. The Council invested £95,000, by way of share capital in LBHF Ventures Limited.

(iv) LBHF Family Support Services Limited

LBHF Family Support Services Limited was a Limited Company wholly owned by the Council, which was incorporated on 18 August 2017. The company was dormant during 2022/23 and 2023/24 and the company was dissolved on 21 May 2024.

(v) H&F Housing Developments Limited

H&F Housing Developments Limited is a limited company wholly owned by the Council. The company acts as 'nominee' company holding certain leases for the Council in trust (with the Council remaining ultimate beneficial owner via a trust deed).

(vii) West King Street Renewal LLP

West King Street Renewal (WKSR) LLP was incorporated in March 2020 as a joint venture between the Council and A2 Dominion Developments Limited. As at 31st March 2024, the Council has £25m invested in the company as an equity investment and £4.8m via a revolving loan facility. In addition, the Council has a long-term debtor with the LLP of £36.3m relating to the Council's purchase of the Civic Campus commercial units, currently under development.

The principal place of business of the joint venture is London, UK. The loan is a revolving facility up to £10m. It is controlled through a loan agreement with interest payable by the LLP to the Council and is used by the LLP for cash flow purposes. The £25m equity investment, together with any associated profit share, will be distributed back to the Council upon completion of the project and subject to the relevant underpinning agreements.

WKSR LLP's audited accounts for the 2022/23 financial year can be found below:

[WKSR LLP Full accounts to 31 March 2023 \(Companies House\)](#)

34. Contingent Assets and Contingent Liabilities

Contingent Assets

The council does not have any material contingent assets.

Contingent Liabilities

As at 31 March 2024, the Council is involved in a number of claims and ongoing commercial negotiations that may give rise to a future liability. When considering the estimated potential value of these claims, in combination with an assessment of their likely viability, these are considered to be manageable within the overall Council's resources (were any to crystallise). It is not possible, due to considerations of legal privilege and/or confidentiality requirements, to provide further information or give an assessment of the likely success of any such claims. Contingent liabilities are periodically reviewed and, as further information comes to light, are reassessed as necessary.

35. 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 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Non Current Assets subject to valuations and Investment Properties	Asset valuations are periodically reviewed to ensure that the Council does not materially misstate its non-current assets and investment properties. However, the valuation of property will inevitably be an estimate and property values can be volatile. Should evidence emerge in 2024/25 that causes the Council to amend these estimates, the estimated fair value of its property and dwellings could change.	A reduction in estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement (CIES). For example, a 10 per cent reduction in the net book value of Council Dwellings (total NBV £1.36 billion) would result in a reduction of £136 million (Revaluation Reserve of £22 million and a £114 million charge to the CIES). Conversely, an increase in value would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the CIES and / or gains being recorded as appropriate in the CIES. Depreciation charges for operational buildings will change in direct proportion to the change in estimated fair value. The net book value of non-current assets subject to potential revaluation is £1.82 billion.
Pensions Liability	The Pension Fund liability is calculated every three years by the appointed actuary with annual updates in the intervening years. The methodology used follows generally agreed guidelines and is in accordance with IAS 19. The estimates of the net liability to pay pensions depends on several judgements and assumptions. In particular, those relating to the discount rate, the rate at which salaries are projected to increase, change in retirement ages, mortality rates and expected returns on the Fund's assets. The total pension liability as at 31 March 2024 is £38.7m.	A change in the key assumptions can be illustrated as follows: <ul style="list-style-type: none"> • 0.1% decrease in the discount rate assumption would result in an increase in promised retirement benefits of £22m • 0.1% increase in assumed earnings would increase the value of the liabilities by approximately £1m • 0.1% increase in pension increases would increase the liability by approximately £22m • A one-year increase in life expectancy would increase the liability by approximately £54m

36. Trust Funds

The Mayor and Burgesses of the Council are the Trustees of the Wormwood Scrubs Charitable Trust. The Trust's objective is to hold Wormwood Scrubs Open Space "upon trust for the perpetual use thereof the inhabitants of the Metropolis for exercise and recreation" as defined by the Wormwood Scrubs Act of 1879. The table below shows the operating costs and income of the Trust:

	2023/24	2022/23
	£000	£000
Balance at 1st April	(6,458)	(6,031)
Income	(1,497)	(1,331)
Sub total	(7,955)	(7,362)
Less:		
Expenditure and Transfers	822	904
Balance at 31 March	(7,133)	(6,458)

37. Events after the Reporting Period

The Statement of Accounts have been prepared up to 31 March 2024 and were authorised for issue by the Executive Director of Finance & Corporate Services on XX November 2024. There are no material adjusting events after the balance sheet date to report.

38. Statement of Accounting Policies

i. GENERAL PRINCIPLES

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require the Statement of Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) supported by International Financial Reporting Standards (IFRS).

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Statement of Accounts has been prepared on a 'going concern' basis.

ii. PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS

Prior period adjustments may arise due to a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

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

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

iii. ACCRUALS OF INCOME AND EXPENDITURE

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

- Revenue from 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.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where the exact amount of a debtor or creditor was not known at the time of closing the accounts then an estimated amount has been used.
- The Council recognises revenue from contracts with service recipients when it satisfies a performance obligation by transferring promised goods or services to a recipient, measured as the amount of the overall transaction price allocated to that obligation.

Any known uncollectable debts are written off and where there is uncertainty over debt recovery, an allowance for doubtful debt is made. In both instances a charge is made to revenue.

iv. OVERHEADS AND SUPPORT SERVICES

The costs of overheads and support services are charged to services as agreed in the annual budget.

v. GOVERNMENT GRANTS AND CONTRIBUTIONS

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

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

38. Statement of Accounting Policies (cont'd)

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income & Expenditure (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. When it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to help pay for facilities and community services such as: transport including roads, schools/colleges, medical/health services, sports and open spaces.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charge may be used to fund revenue expenditure.

vi. CHARGES TO REVENUE FOR NON-CURRENT ASSETS

Services, support services and trading accounts are debited with the following amounts to record the cost of holding property, plant and equipment during the year:

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund balance through a Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

vii. COUNCIL TAX AND NON-DOMESTIC RATES

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, provision for impairment of doubtful debts, overpayments and prepayments and appeals.

38. Statement of Accounting Policies (cont'd)

viii. 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.

ix. PROPERTY, PLANT AND EQUIPMENT

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, if 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.

The threshold for capital expenditure has been set at £10,000.

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 Council does not capitalise borrowing costs incurred whilst assets are under construction.

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

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

- infrastructure, community assets and assets under construction – depreciated historical cost.
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH).
- 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, sports centres and libraries – are deemed of a specialist nature and 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).

Depreciated Replacement Cost is used as an estimate of current value where there is no market-based evidence of current value because of the specialist nature of an asset, for example schools.

Depreciated Historical Cost basis is used as a proxy for current value where non-property assets have short useful lives or low values (or both).

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

All items of property, plant and equipment, except Council Dwellings, are revalued on a four-year rolling programme. Council Dwellings are revalued annually.

38. Statement of Accounting Policies (cont'd)

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

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

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 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 by:

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

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

Depreciation

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

The estimated life is determined at the time of acquisition or when the asset has been revalued. Assets are depreciated from the year after their acquisition or completion, and are depreciated in the year of disposal. Depreciation is calculated on a straight-line basis with no residual value.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, leading to a significantly different depreciation profile, the components are depreciated separately.

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 assessed immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses 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.

38. Statement of Accounting Policies (cont'd)

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. 75% of receipts relating to Right to Buy disposals (net of statutory deductions and allowances) is payable to the Government, except where receipts have been retained under the 1-4-1 replacement scheme.

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 property, plant or equipment 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.

x. HERITAGE ASSETS

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

Valuation Policy

The Council discloses Heritage Assets on a market valuation basis on the balance sheet. Heritage assets are accounted for in accordance with the Council's accounting policies on property, plant and equipment, except where it is not practical to obtain a valuation. Valuations may be made by any method that is appropriate and relevant. There is no requirement for valuations to be carried out or verified by external valuers, nor is there any prescribed minimum period between valuations.

Depreciation, amortisation and impairment policy

The Council has a policy of not charging depreciation or amortisation on heritage assets which have indefinite lives. The carrying amount of a heritage asset shall be reviewed where there is evidence of impairment; for example, where an asset has suffered physical deterioration or breakage or new doubts arise as to its authenticity.

The Council has reported four categories of heritage assets:

(i) Art Collections

This category consists of pictures and works of art including historical paintings, sketches and other artwork including the Cecil French Bequest and is reported in the balance sheet at market valuation.

(ii) Books & Printed Materials

This category consists of books, and other printed material such as press, pictures, drawings and prints.

(iii) Ceramics & Glass

(iv) Other Heritage Assets

This category consists of clocks, watches, coins, general items, jewellery, silver items, vertu, other decorative arts and the Mylne Bequest.

These valuations are reviewed periodically as appropriate. These are deemed to have indeterminate lives and high residual values. Hence the Council does not deem it appropriate to charge depreciation for these assets.

xi. 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.

38. Statement of Accounting Policies (cont'd)

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 Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xii. LEASES

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

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

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

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

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

Operating Leases

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

38. Statement of Accounting Policies (cont'd)

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 Property, Plant and Equipment 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.

xiii. 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. For the Council's existing PFI scheme (which provides services for vulnerable older people in the borough) the liability was written down by an initial capital contribution of £2.9m.

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 the following elements:

- fair value of the services received during the year – debited to Adult Social Care service in the Comprehensive Income and Expenditure Statement
- finance cost – an interest charge between 8-17% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

38. Statement of Accounting Policies (cont'd)

- 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).

xiv. INTANGIBLE ASSETS

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

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. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost.

An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The depreciable amount of an intangible asset is amortised over its useful life, usually 4 years but ranging between 3 to 10 years, to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

xv. INVENTORIES

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the 'First-in, First-out' (FIFO) costing formula.

xvi. CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are investments that, having originally been invested for no longer than three months, are repayable on demand or readily convertible to known amounts of cash with an insignificant risk of change in value. Fixed Deposits are not considered to be readily convertible since they are only repayable at the point of maturity and cannot be traded or redeemed without penalty.

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

Cash and Cash Equivalents are held to meet the daily cash flow needs of the Council. These are distinct from investments that are held for the purposes of capital protection or appreciation and/or earning a return.

xvii. 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.

38. Statement of Accounting Policies (cont'd)

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

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 based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) 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 financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

However, the Council has made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain 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.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

38. Statement of Accounting Policies (cont'd)

xviii. 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 (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and 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 and are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

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

Post-Employment Benefits

Employees of the Council are members of the following pension schemes:

- Under the provisions of the Local Government Pension Scheme: the London Borough of Hammersmith and Fulham Pension Fund, administered by London Borough of Hammersmith and Fulham.
- Also under the Local Government Pension Scheme: the London Pensions Fund Authority (LPFA) Pension Fund, administered by the LPFA.
- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Council.

However, the arrangements for the Teachers' Pension Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's Services 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

Pension funds under the Local Government Scheme are accounted for as defined benefits schemes.

The liabilities of the Funds 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 of 4.75% (2.70% in 2021/22). Both FRS102 and IAS19 state that the discount rate used to place a value on the obligations should be determined by reference to market yields on high quality corporate bonds at the reporting date. Our actuaries have adopted an approach to setting the discount rate whereby a corporate bond yield curve is constructed based on the constituents of the iBoxx AA corporate bond index.

38. Statement of Accounting Policies (cont'd)

The assets of the Funds attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities and pooled investment vehicles – current bid price
- fixed interest securities net market value based on current yields at the balance sheet date
- 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 liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - **past service cost:** the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier year – debited to the Surplus or Deficit on the Provision of Services line in the Comprehensive Income and Expenditure Statement as part of Centrally Managed Budgets.
 - **net interest on the net defined benefit liability/(asset):** i.e. net interest expense for the Council – the change during the period in the net defined benefit liability/ (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- **Remeasurement** comprising:
 - **Re-measurement of 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.
 - **Actuarial gains and losses:** changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions debited to the Pensions Reserve.
 - **Contributions paid to the Funds:** cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations 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.

xix. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For 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.

38. Statement of Accounting Policies (cont'd)

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:

- (a) 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, or
- (b) 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 if the sums involved are likely to be material.

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 if the sums involved are likely to be material.

xx. RESERVES

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance 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 to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

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

xxi. INTERESTS IN COMPANIES AND OTHER ENTITIES

Where the Council has material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities it is required to prepare group accounts.

The Council has interests in a number of companies and other entities however, based on consideration of criteria to determine what constitutes a material interest, the Council has determined that Group Accounts is not required for 2023/24. Companies in which the Council has an interest are detailed in Note 33 to the Core Financial Statements.

The Code determines that investments in joint ventures are to be held at either fair value or cost in the Council's accounts. The Council has taken the decision to value them at cost but is of the view that both methods would result in materially equivalent values.

xxii. 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. Two types of events can be identified:

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

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

38. Statement of Accounting Policies (cont'd)

xxiii. 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 a 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.

xxiv. 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.

xxv. EXCEPTIONAL ITEMS

When items of income and expense are material, their nature and amount 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 to an understanding of the Council's financial position.

xxvi. FAIR VALUE MEASUREMENT

The Council measures some of its assets and liabilities at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date.

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The Council uses external valuers to provide a valuation of its assets and liabilities in line with the highest and best use definition within the accounting standard. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant. Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities 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.

39. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 38, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

Accounting for Schools – Recognition of Schools

The Council has assessed the legal framework underlying each type of school and determined the treatment of non-current assets within the financial statements according to whether it owns or has some responsibility for, control over or benefit from the service potential of the premises and land occupied.

The Council has considered its accounting classification for each school on an individual case basis in conjunction with relevant dioceses for voluntary aided and voluntary controlled schools. As a result, the Council:

- Recognises school assets for community schools on its balance sheet because the rights and obligations associated with such schools rests with the Council; and
- Assesses that the assets relating to academies, voluntary aided (VA), voluntary controlled (VC) or free schools are not controlled by the Council but, following consultation and review, the VA and VC schools have been deemed to be owned by the relevant dioceses.

Recognition of the disposal of school assets on the Council's balance sheet occurs on the date on which a school converts to academy status, not on the date of any related announcement. Neither is any impairment recognised by the Council prior to conversion.

39. Critical Judgements in Applying Accounting Policies (cont'd)

Group Accounts

With respect to the policy on Interest in Companies and Other Entities (Note 38. xxi), the group boundaries have been estimated using the criteria associated with the Code of Practice. In line with the Code the Council has not identified any companies within the group boundary that would require it to complete Group Accounts on grounds of materiality.

40. Accounting Standards not yet adopted

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

None of the amendments listed above are expected to have any significant impact on the amounts to be reported in the financial statements and have limited application to local authorities.

The adoption of the accounting standard IFRS 16 Leases from 1st April 2024 will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities. The implementation of IFRS 16 is likely to have a material impact on the Council's balance sheet however the impact on the income and expenditure account is anticipated to be below materiality.

SUPPLEMENTARY FINANCIAL STATEMENTS

Collection Fund Account

Housing Revenue Account (HRA)

Pension Fund Accounts

Collection Fund Account

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

	2023/24			2022/23			Notes
	Business Rates	Council Tax	Total	Business Rates	Council Tax	Total	
	£000	£000	£000	£000	£000	£000	
Income							
Council Tax	-	(111,884)	(111,884)	-	(101,984)	(101,984)	1
Council Tax Hardship Fund/S13A Funding	-	(753)	(753)	-	(3,631)	(3,631)	
Business Rates	(219,922)	-	(219,922)	(224,387)	-	(224,387)	2
Business Rate Supplement	(7,005)	-	(7,005)	(7,537)	-	(7,537)	
Transitional Protection Payment	(10,007)	-	(10,007)	1,893	-	1,893	
Total Income	(236,934)	(112,637)	(349,571)	(230,031)	(105,615)	(335,646)	
Expenditure							
<i>Precepts and Demands:</i>							
Central Government (CLG)	69,133	-	69,133	64,564	-	64,564	
LB Hammersmith & Fulham	62,848	73,180	136,028	58,694	68,440	127,134	
Greater London Authority	77,513	36,440	113,953	72,389	32,542	104,931	
<i>Business Rate Supplement</i>							
Payment to the Greater London Authority	6,992	-	6,992	7,525	-	7,525	2
Cost of collection	13	-	13	13	-	13	
<i>Charges to Collection Fund</i>							
Write-offs of uncollectable amounts	120	381	501	3	610	613	
Increase/ (Decrease) in Allowance for Doubtful Debts	10,053	1,564	11,617	2,018	6,080	8,098	
Increase/ (Decrease) in Provision for Appeals	(10,569)	-	(10,569)	(19,535)	-	(19,535)	
Distribution/(Recovery) of prior year surplus/(deficit)	25,776	(1,983)	23,793	(41,995)	671	(41,324)	
Cost of collection	571	-	571	587	-	587	
Total Expenditure	242,450	109,582	352,032	144,263	108,343	252,606	
Movement on Fund balance	5,516	(3,055)	2,461	(85,769)	2,728	(83,041)	
(Surplus)/Deficit as at 1 April	(45,882)	2,309	(43,573)	39,887	(419)	39,468	
(Surplus)/Deficit as at 31 March	(40,366)	(746)	(41,112)	(45,882)	2,309	(43,573)	3

N.B. The Increase/(Decrease) in Provision for Appeals is presented to align with the NNDR3 return.

Notes to the Collection Fund Account

1. Income from Council Tax

Council Tax Income is the amount payable by council taxpayers, inclusive of changes arising during the year for successful appeals against valuation banding, new properties, disabled relief and exempt properties. The Council's tax base is based on the number of chargeable dwellings in each valuation band, adjusted for dwellings where discounts apply, converted to an equivalent number of Band D dwellings. For 2023/24 it was calculated as follows:

Band	Number of Dwellings 2023/24	Total after Exemptions, Disregards and Disabled Relief	Ratio to Band D	Band D Equivalent Properties	Adjustments for New Properties, other exemptions etc.	Adjustments for Council Tax Support	Total Band D equivalents 2023/24	Band D equivalents 2022/23
A	4,111	3,064	6/9	2,043	(18)	(707)	1,318	1,519
B	6,650	4,951	7/9	3,851	(55)	(1,292)	2,504	2,702
C	14,411	12,445	8/9	11,062	(149)	(2,574)	8,339	8,479
D	25,854	23,068	1	23,068	(143)	(3,103)	19,822	19,547
E	16,896	15,399	11/9	18,820	(125)	(1,577)	17,118	16,377
F	10,750	9,953	13/9	14,377	(7)	(574)	13,796	13,009
G	11,682	11,006	15/9	18,343	35	(307)	18,071	17,772
H	2,811	2,786	18/9	5,573	-	(9)	5,564	5,402
Total	93,165	82,672		97,137	(462)	(10,143)	86,532	84,807

The 2023/24 Council Tax Base after allowing for adjustments for non-collection was 83,936 (2022/23 in 82,263).

The Council set a 2023/24 Band D charge of £871.86 (£831.96 in 2022/23), inclusive of the Adult Social Care Precept set at 3%. The GLA's Band D charge for 2023/24 was £434.14 (£395.59 in 2022/23) making a total Band D Council Tax charge for 2023/24 of £1,306.00 (2022/23 of £1,227.55).

2. National Non-Domestic Rates

NNDR is organised and administered on a national basis. The council collects non-domestic rates for its area that are based on local rateable values multiplied by a uniform rate (set by the Government). The National Non-Domestic Rateable Value at 31 March 2024 was £562.3m (£568.1m as at 31 March 2023). The standard NNDR multiplier for 2023/24 was 51.2 pence (51.2 pence in 2022/23). The Small Business Rate Relief multiplier for 2023/24 was 49.9 pence (49.9 pence in 2022/23).

The council is also required to collect a Business Rate Supplement (BRS) from NNDR taxpayers. This BRS is then paid over to Greater London Authority (GLA) who have responsibility for applying it to the Crossrail project across London.

3. Collection Fund Balance

A proportion of the Collection Fund balance above is properly attributable to the GLA or Central Government and thus should not be wholly taken to the net worth component of the Council's Balance Sheet. Only an element calculated pro rata to the precepts above therefore appears as a balance in the net worth section of the Council's Balance Sheet with the remainder treated as an accrual to the other authorities.

	2023/24			2022/23		
	Business Rates £000	Council Tax £000	Total £000	Business Rates £000	Council Tax £000	Total £000
LBHammersmith and Fulham	(12,110)	(475)	(12,585)	(13,765)	1,633	(12,132)
Greater London Authority	(14,935)	(271)	(15,206)	(16,977)	675	(16,302)
Central Government (DLUHC)	(13,321)	-	(13,321)	(15,141)	-	(15,141)
	(40,366)	(746)	(41,112)	(45,883)	2,308	(43,575)

Housing Revenue Account (HRA)

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

HRA Income and Expenditure Statement

	Notes	2023/24 £000	2022/23 £000
Income			
Dwelling Rents		(75,561)	(70,437)
Non-dwelling rents		-	17
Charges for services and facilities		(22,571)	(14,563)
Contributions towards expenditure		(751)	(686)
		(98,883)	(85,669)
Expenditure			
Repairs and maintenance and management			
Repairs and maintenance		22,089	18,329
Supervision and management		53,863	50,928
Rents, rates, taxes and other charges		1,004	1,103
Depreciation and impairment of non-current assets	6	17,176	17,305
Depreciation and impairment of non-current assets - dwelling revaluation	6	103,279	36,473
Debt management costs		139	109
Movement in the allowance for bad debts		324	1,158
		197,874	125,405
Net Cost of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement		98,991	39,736
HRA services' share of Non Distributed Costs		124	4,370
Net (Income)/Cost for HRA Services		99,115	44,106
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:			
(Gain)/loss on sale of HRA non-current assets		(5,114)	(7,551)
Net (gains)/losses from fair value adjustments on investment properties		(383)	(755)
Income and expenditure in relation to investment properties		(3,214)	(3,084)
Interest payable and similar charges		13,239	9,423
Interest and investment income		(2,246)	(790)
Net interest on the net defined benefit liability (asset)		487	1,968
Capital grants and contributions		(12,996)	(2,734)
(Surplus)/deficit for the year on HRA services		88,888	40,583
Movement on the HRA Statement			
Balance on the HRA at the end of the previous year		(10,020)	(15,564)
(Surplus)/deficit for the year on the HRA Income and Expenditure Statement		88,888	40,583
Adjustments between accounting basis and funding basis under statute	1	(83,015)	(35,471)
Net (increase)/decrease before transfers to/(from) reserves		5,873	5,112
Transfers to/(from) reserves			
Earmarked Reserves*		(1,226)	432
(Increase)/decrease in year on the HRA		4,647	5,544
Balance on the HRA at the end of the current year		(5,373)	(10,020)

* For movements in HRA Earmarked Reserves refer to Note 4 of the Core Financial Statements

Notes to the Housing Revenue Account

1. Adjustments between accounting basis and funding basis under statute

	2023/24 £000	2022/23 £000
Charges for depreciation of non-dwellings	(283)	(244)
Charges for depreciation of dwellings	17,176	17,305
Reversal of Major Repairs Allowance credited to the HRA	(16,893)	(17,061)
Impairment/Revaluation gains, losses (charged to the I&E)	(103,279)	(36,473)
Revenue expenditure funded from capital under statute (REFCUS)	(93)	(246)
Movements in the market value of investment properties	-	-
Capital Funding	16,413	4,589
Gain or loss on sale of HRA non-current assets	4,422	7,072
HRA Self-Financing Resettlement	-	-
Difference between interest payable and similar charges including amortisation of premiums and discounts determined in accordance with the Code and those determined in accordance with statute	-	-
Difference between any other item of income and expenditure determined in accordance with the Code and determined in accordance with statutory HRA requirements	-	-
HRA share of contributions (to)/from the Pensions Reserve	(478)	(10,413)
	(83,015)	(35,471)

2. Housing Stock

The Council has overall responsibility for managing the housing stock. The average number of dwellings during 2023/24 was 11,952. The stock movement during the year was as shown in the table below. The figure for hostels is based on dwelling equivalents.

	Dwellings Number	Hostels Number	Equity Share Number	Total Number
Number at 1 April 2023	11,963	67	11	12,041
Adjustment to opening balance	-	-	-	-
Additions	5	-	-	5
Transfers	-	-	-	-
Disposals	(27)	-	-	(27)
Number at 31 March 2024	11,941	67	11	12,019

3. Stock Valuation

The net balance sheet value of land, housing dwellings and other assets within the HRA is as follows:

	2023/24 £000	2022/23 £000
Operational Assets		
Housing Dwellings	1,358,108	1,460,077
Other Land and Buildings	8,766	10,796
Vehicles, Plant, Equipment	35	113
Intangible Assets	915	217
Non Operational Assets		
Surplus Assets	7,600	8,360
Investment Properties	51,789	51,939
	1,427,213	1,531,502

The open market, vacant possession fair value of houses and flats within the HRA as at 31 March 2024 was £5.4 billion. This compares to the balance sheet value of £1.36 billion for the Council's dwelling stock and hostels as at 31 March 2024. This is an indication of the economic and social cost of providing Council housing at less than full market rents.

4. Capital Expenditure Financing

	2023/24	2022/23
	£000	£000
Borrowing	46,288	41,650
Major Repairs Reserve	17,176	17,860
Other Grants and Contributions	16,634	4,700
Capital Receipts	2,689	1,566
Total	82,787	65,776

5. Capital Receipts

During the year the following net capital receipts from disposals were received:

	2023/24	2022/23
	£000	£000
Dwelling & Hostels	(7,525)	(9,089)
Non-Dwellings	(468)	(3,414)
Total	(7,993)	(12,503)

6. Depreciation and Impairment

The total charge for depreciation and impairment within the Council's HRA is shown below:

	2023/24	2022/23
	£000	£000
Operational Assets		
Depreciation		
Dwellings	16,893	17,061
Other Land and Buildings	160	159
Vehicles, Plant, Equipment and Intangible Assets	123	85
Sub-total depreciation and impairment of non-current assets	17,176	17,305
Revaluation (Gain) / Loss - dwellings	103,279	36,473
Total	120,455	53,778

7. Rent Arrears and Allowance for Doubtful Debts

Gross rent arrears were as follows:

	2023/24	2022/23
	£000	£000
Main Council Stock	6,548	7,382
Hostels	224	215
Total	6,772	7,597

Allowances for Doubtful Debts at 31 March were:

	2023/24	2022/23
	£000	£000
Main Council Stock	(5,958)	(6,856)
Hostels	(223)	(214)
Total	(6,181)	(7,070)

Pension Fund Accounts

Fund Account

Net Assets Statement

Notes to the Pension Fund

FUND ACCOUNT

	Notes	2023/24		2022/23	
		£000	£000	£000	£000
Dealings with members, employers and others directly involved in the scheme					
Contributions					
From Employers	7	31,323		27,421	
From Members	7	10,303	41,626	9,539	36,960
Transfers In from other Pension Funds			8,299		6,847
Benefits					
Pensions	8	(44,317)		(40,045)	
Commutation & Lump Sum Retirement Benefits	8	(8,966)		(7,792)	
Payment in respect of tax		(473)	(53,756)	(210)	(48,047)
Payments to and on account of leavers					
Transfers Out to other Pension Funds			(6,980)		(6,738)
Refunds to members leaving service			(109)		(84)
Net Additions (Withdrawals) from dealings with members			(10,920)		(11,062)
Management expenses	9		(10,857)		(8,283)
Returns on Investments					
Investment Income	10		19,531		24,673
Other Income	10		-		21
Profit and losses on disposal of investments and changes in value of investments	12		89,367		(39,819)
Net Return on Investments			108,898		(15,125)
Net Increase (Decrease) in the net assets available for benefits during the year			87,121		(34,470)
Opening Net Assets of the Scheme			1,290,443		1,324,913
Closing Net Assets of the Scheme			1,377,564		1,290,443

NET ASSET STATEMENT

	Notes	31 March 2024 £000	31 March 2023 £000
Investment Assets			
Equities	11	150	150
Pooled Property Vehicles	11	73,256	78,572
Pooled Investment Vehicles	11	1,183,983	1,118,138
Private Equity / Infrastructure	11	96,035	63,531
Cash Deposits	11	7,456	20,245
Other Investment Balances			
Investment Income Due	11	18	39
Net Investment Assets	11	1,360,898	1,280,675
Current Assets	19	3,929	3,911
Current Liabilities	20	(2,905)	(1,979)
Cash Balances (held directly by Fund)		15,642	7,836
Net assets of the Fund available to fund benefits at the period end		1,377,564	1,290,443

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed in Note 18a.

NOTES TO THE PENSION FUND ACCOUNTS

NOTE 1. DESCRIPTION OF HAMMERSMITH AND FULHAM PENSION FUND

a) General

The Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS) and is administered by Hammersmith and Fulham Council (the Council). It is a contributory defined benefits scheme established in accordance with statute, which provides for the payment of benefits to employees and former employees of Hammersmith and Fulham Council and the admitted and scheduled bodies in the Fund. These benefits include retirement pensions and early payment of benefits on medical grounds and payment of death benefits where death occurs either in service or in retirement. Teachers are excluded from this scheme as they are administered under the Teachers' Pension Scheme.

The benefits payable in respect of service from 1 April 2014 are based on an employee's career average revalued earnings (CARE) and the number of years of eligible service. The benefits payable in respect of service prior to 1 April 2014 are based on an employee's final salary and the number of years eligible service. Pensions are increased each year in line with the Consumer Price Index.

The Fund is governed by the Public Service Pensions Act 2013 and the following secondary legislation:

- The LGPS Regulations 2013 (as amended)
- The LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended) and
- The LGPS (Management and Investment of Funds) Regulations 2016.

The Fund is financed by contributions from employees, the Council, the admitted and scheduled bodies and from investment returns on the Fund's investment assets. Contributions from employees are made in accordance with the Local Government Pension Scheme Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2024. Employer contributions are set based on the triennial actuarial funding valuation, as detailed in Note 18.

b) Pension Fund Committee

The Council has delegated the investment arrangements of the scheme to the Audit and Pensions Committee, which in December 2014 formed a Pension Fund Committee (the Committee) and delegated all pensions responsibilities to it. The Committee decides on the investment strategy most suitable to meet the liabilities of the Fund and has responsibility for the investment strategy. The Committee is made up of seven members, five of whom are elected representatives of the Council with voting rights, one employer representative and one co-opted members. Members of the admitted bodies and representatives of the Trade Unions may attend the Committee meetings but have no voting rights.

The Committee reports annually to the Audit and Pensions Committee and has full delegated authority to make investment decisions. The Committee obtains and considers advice from the Director of Finance, and as necessary from the Fund's appointed actuary, investment managers and adviser.

c) Pensions Board

In line with the provisions of the Public Service Pensions Act 2013, the Council has set up a Local Pensions Board to oversee the governance arrangements of the Pension Fund. The Board meets twice a year and has its own Terms of Reference. Board members are independent of the Pension Fund Committee.

d) Investment Principles

In accordance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 the Committee approved an Investment Strategy Statement on 15 November 2023 (available on the Council's website). The Statement shows the Council's compliance with the Myner's principles of investment management.

The Committee has delegated the management of the Fund's investments to regulated investment managers (see note 11), appointed in accordance with the regulations, and whose activities are specified in detailed investment management agreements and monitored on a quarterly basis.

e) Membership

Membership of the LGPS is voluntary, and whilst employees are auto-enrolled into the scheme, they are free to choose whether to stay in or leave the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Hammersmith & Fulham Pension Fund include:

- Scheduled bodies, which are local academies and similar bodies whose staff are automatically entitled to be members of the Fund.
- Admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies and private contractors undertaking a local authority function following outsourcing to the private sector.

The deferred member numbers include 791 undecided leavers, who are no longer paying contributions or in receipt of benefits.

	31 March 2024	31 March 2023
Number of Active Employers	51	48
Contributing employees	5,016	5,150
Pensioners receiving benefit	6,046	5,960
Deferred members	6,243	6,218
Total members	17,305	17,328

Details of the scheduled and admitted bodies are included in the Fund's Annual Report.

NOTE 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Statement of Accounts summarise the Fund's transactions for 2023/24 and its position at year end as at 31 March 2024. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which is based upon International Financial Reporting Standards (IFRS) as amended for the UK public sector.

The accounts have been prepared on an accruals basis, apart from transfer values which have been accounted for on a cash basis.

The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year, nor do they consider the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the Net Asset Statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The Council has opted to disclose this information in a note to the accounts (Note 18).

The Hammersmith & Fulham Pension Fund is a statutory, state back Local Government Pension Scheme (LGPS) that, as at 31 March 2022, is 105% funded on a conservative basis and backed by an administering authority with tax raising powers. As such, the Pension Fund Accounts have been prepared on a going concern basis.

It is recognised that the current environment gives rise to a risk of uncertainty and volatility in investment markets and the Fund has reviewed fund manager assessments and no material uncertainty has been identified. The Fund continues to monitor cashflows and invests in a diverse range of investment vehicles including availability to liquid assets.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Account – Revenue Recognition

a) Contribution Income

Normal contributions, both from active members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the actuary in the payroll period to which they relate. Employer deficit funding contributions are accounted for on the due dates on which they are due under the schedule of contributions set by the actuary or on receipt if earlier than the due date.

b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the LGPS Regulations. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

c) Investment Income

Investment income arising from the underlying investments of the Pooled Investment Vehicles is either reinvested within the Pooled Investment Vehicles and reflected in the unit price or taken as a cash dividend to support the Fund's outgoing cash flow requirements.

Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset. Where the amount of an income distribution has not been received from an investment manager by the balance sheet date, an estimate based upon the market value of their mandate at the end of the year is used.

Changes in the value of investments are recognised as income and comprise all realised and unrealised profits and losses during the year.

Fund Account - Expense Items

d) Benefits Payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Lump sums are accounted for in the period in which the member becomes a pensioner. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities.

e) Taxation

The Fund is a registered public service scheme under Section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. As the Council is the administering authority for the Fund, VAT input tax is recoverable on all Fund activities including expenditure on investment expenses. Where tax can be reclaimed, investment income in the accounts is shown gross of UK tax. Income from overseas investments suffers withholding tax in the country of origin unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

f) Voluntary Scheme Pays, Mandatory Scheme Pays and lifetime allowance

Members are entitled to request that the Pension Fund pays their tax liabilities due in respect of annual allowance and lifetime allowance in exchange for a reduction in pension. Where the Fund pays member tax liabilities direct to HMRC, it is treated as an expense in the year in which the payment occurs.

g) Management Expenses

The fund discloses its pension fund management expenses in accordance with the CIPFA guidance "Accounting for Local Government Pension Scheme Management Expenses 2016".

Administrative expenses – All staff costs of the pension administration team are charged directly to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

Oversight and governance – All staff costs associated with governance and oversight are charged directly to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund. The cost of obtaining investment advice from the external advisor is included in oversight and governance costs.

Investment management expenses – The Committee has appointed external investment managers to manage the investments of the Fund. Managers are paid a fee based on the market value of the investments they manage, and/or a fee based on performance.

Where an investment manager's fee note has not been received by the Balance Sheet date, an estimate based upon the market value of the mandate as at the end of the year is used for inclusion in the fund account.

Net Assets Statement

h) Financial Assets

Financial assets are included in the Net Assets Statement on a fair value basis as at the reporting date. A financial asset is recognised in the Net Asset Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the value of the asset are recognised in the Fund account.

The values of investments as shown in the Net Asset Statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see Note 14a).

i) Derivatives

The Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes (see Note 14a).

j) Foreign Currency Transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of the transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

k) Cash and Cash Equivalents

Cash comprises cash in hand and deposits with financial institutions which are repayable on demand without penalty.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

l) Financial Liabilities

A financial liability is recognised in the Net Assets Statement on the date the fund becomes party to the liability. The Fund recognises liabilities relating to investment trading at fair value as at the reporting date, and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the fund account as part of the Change in Value of Investments.

Other financial liabilities classed as amortised costs are carried at amortised cost i.e., the amount carried in the Net Asset Statement is the outstanding principal repayable plus accrued interest. Any interest charged is accounted for on an accruals basis and included in administration costs.

m) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of International Accounting Standard (IAS) 19 and relevant actuarial standards. As permitted under the Code, the fund has opted to disclose the actuarial present value of retirement benefits by way of a note to the Net Assets Statement (Note 18a).

n) Additional Voluntary Contributions (AVCs)

AVCs are not included in the accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed for information in Note 21. There are also some residual policies with Scottish Widows, which are disclosed in Note 21, but it is not open for new members.

o) Recharges from the General Fund

The LGPS (Management and Investment of Funds) Regulations 2016 permit the Council to charge administration costs to the Fund. A proportion of the relevant Council costs have been charged to the Fund based on actual time spent on Pension Fund business. Costs incurred in the administration and the oversight and governance of the Fund are set out separately in Note 9.

NOTE 4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The accounts contain certain estimated figures that are based on assumptions made by the Council and other bodies about the future or that are otherwise uncertain. Estimates are made because they are required to satisfy relevant standards or regulations and are based on best judgement at the time, derived from historical experience, current trends and other relevant factors. As a result, actual results may differ materially from those assumptions.

NOTE 5. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF UNCERTAINTY

Preparing financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year-end and the amounts reported for income and expenditure during the year. Estimates and assumptions are made considering historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual results could differ from the assumptions and estimates.

Description of asset	Uncertainties	Basis of valuation
Actuarial present value of promised retirement benefits (Note 18a)	Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and returns on fund assets. Hymans Robertson are engaged to provide the fund with expert advice about the assumptions to be applied.	For instance: <ul style="list-style-type: none">• 0.1% decrease in the discount rate assumption would result in an increase in promised retirement benefits of £22m• 0.1% increase in assumed earnings would increase the value of the liabilities by approximately £1m• 0.1% increase in pension increases would increase the liability by approximately £22m• A one-year increase in life expectancy would increase the liability by approximately £54m

The items for which there is a significant risk of material adjustment are:

a) Pension Fund Liability

The Pension Fund liability is calculated every three years by the appointed actuary with annual updates in the intervening years. The methodology used follows generally agreed guidelines and is in accordance with IAS 19. These assumptions are summarised in Note 18a. The estimates of the net liability to pay pensions depends on several judgements and assumptions. In particular, those relating to the discount rate, the rate at which salaries are projected to increase, change in retirement ages, mortality rates and expected returns on the Fund's assets. Management has agreed a reasonable set of actuarial assumptions in consultation with the actuary which derives the total pension fund liability

b) Private debt/Infrastructure investments/Other Illiquid Investments

The fair value of the Partners Group Multi Asset Credit fund and Infrastructure fund is also subject to some valuation uncertainty. Several of the underlying assets are traded in private markets only and therefore judgement needs to be made about value, using factors such as the enterprise value and net debt. As at 31 March 2024, the assets invested with Partners Group were valued at £39.7m (£45.6m in 2022/23).

The same applies to the Aviva Infrastructure which has a quarterly valuation cycle. As at 31 March 2024, the value of the investment was £15.2m (£26.0m in 2022/23). The same applies to the Quinbrook Infrastructure investment which is new for the 2023-24 financial year. As at 31 March 2024, the value of the investment was £47.6m. The impact of the uncertainty surrounding these investments has also been included in the sensitivity analysis in Note 14d

The fair value of several illiquid assets in the portfolio are also subject to some valuation uncertainty as their carrying value is dependent on the latest available fair value provided by the manager, adjusted for cash movements subsequent to that date as required. As at the 31 March 2024, these assets and their values are Darwin Alternatives (£29m), Alpha Real Capital (£79m), Man Group (£24m) and Abrdn Multi-Sector Private Credit (£51m). Regarding Darwin Alternatives, Alpha Real Capital and Man Group assets, the values for these assets

are not based on recently observed market prices. For Abrdn Multi-Sector Private Credit, several of the underlying assets are traded in private markets only and therefore judgement needs to be made about value, using factors such as the enterprise value and net debt. The impact of the uncertainty surrounding these investments has also been included in the sensitivity analysis in Note 14d.

NOTE 6. EVENTS AFTER THE BALANCE SHEET

There are no events after the balance sheet date.

NOTE 7. CONTRIBUTIONS RECEIVABLE

Employees' contributions are calculated on a sliding scale based on a percentage of their gross pay. The administering body, scheduled bodies, and admitted bodies are required to make contributions determined by the Fund's actuary to maintain the solvency of the fund.

The table below shows a breakdown of the total amount of employers' and employees' contributions.

	Employers' Contributions				Employees' Contributions	
	Normal		Deficit Recovery		2023/24 £000	2022/23 £000
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000		
Administering Authority	24,609	18,687	1,121	3,844	8,694	8,141
Scheduled Bodies	4,163	3,821	-	24	1,232	1,092
Admitted Bodies	1,449	1,060	(19)	(15)	377	306
Total	30,221	23,568	1,102	3,853	10,303	9,539
Total Contributions			31,323	27,421	10,303	9,539

NOTE 8. BENEFITS PAYABLE

The table below shows a breakdown of the total amount of benefits payable.

	Pensions		Lump sum retirement benefits		Lump sum death benefits	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
	Administering Authority	(40,186)	(36,543)	(5,915)	(5,662)	(909)
Scheduled Bodies	(771)	(599)	(238)	(529)	(451)	(290)
Admitted Bodies	(3,360)	(2,903)	(1,328)	(528)	(125)	(185)
Total	(44,317)	(40,045)	(7,481)	(6,719)	(1,485)	(1,073)
Total Lump Sum Benefits					(8,966)	(7,792)

NOTE 9. MANAGEMENT EXPENSES

The table below shows a breakdown of the management expenses incurred during the year.

	2023/24	2022/23
	£000	£000
Administrative costs	(1,329)	(962)
Investment management expenses	(9,184)	(7,014)
Oversight and governance costs	(344)	(307)
	(10,857)	(8,283)

The table below provides a breakdown of the Investment Management Expenses. The fund transitioned assets between managers in year which resulted in increased transaction costs. Additionally, due to new requirements related to the cost transparency initiatives, the Fund was able to ascertain its transaction costs more accurately.

	2023/24	2022/23
	£000	£000
Management fees	(5,580)	(5,428)
Performance fees	(672)	(107)
Transaction costs	(2,864)	(1,377)
Custody Fees	(68)	(102)
	(9,184)	(7,014)

NOTE 10. INVESTMENT INCOME

The table below shows a breakdown of investment income.

	2023/24	2022/23
	£000	£000
Pooled investments - unit trusts and other managed funds	16,626	22,386
Income from Alternative Investments	2,139	1,982
Interest on Cash Deposits	766	305
Other Investment Income	-	21
Total	19,531	24,694

NOTE 11. INVESTMENT STRATEGY

During 2023/24 the Fund's investment strategy had the following developments:

- In February 2023, the Pension Fund committee agreed a top up of 2.5% (£37m) into the Alpha Real Capital (Commercial Ground Rents) fund. This was funded in May 2023.
- In July 2023, The Pension Fund Committee agreed a 3.5% (£45m) allocation to Quinbrook Renewable Infrastructure. At 31 March 2024, £3.1m of this commitment remains undrawn.
- In September 2023, the Committee agreed a 10% (£129m) allocation to Allspring Global. This commitment was funded in full in December 2023.
- In September 2023, the Committee agreed a 5% (£64.5m) allocation to LCIV Insight Buy and Maintain Bonds, with a 2.5% allocation to each of the short and long duration sub-funds. This commitment was funded in full in December 2023.
- In order to fund the new investments, the Fund fully divested from LCIV PIMCO – Global Bond Fund and made partial redemptions from LGIM – MSCI Low Carbon, LCIV Morgan Stanley – Global Equity Quality Fund, and LCIV Ruffer – Absolute Return Funds.

In August 2015, the Fund made a commitment to the Partners Group Direct Infrastructure fund. As at 31 March 2024 €8.3m (£7.1m) still remained unfunded.

As shareholders of London LGPS CIV Ltd, (the organisation set up to run pooled LGPS investments in London) the Fund has funded £150,000 of regulatory capital. This is in the form of unlisted UK equity shares. The Fund

has been active in the transfer of assets under management to the London Collective Investment Vehicle (LCIV) to gain efficiencies and fee reductions. As at 31 March 2024, the Fund had £809m invested with the London CIV, which accounts for 59.5% of the fund's total assets.

The market value and proportion of investments managed by each fund manager at 31 March 2024 was as follows:

	31 March 2024		31 March 2023	
	Market Value £000	Total %	Market Value £000	Total %
Investments manager by the London CIV asset pool				
LGIM - MSCI Low Carbon (Passive)	412,468	30.3%	399,782	31.3%
Ruffer - Absolute Return (Active)	151,199	11.1%	232,271	18.1%
PIMCO - Global Bonds (Active)	-	0.0%	90,078	7.0%
Morgan Stanley - Global Equity Quality Fund	179,216	13.2%	185,900	14.5%
Insight - Buy and Maintain (Short Duration)	33,056	2.4%	-	0.0%
Insight - Buy and Maintain (Long Duration)	33,508	2.5%	-	0.0%
	809,447	59.5%	908,031	70.9%
Investments managed outside of the London CIV asset pool				
Darwin Alternatives - Leisure Fund	28,995	2.1%	34,694	2.7%
Alpha Real Capital - Ground Rents	78,962	5.8%	55,930	4.4%
Man Group - Affordable Housing	23,643	1.7%	24,027	1.9%
Oak Hill Advisers - Secured Income (Active)	73,581	5.4%	65,179	5.1%
Abrdn - Long Lease Property	49,613	3.6%	54,545	4.3%
Aviva - Private Infrastructure	15,209	1.1%	25,965	2.0%
Partners Group - Infrastructure	33,163	2.4%	37,536	2.9%
Partners Group - Multi Asset Private Credit	6,487	0.5%	8,094	0.6%
Invesco - Private Equity	-	0.0%	-	0.0%
Unigestion - Private Equity	30	0.0%	30	0.0%
Inhouse Cash - Cash	7,474	0.5%	20,284	1.6%
London CIV Ltd	150	0.0%	150	0.0%
NT Ultra Short Bond Fund	-	0.0%	1	0.0%
Allspring Global - Buy and Maintain Bonds	135,290	9.9%	-	0.0%
Quinbrook - UK Renewable Infrastructure	47,633	3.6%	-	0.0%
Abrdn MSPC	51,221	3.9%	46,209	3.6%
	551,451	40.5%	372,644	29.1%
	1,360,898	100.0%	1,280,675	100.0%

The table below shows the Fund investments which exceed 5% of net assets. These are all pooled investment vehicles, which are made up of underlying investments, each of which represent substantially less than 5%.

	31 March 2024		31 March 2023	
	Market Value	Total	Market Value	Total
	£000	%	£000	%
LGIM - MSCI Low Carbon (Passive)	412,468	30.3%	399,782	31.2%
Ruffer - Absolute Return (Active)	151,199	11.1%	232,271	18.1%
PIMCO - Global Bonds (Active)	-	0.0%	90,078	7.0%
Oak Hill Advisers - Secured Income (Active)	73,581	5.4%	65,179	5.1%
Allspring Global - Buy and Maintain Bonds	135,290	9.9%	-	0.0%
Alpha Real Capital - Ground Rents	78,962	5.8%	-	0.0%
Morgan Stanley - Global Sustain Fund	179,216	13.2%	185,900	14.5%

NOTE 12. RECONCILIATION OF MOVEMENT IN INVESTMENTS

The table below shows a reconciliation of the movement in the total investment assets of the Fund by asset class during 2023/24

Fund Manager	Value at 1 April 2023	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in market value during the year	Value at 31 March 2024
	£000	£000	£000	£000	£000
Equities	150	-	-	-	150
Pooled Investment Vehicles	1,118,138	232,617	(267,154)	100,382	1,183,983
Pooled Property Vehicles*	78,572	1,881	171	(7,368)	73,256
Private Equity / Infrastructure*	63,531	50,304	(14,197)	(3,603)	96,035
Sub-total	1,260,391	284,802	(281,180)	89,411	1,353,424
Cash Deposits	20,245			(31)	7,456
Investment income due	39			-	18
Spot FX contracts	-			(13)	-
Totals	1,280,675	284,802	(281,180)	89,367	1,360,898

The equivalent analysis for 2022/23 is provided below:

Fund Manager	Value at 1 April 2022 £000	Purchases during the year and derivative payments £000	Sales during the year and derivative receipts £000	Change in market value during the year £000	Value at 31 March 2023 £000
Equities	150	-	-	-	150
Pooled equity investments	1,127,189	67,000	(74,963)	(1,088)	1,118,138
Pooled property investments	87,987	6,999	(1,998)	(14,416)	78,572
Private equity/infrastructure	72,202	28,261	(12,580)	(24,352)	63,531
Sub-total	1,287,528	102,260	(89,541)	(39,856)	1,260,391
Cash Deposits	32,104			152	20,245
Investment income due	7			-	39
Spot FX contracts	-			(115)	-
Totals	1,319,639	102,260	(89,541)	(39,819)	1,280,675

NOTE 13. FAIR VALUE BASIS OF VALUATION

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Description of asset	Investment Manager	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Pooled Investments - Equity funds UK and Overseas Managed Funds	LGIM – MSCI Low Carbon	Level 2	The NAV for each share class is calculated based on the market value of the underlying equity assets	Evaluated price feeds	Not required
	Ruffer – Absolute Return Fund				
	Morgan Stanley – Global Sustain Fund				
Unquoted bonds and unit trusts	Oak Hill Advisors	Level 2	Fixed income securities are priced based on evaluated prices provided by independent pricing services	Evaluated price feeds	Not required
	Allspring Global Bonds				
	LCIV Insight Buy and Maintain Bonds (Short Duration)				

	LCIV Insight Buy and Maintain Bonds (Long Duration)				
Pooled Long Lease Property Fund	Abrdn- Long Lease Property	Level 2	The Aberdeen Standard Long Lease Property Fund is priced on a Single Swinging Price	In house evaluation of market data	Not required
Private equity	Unigestion	Level 3	Comparable valuation of similar companies in accordance with International Private and Venture Capital Valuation Guidelines 2012	Earnings before interest, tax, depreciation and amortisation (EBITDA) multiple Revenue multiple	Valuations could be affected by changes to expected cashflows, cost of replacing key business assets, or by any differences between the audited and unaudited accounts
Infrastructure funds	Partners Group – Infrastructure Aviva Infrastructure Quinbrook Renewable Infrastructure	Level 3	Valued by Fund Managers at the lower of cost and fair value.	Managers use their judgement having regard to the Equity and Venture Capital Valuation Guidelines 2012 guidelines noted above	Upward valuations are only considered where there is validation of the investment objectives, and such progress can be demonstrated. Downward valuations are enacted where the manager considers there is an impairment to the underlying investment
Illiquid Alternatives	Darwin Alternatives Man Group Alpha Real Abrdn – MSPC Partners - MSPC	Level 3	Valued by Fund Managers at the lower of cost and fair value.	In house evaluation of market data	Valuations could be affected by changes to expected cashflows, cost of replacing key business assets, or by any differences between the audited and unaudited accounts

Aviva Infrastructure

One of the LBHF Pension Fund's infrastructure investment managers, Aviva, were facing legal challenge from a former construction contractor relating to a contractual dispute on one of their biomass infrastructure projects.

Within the manager's financial statements at 31 December 2019, 31 December 2020, 31 December 2021, and 31 December 2022, fund management were unable to quantify the financial impact of the challenge, thus placing a degree of uncertainty on the value of the portfolio overall. As such the underlying accounts were qualified by the auditors.

The full and final value of the legal dispute has now been settled and with an additional amount of associated costs the total impact for the investment will be c.£46.7m.

On the 20th of June 2022, the committee voted to disinvest from the Aviva fund with the redemption documents being submitted prior to the 30th of June 2022 deadline for redemptions. The disinvested monies should have

been returned to the fund by 31 December 2023. There were prolonged delays to the receipt of the redeemed monies, with the first tranche of redemption monies paid in January 2024 and the final redemption payment made on the 30 September 2024. The carrying value of the total infrastructure portfolio in the LBHF Pension Fund at the 31 March 2024 was £15m.

Having carefully considered this fund's financial statements, audit opinion and LBHF Pension Fund's holding in the fund being under redemption procedure, officers do not consider that this could result in any material uncertainty in the context of LBHF's total pension fund value. This is because the maximum value of the claims lodged are approximately 3% of the total portfolio value of the underlying Aviva fund and officers do not consider that there will be any further legal challenge/ claims that could result in a material uncertainty both in terms of containment within this particular investment and disclosures in the wider financial statements.

Cash Classification

For the Fund, cash at custodian is simply a sweep from the custodian into a nominated Money Market Fund and an overnight rate paid. The full cash amount needs to be available for potential investment/withdrawal the next morning and is purely there to service investment and payment of pensions. It is therefore understood that this cash should be amortised cost. It is however not correct to assume cash would always be amortised cost. When an investment committee has taken an active decision to hold cash as part of its asset allocation and invests in a liquidity fund there would almost certainly be duration and variable NAV, in this circumstance we would expect the IFRS9 treatment to be Fair Value at Profit and Loss.

NOTE 14a. VALUATION OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values. The definitions of the levels are detailed below.

Level 1 – Fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Examples are quoted equities, quoted index linked securities and unit trusts. All level 1 investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2 – Quoted prices are not available for financial instruments at this level. The valuation techniques used to determine fair value use inputs that are based significantly on observable market data.

Level 3 – Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data e.g., private equity investments.

The values of the private equity investments are based on valuations provided by the General Partners to the private equity funds. The Partners Group Multi Asset Credit and Infrastructure funds are closed ended and therefore not tradable. The valuation is based on market prices where available for some underlying assets and on estimates of prices in secondary markets for others.

	31 March 2024			31 March 2023		
	Quoted Market Price	Using observable inputs	With significant unobservable inputs	Quoted Market Price	Using observable inputs	With significant unobservable inputs
	Level 1 £000	Level 2 £000	Level 3 £000	Level 1 £000	Level 2 £000	Level 3 £000
Financial Assets						
Designated at fair value through profit and loss	-	1,067,931	285,493	-	1,027,756	232,635
Total Financial Assets	-	1,067,931	285,493	-	1,027,756	232,635
Financial Liabilities						
Designated at fair value through profit and loss	-	-	-	-	-	-
Total Financial Liabilities	-	-	-	-	-	-
Net Financial Assets	-	1,067,931	285,493	-	1,027,756	232,635
			1,353,424			1,260,391

NOTE 14b. TRANSFERS BETWEEN LEVELS 1 AND 2

In 2023/24 the Fund's operational activity resulted in no transfers between Levels 1 and 2.

NOTE 14c. RECONCILIATION OF FAIR VALUE MEASUREMENTS WITHIN LEVEL 3

	Market Value as at 31/03/2023	Transfers in/out of Level 3	Purchases	Sales	Unrealised gains / (losses)	Realised gains / (losses)	Market Value as at 31/03/2024
Overseas venture capital	37,566	-	-	(1,212)	(3,176)	14	33,192
UK Infrastructure	25,965	-	50,882	(11,536)	204	(2,673)	62,843
UK Venture Capital	88,051	-	38,850	(1,475)	(16,334)	-	109,092
London LGPS CIV	150	-	-	-	-	-	150
Private Credit Funds	46,209	-	-	(1,901)	6,914	-	51,221
UK Equity Funds	34,694	-	-	-	(5,699)	-	28,995
Total	232,635	-	89,732	(16,124)	(18,091)	(2,659)	285,493

NOTE 14d. SENSITIVITY OF ASSETS VALUED AT LEVEL 3

The Pension Fund has analysed historical data and current trends in consultation with independent investment advisors to determine the accuracy of the valuations of its Level 3 investments. The potential impact on the reported valuations as at 31 March 2024 has been estimated to be accurate within the following ranges:

Description of assets	Assessed Valuation Range (+)	Assessed Valuation Range (-)	Value at 31 March 2024 £000	Value on increase £000	Value on decrease £000
Aviva - Private Infrastructure	6.90%	7.70%	15,209	16,259	14,038
Partners Group - Infrastructure	6.60%	7.75%	33,163	35,352	30,593
Partners Group - Multi Asset Private Credit	9.73%	9.73%	6,487	7,118	5,856
Darwin Alternatives - Leisure Fund	7.40%	6.50%	28,995	31,141	27,110
Abrdn MSPC	2.77%	2.77%	51,221	52,637	49,805
Alpha Real Capital - Ground Rents	7.30%	6.40%	78,962	84,726	73,908
Quinbrook - UK Renewable Infrastructure	16.60%	13.80%	47,633	55,540	41,060
Man Group - Affordable Housing	9.40%	8.70%	23,643	25,865	21,586
Total			285,313	308,638	263,956

*Three assets (totalling £0.180m) have been excluded from this note due to immateriality.

NOTE 15a. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The following table analyses the carrying amounts of financial assets and liabilities split by UK and Overseas, by category and Net Assets Statement heading as at the balance sheet date. All investments are quoted unless stated.

	31 March 2024			31 March 2023		
	Designated at fair value through profit & loss	Financial assets at amortised cost	Financial Liabilities at amortised cost	Designated at fair value through profit & loss	Financial assets at amortised cost	Financial Liabilities at amortised cost
	£000	£000	£000	£000	£000	£000
FINANCIAL ASSETS						
Index Linked Securities						
<i>Pooled Investment Vehicles:</i>						
UK equity funds	742,883	-	-	817,953	-	-
UK fixed income fund	259,562	-	-	144,382	-	-
UK property fund	102,251	-	-	113,266	-	-
UK infrastructure	141,804	-	-	81,895	-	-
Overseas fixed income fund	73,581	-	-	65,179	-	-
Overseas infrastructure	33,163	-	-	37,536	-	-
Overseas venture capital	30	-	-	30	-	-
London LGPS CIV	150	-	-	150	-	-
Investment income due	-	19	-	-	39	-
Cash deposits with managers	-	7,455	-	-	20,245	-
Debtors	-	3,929	-	-	3,911	-
Cash balances (held by fund)	-	15,642	-	-	7,836	-
	1,353,424	27,045	-	1,260,391	32,031	-
FINANCIAL LIABILITIES						
Creditors	-	-	(2,905)	-	-	(1,979)
	-	-	(2,905)	-	-	(1,979)
GRAND TOTALS	1,353,424	27,045	(2,905)	1,260,391	32,031	(1,979)
			1,377,564			1,290,443

NOTE 15b. NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

This table summarises the net gains and losses on financial instruments classified by type of instrument.

	31 March 2024	31 March 2023
	£000	£000
Financial Assets		
Fair value through profit and loss	89,410	(39,856)
Loans and receivables	-	152
Financial Liabilities		
Fair value through profit and loss	(43)	(115)
	89,367	(39,819)

NOTE 16. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities. The Fund's liabilities are sensitive to inflation through pension and pay increases, interest rates and mortality rates. The assets that would most closely match the liabilities are a combination of index-linked gilts, as the liabilities move in accordance with changes in the relevant gilt yields and changes in inflation.

The Pension Fund Committee maintains a Pension Fund risk register and reviews the risks and appropriate mitigating actions at every meeting.

a) Market Risk

Market risk is the risk of loss emanating from general market fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk across all its investment activities. To manage excessive volatility in market risk, the Fund continues to invest its assets in a broad range of asset classes in terms of geographical and industry sectors and individual securities which are expected to produce returns above their benchmarks over the long term, albeit with greater volatility. This diversification reduces exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level.

The aim of the investment strategy is to maximise the opportunity for gains across the whole Fund's portfolio within a tolerable level of risk of an overall reduction in the value of the Fund. Responsibility for the Fund's investment strategy rests with the Pension Fund Committee and is reviewed on a regular basis.

On 24 February 2022, Russia invaded Ukraine, a severe escalation in the conflict which had been ongoing since 2014. Subsequently, numerous global powers implemented sanctions against major Russian banks and financial institutions, including freezing of overseas assets and removing access to SWIFT international payments. The Pension Fund can report that as at 31 March 2024, the value of investments in Russia or Ukraine is immaterial.

b) Price Risk

Price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all such instruments in the market.

The Fund is exposed to price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities represent a risk of loss of capital. The maximum risk resulting from financial instruments (with the exception of the derivatives where the risk is currency related) is determined by the fair value of the financial instruments. The Fund's investment managers aim to mitigate this price risk through diversification and the selection of securities and other financial instruments.

All assets except for cash, forward foreign exchange contracts, other investment balances, debtors and creditors are exposed to price risk. The table below shows the value of these assets at the balance sheet date (and the prior year) and what the value would have been if prices had been 8.4% higher or 8.4% lower.

Assets exposed to price risk

	Value	Price Risk	Positive increase	Negative increase
	£000		£000	£000
At 31st March 2024	1,353,274	8.5%	1,468,800	1,237,748
At 31st March 2023	1,288,511	9.3%	1,407,552	1,169,170

c) Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on its investments. Fixed Interest securities and cash are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits.

Fixed income investments, cash and some elements of the pooled investment vehicles are exposed to interest rate risk. The table below shows the value of these assets at 31 March 2024 and what the value would have been if interest rates had been 1% higher or 1% lower.

Assets exposed to interest rate risk

	Value	+ 1%	- 1%
	£000	£000	£000
At 31st March 2024	428,565	410,599	453,104
At 31st March 2023	328,483	318,649	344,299

d) Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than pounds sterling.

The Fund recognises that a strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits.

In order to mitigate the risk, one of the Fund's investment managers enters into forward foreign exchange contracts (accounted for as derivatives) to hedge the currency risk which arises from undertaking non-sterling transactions. In addition, several of the pooled investment vehicles partially or fully hedge the currency back into sterling. These actions reduce the overall currency risk the Fund is exposed to.

Assets exposed to currency risk

	Value	Currency Risk	Positive increase	Negative increase
	£000		£000	£000
At 31st March 2024	590,357	7.4%	633,778	546,936
At 31st March 2023	676,661	7.2%	725,540	627,782

e) Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

In essence, the Fund's entire investment portfolio is exposed to some form of credit risk. However, the selection of high-quality fund managers, counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

f) Liquidity Risk

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 there are adequate cash resources to meet its commitments. This will particularly be the case for cash to meet the pensioner payroll costs, and cash to meet investment commitments. The Fund has immediate access to its cash holdings.

The only assets in the Fund which cannot be liquidated within a month are detailed in the table below. These amounted to 19.7% of the Fund's Net Assets at 31 March 2024 (16.8% at 31 March 2023). The remaining assets can all be liquidated within days.

Manager	Portfolio	31 March 2024	31 March 2023
		£000	£000
Standard Life	Property	49,613	54,545
Partners Group	Infrastructure	33,163	37,536
Partners Group	Multi Asset Credit	6,487	8,094
Invesco	Private Equity	-	-
Unigestion	Private Equity	30	30
Darwin Alternatives	Illiquid Alternatives	28,995	34,694
Alpha Real Capital	Ground Rents	78,962	55,930
Quinbrook	Infrastructure	47,633	-
Man Group	Property	23,643	24,027
		268,526	214,856

NOTE 17. CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

The Fund had the following commitments at the balance sheet date:

	31 March 2024 £000	31 March 2023 £000
Quinbrook Renewable Infrastructure	3,155	-
Alpha Real Capital	-	37,000
Man Group - Affordable Housing	6,189	8,013
Partners Group Direct Infrastructure Fund 2015	7,103	7,320
	16,447	52,333

NOTE 18. FUNDING ARRANGEMENTS

The Scheme Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the London Borough of Hammersmith & Fulham Pension Fund is able to meet its liabilities to past and present contributors and to review employer contribution rates.

The latest full triennial valuation of the London Borough of Hammersmith and Fulham Pension Fund was carried out by Hymans Robertson, the Fund's actuary, as at 31 March 2022 in accordance with the Funding Strategy Statement of the Fund and the Local Government Pension Scheme Regulations 2013. The results were published in the triennial valuation report dated 29 March 2023. This valuation set the employer contribution rates from 1 April 2023 through to 31 March 2026.

The 2022 valuation certified a common contribution rate of 20.7% of pensionable pay (17.4% as at March 2019) to be paid by each employing body participating in the Fund, based on a funding level of 105% (97% as at March 2019). In addition, each employing body must pay an individual adjustment to reflect its own particular circumstances and funding position within the Fund. Details of each employer's contribution rate are contained in the Statement to the Rates and Adjustment Certificate in the triennial valuation report.

The actuary's smoothed market value of the scheme's assets at 31 March 2022 was £1,325m (£1,043m in 2019) and the actuary assessed the present value of the funded obligation at £1,267m indicating a net asset of £58m (£1,079m 2019).

The actuarial valuation, carried out using the projected unit method, is based on economic and statistical assumptions, the main ones being:

Financial Assumptions	March 2022	March 2019
Consumer Price Index (CPI) increases	2.70%	2.60%
Salary Increases	3.70%	3.60%
Pension Increases	2.70%	2.40%
Discount Rate	4.40%	5.00%

Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries. Estimates for the Pension Fund are based on the full valuation of the scheme as at 31 March 2022. The next actuarial valuation of the Fund was carried out by the Fund's actuary Hyman's Robertson as at 31 March 2025 and will set contribution rates for the period 1 April 2026 to 31 March 2029. The 2022 Triennial valuation has now been signed off and is publicly available.

The contribution rate is set on the basis of the cost of future benefit accrual, increased to keep the funding level at 100% over a period of 20 years, as set out in the Funding Strategy Statement. It is set to be sufficient to meet the additional annual accrual of benefits allowing for future pay increases and increases to pension payments when these fall due, plus an amount to reflect each participating employer's notional share of value of the Fund's assets compared with 100% of their liabilities in the Fund in respect of service to the valuation date.

NOTE 18a. ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

The table below shows the total net liability of the Fund as at 31 March 2024. The figures have been prepared by Hymans Robertson, the Fund's actuary, only for the purposes of providing the information required by IAS26. In particular, they are not relevant for calculations undertaken for funding purposes or for other statutory purposes under UK pensions legislation.

In calculating the required numbers, the actuary adopted methods and assumptions that are consistent with IAS19.

	31 March 2024	31 March 2023
	£000	£000
Present Value of Promised Retirement Benefits*	(1,355)	(1,339)
Fair Value of Scheme Assets (bid value)	1,378	1,290
Net Asset/(Liability)	23	(49)

The assumptions applied by the actuary are set out below:

Financial Assumptions	31 March 2024	31 March 2023
Salary increases	3.80%	4.00%
Pension increases	2.80%	3.00%
Discount Rate	4.80%	4.75%

Demographic Assumptions

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2022 model, with a 25% weighting of 2022 data, 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and 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:

Life Expectancy from age 65		31 March 2024	31 March 2023
Retiring today	Males	21.6	21.8
	Females	24.3	24.5
Retiring in 20 years	Males	22.6	22.8
	Females	25.6	25.8

NOTE 19. CURRENT ASSETS

	31 March 2024	31 March 2023
	£000	£000
Debtors		
Contributions due - employers	2,153	1,627
Contributions due - employees	743	678
London Borough of Hammersmith and Fulham	47	50
Sundry Debtors	986	1,556
	3,929	3,911

	31 March 2024	31 March 2023
	£000	£000
Analysis of debtors		
Local authorities	47	50
Other entities and individuals	3,791	3,393
Central Government	91	468
	3,929	3,911

NOTE 20. CURRENT LIABILITIES

	31 March 2024	31 March 2023
	£000	£000
Creditors		
Unpaid Benefits	(719)	(659)
Management Expenses	(1,278)	(901)
Sundry Creditors	(908)	(419)
	(2,905)	(1,979)

	31 March 2024	31 March 2023
	£000	£000
Analysis of Creditors		
Other entities and individuals	(2,905)	(1,979)
	(2,905)	(1,979)

NOTE 21. ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCs)

The Fund's AVC providers are Scottish Widows Workplace Savings and Utmost Life and Pensions. AVCs are invested separately from the Pension Fund and their valuations are shown in the table below.

	31 March 2024	31 March 2023
	£000	£000
Scottish Widows Workplace Savings		
Market Value at 31st March	848	857
Contributions during the year	(60)	7
Utmost Life and Pensions		
Market Value at 31st March	152	154

In accordance with Regulation 4(1)(b) of the Pension Scheme (Management and Investment of Funds) Regulations 2009 the contributions paid and the investments are not included in the Pension Fund Accounts.

The AVC providers secure benefits on a money purchase basis for those members electing to pay AVCs. Members of the AVC schemes each receive an annual statement confirming the amounts held in their account and the movements in the year. The Fund relies on individual contributors to check that deductions are accurately reflected in the statements provided by the AVC provider.

NOTE 22. RELATED PARTIES

London Borough of Hammersmith and Fulham

The Pension Fund is administered by the London Borough of Hammersmith and Fulham. The Council incurred costs of £1.1m in 2023/24 (£0.777m in 2022/23) in relation to the administration of the Fund and were reimbursed by the Fund for the expenses. The Council made £24.6m of contributions in year (£18.7m in 2022/23).

The Pension Fund's accounting and governance management is carried out through a shared service with Westminster City Council. Westminster City Council incurred costs of £0.206m in 2023/24 (£0.183m in 2022/23) in relation to the accounting and governance of the Fund and were reimbursed for the expense.

Key management personnel

The key management personnel of the Fund are the Members of the Pension Fund Committee, the Strategic Director of Finance and Governance (from May 2020, the Director of Finance), the Tri-Borough Director of Treasury and Pensions and the Director of Corporate Services (from May 2020, the Director of Resources). Total remuneration payable to key management personnel in respect of the pension fund is set out below:

	31 March 2024	31 March 2023
	£000	£000
Short-term benefits	33	30
Post-employment Benefits	20	(179)
	53	(149)

NOTE 23. EXTERNAL AUDIT COSTS

The external audit fee payable to Fund’s external auditors, Grant Thornton LLP, was £86,884 (£36,556 in 2022/23).

Draft Annual Governance Statement 2023/24

1.0 Introduction

Hammersmith & Fulham is a wonderful place to live, work and visit. Our Vision for the borough is ambitious, and is set out in our corporate plan, which was adopted at the end of 2023. The H&F Plan (2023-26) outlines the Council's aims and ambitions and serves as a golden thread for everything that we do as we strive to make H&F a stronger, safer and kinder borough for everyone.

Our Vision is underpinned by our six values, which inform how we operate:

- Building shared prosperity
- Rising to the challenge of the climate and ecological emergency
- Creating a compassionate and inclusive Council
- Taking pride in Hammersmith & Fulham
- Doing things with residents, not to them
- Being ruthlessly, financially efficient.

In all of the services we provide, we are looking to advance our values and support those residents who need it most. In 2023/24, we have continued to place priority on supporting residents and local businesses that have faced hardship from the significant rise in everyday costs. To support this, we have strengthened our own internal governance and partnership arrangements to build resilience to the challenges the Cost of Living has placed on service delivery. We have brought people and organisations together through the Cost-of-Living (COL) Alliance and ensured immediate support is available to residents that need it through crisis and financial payments, as well as providing additional funding to prevent homelessness, reduce housing costs, tackle food poverty, and address fuel poverty.

Our response has extended the Council's long-standing policy commitments to free breakfasts to every primary school child in the borough, free adult homecare (the only local authority to do this) and a generous Council Tax Reduction Scheme. The COL crisis has shown the importance of these policies, especially in the absence of a national strategy to tackle poverty and short-term temporary funding.

We will keep listening and working with residents in the pursuit of progress – responding to local, national and international challenges which affect us all. In 2023/24, supporting the continued improvement in our housing repairs service and addressing housing complaints have also been key priorities for the organisation, as set out in the H&F Plan.

We want all of our services to be of the highest standard and inclusive and accessible to all, whilst ensuring that our resources are used effectively, compliantly with our responsibilities, and supported by good governance. In line with our commitment to Ruthless Financial Efficiency, we manage our finances responsibly and compassionately, but also effectively. It is essential that our residents, businesses, service users, suppliers and partners all have confidence in our governance arrangements and the way we fully account for the money we receive and how we spend it. Our ways of working enable us to provide the right services and responses effectively, efficiently, and consistently – supporting us to take informed, transparent, and lawful decisions.

In recent years, we have a fantastic record of keeping Council tax and charges to residents low. However, in 2023/24, we have continued to face some of the most difficult financial circumstances the Council has ever faced. Funding from central government has reduced by 55% in real terms and 23% in cash terms, from £164m in 2010/11 to £126m in 2024/25. The economic impact of the last few years has put further pressure on Council finances. The challenge in setting a balanced budget has been to protect services, which make H&F special. We have had little choice but to raise Council tax by 2.99% for 2024/25, as the majority of local authorities have done, during this period of extreme financial pressure. This will ensure that we continue to provide and support essential services for residents at this time.

Our organisational strategy is set in the context of major negative impacts of:

- Cuts in government funding and an increase in our costs due to the effects of inflation, high interest rates and unfunded additional burdens.
- Climate change, global warming and extreme weather events.
- The devastating conflict in Gaza, and the escalating developments in the wider region.
- Devastation of Russia's illegal war in Ukraine – with impacts which continue to be felt globally.
- Significant increases in fuel and energy costs. .

We have faced pressures, like many local authorities, from additional burdens being placed on us by national government, without adequate and sustained funding to meet those responsibilities. This adds to the financial challenges facing local government and the need for proper funding of the vital public services that the sector provides.

Our Annual Governance Statement (AGS) demonstrates how we continually prioritise strong governance arrangements and controls to manage key risks in meeting our strategic aims. We do this by co-producing services and policies with residents, service users and partners, and by upholding high standards of conduct and behaviour. Proactive risk and

assurance management arrangements are central to our governance approach, and the efficient delivery of our key objectives.

2.0 Hammersmith & Fulham's (H&F) corporate governance responsibilities

H&F's governance arrangements aim to ensure we uphold our values, remain compliant, and do the right things for residents through effective processes and controls; being timely, inclusive, open, honest and accountable. This includes ensuring we conduct our business in accordance with the law and to proper standards, and that public money is properly accounted for and used effectively.

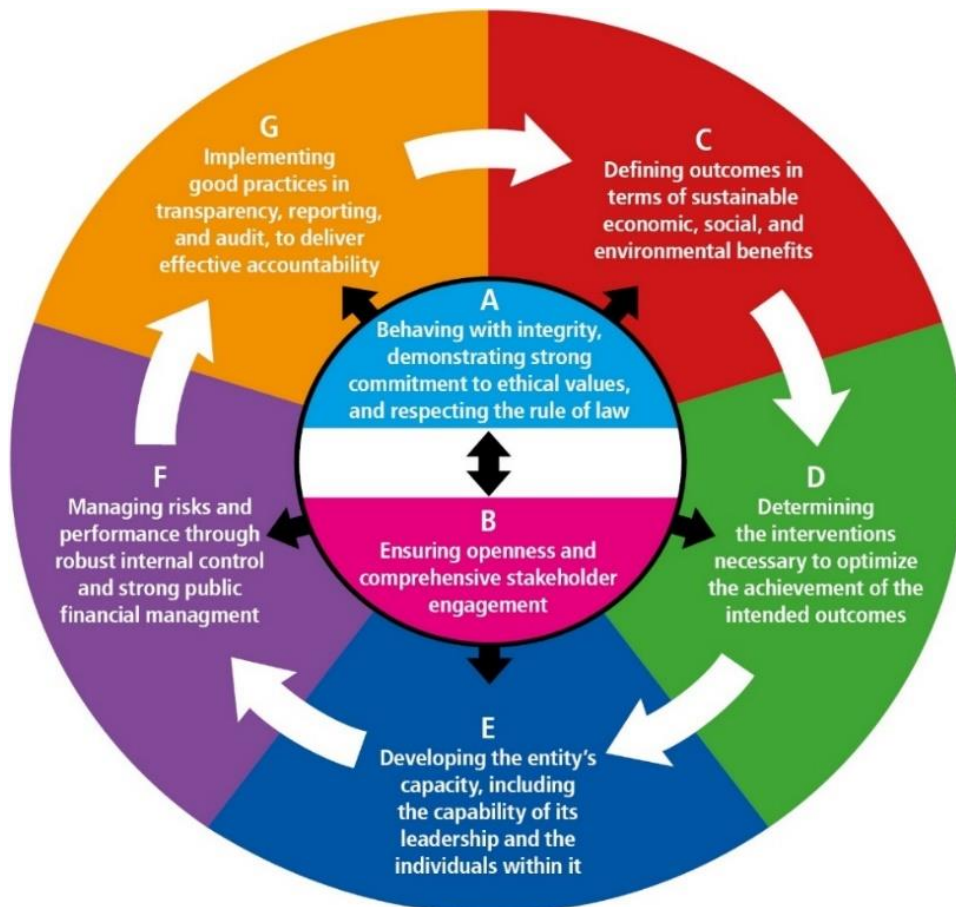
The AGS has been prepared in accordance with guidance and principles produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE), the 'Delivering Good Governance in Local Government Framework'. The AGS also embraces the elements of internal control required by the 'Code of Practice on Local Authority Accounting in the United Kingdom'.

The CIPFA Financial Management Code (FM Code) was introduced in October 2019 as the first professional code for general financial management in local authorities. The FM Code provides guidance for good and sustainable financial management and compliance and provides assurance that resources are being managed effectively. Compliance with the FM Code helps to strengthen the framework that surrounds financial decision making at H&F and is reviewed by Full Council annually. The Council's Constitution provides the local framework by which many decisions are governed.

3.0 What this Statement tells you

The AGS describes how H&F has, for the year ended 31 March 2024, complied with its Governance Code and the requirements of the Accounts and Audit Regulations 2015. It also describes how the effectiveness of the governance arrangements have been monitored and evaluated during the year and sets out any changes planned for 2024/25.

The following diagram provides a summary of information on the areas that the AGS has considered in accordance with the CIPFA/ SOLACE 'Delivering Good Governance in Local Government Framework' principles.



4.0 The governance framework

Our governance framework enables us to monitor the achievement of our objectives and to consider whether these have led to the delivery of appropriate, cost-effective services.

A detailed overview of our governance framework is provided at Appendix A. In summary, it includes:

- [The H&F Constitution](#) – This sets out how H&F operates, how decisions are made, our local code of corporate governance and the rules, protocols and codes of practice under which the Council, its Councillors, and its officers operate, to ensure that we are efficient, transparent, and accountable to residents. It sets out the functions of statutory officers and committees and explains their role in ensuring statutory obligations are met. We continue to monitor and, where necessary, amend the Constitution.
- **Codes of Conduct** – H&F has clear policies in place to define standards of behaviour for Members and staff. The Member code of conduct was reviewed in 2021/22 and is to be reviewed again in 2024/25. H&F has a Code of Conduct for employees and a whistleblowing policy, which are reviewed periodically. These policies and associated practices set out expectations of officers and Members to behave with integrity, and H&F's strong commitment to ethical values and rule of law. All policies are available on the Council's intranet and easily accessible to staff. H&F's annual appraisal process asks staff to re-affirm they have no conflicts of interest and that they are familiar with the Council's code of conduct and behaviours framework, with links to the relevant policies and guidance provided.
- **Scrutiny** – H&F's overview and scrutiny function is delivered through six Policy and Accountability Committees (PACs), covering all major service areas. The PACs are overseen by a Policy and Oversight Board which includes the chair of each PAC. Together, the PACs are part of our commitment to public engagement and working with residents in developing policy and strengthening H&F's decision-making process.
- **Risk management framework** – This is fundamental to H&F's system of internal control and forms part of a sound business operating model. It involves an ongoing process to identify the risks to our policies, aims and objectives, and to prioritise them according to likelihood and impact. It requires the risks to be managed efficiently, effectively and economically. The corporate risk register is reviewed quarterly and reported to the Audit Committee and senior management. Most corporate risks have remained stable during the year.

The Strategic Leadership Team (SLT) has a regular focus on corporate risks, including an in-depth examination into housing repairs and complaints, as well as considering and discussing departmental risks. Thematic or programme risk registers are maintained in respect of emerging risk areas. In 2023/24, this included important areas such as the cost-of-living crisis, increasing inflation and economic uncertainty, enhancing H&F's cyber security resilience, and its preparedness for severe weather and terrorist incidents. The invasion of Ukraine has continued to impact on some risks, including economy, supply chain, and cyber security.

- **External audit** – H&F's external auditors have statutory powers and responsibilities and are required to review and report on H&F's financial statements, providing an opinion on the accounts and arrangements in place for securing economy, efficiency and effectiveness in H&F's use of resources. The 2020/21 financial accounts were signed-off by the External Auditor in May 2023, whilst the 2021/22 and 2022/23 accounts were signed-off in February 2024 and March 2024 respectively. In each instance the auditor issued an unqualified opinion. Recommendations arising from the External Auditors reviews are reported to the Audit Committee and regularly monitored by SLT. As part of this process, SLT will assess the effectiveness of the process to secure improvements.
- **Internal audit** - The internal audit service provides assurance and reviews the adequacy of the controls. It carries out a comprehensive programme of review activity consistent with the Audit Strategy, the core risks faced by H&F, and is in line with the Public Sector Internal Audit Standards.
- **The Audit Committee** - The Audit Committee has a standing brief to review the effectiveness of risk management arrangements, the internal control environment and associated anti-fraud and corruption arrangements. It does this through, amongst other things, overseeing the work of Internal Audit, the Corporate Anti-Fraud Service and External Audit, and by reviewing our Corporate Risk Register.
- **External inspection** - Council services are subject to statutory external inspections, through various regulatory bodies including Ofsted and Care Quality Commission (CQC)¹, and national government. This is an important part of the Council's assurance framework. During 2023/24, the Council was subject to an inspection of local authority Children's Services (ILACS) by Ofsted. This is a major inspection, and the inspectors gave the Council an Outstanding rating, the highest judgement. The Council's Adult Social Care reablement and respite services was reinspected by the CQC, and maintained their Outstanding rating for the third time.
- **Strategic leadership** - H&F's most senior management team is the SLT, made up of the Chief Executive (Head of the Paid Service and appointed by Full Council) and six department Strategic Directors. Each

¹ CQC are the independent regulator of health and ACS in England.

Strategic Director has key accountabilities but together they are jointly responsible (under the Chief Executive) for turning priorities set by Cabinet into operational policy. Over the past 12 months, the Chief Executive, SLT and elected Members have continued to meet to build assurance capability of H&F, providing leadership on standards, expectations and strengthening assurance regimes, ways of working, and approaches. This has been done through management boards and weekly SLT meetings focussed on either business, assurance, or finance matters. Changes to the Strategic Directors meant that the Monitoring Officer (MO) role is no longer held by the Strategic Director of Corporate Resources. The MO (also the Director of Legal Services) was therefore invited to join the SLT meetings. SLT Assurance meetings have continued to be chaired by the Tri-Borough Director of Audit, Fraud, Risk and Assurance, and attended by risk/assurance leads in the Council in addition to SLT. SLT Finance is also attended by all departmental Finance Heads.

- **Commissioning and procurement of goods and services** - The effective commissioning and procurement of goods, works and services is of strategic importance to H&F's operations, while contract management helps to provide value for money and ensure that outcomes and outputs are delivered. Operational procedures for tendering, the use of H&F's e-tendering system, contract letting, contract management and the use of consultants are included in the Contract Standing Orders which form part of H&F's Constitution.

The boards, committees and structure set out above provide significant assurance and opportunities to audit, scrutinise and challenge H&F's operations.

5.0 Effectiveness of H&F's governance arrangements

The systems and processes that comprise H&F's governance arrangements have been evaluated for effectiveness for 2023/24 and are described in this section.

Corporate governance arrangements

Financial management

There continues to be robust arrangements for effective financial control through our accounting procedures, key financial systems, the Financial Regulations, and audit arrangements. These include established budget planning procedures, which are subject to risk assessment, and periodic budget monitoring reports to Members. Our Treasury Management arrangements, whereby H&F invests and borrows funds to meet its operating requirements, follow professional practice and are subject to regular review and scrutiny by the Audit Committee. During the year, dedicated monthly Finance SLT meetings provided oversight of financial planning, management, and reporting against our major programmes and projects.

To mitigate the long-term and real term reduction in grants from central government, continued high levels of inflation and interest rates, alongside the wider impact of the cost-of-living crisis, our value of being Ruthlessly Financially Efficient is helping to drive efficiency in our services, whilst maintaining our commitment to the most vulnerable and being a compassionate and inclusive council. This has looked at all areas of our work, considering different ways of delivering services and working more effectively. The Medium-Term Financial Strategy (MTFS) sets out a strategic approach to meeting the financial challenges we face.

Commissioning and procurement of goods and services

H&F's Sourcing Strategy sets out the approach to secure resident outcomes and value for money through the commissioning and procurement of goods and services. The strategy details how we will achieve modern and efficient operations through our forward plan of procurement, and the operational procedures and training needed. It also details how we will secure added value through our spending power.

H&F is preparing for the new procurement regulations which will come into effect in October 2024, with clear forward plans, identification of key performance indicators to include under the performance requirements of the regulations, enhanced conflict of interest arrangements, and revised business processes.

Commercial operations

H&F ensures effective overview of any Council-owned companies through reporting of progress of companies to executives who hold the shareholder function. Business plans are provided where the company delivers significant activity. There is also dedicated focus on any joint ventures.

Regular reviews of companies have seen the winding up and closure of several companies in recent years. Any persons fulfilling the role of company Director on wholly owned Council companies, or joint ventures, are trained and insured. Regular internal officer reporting supports preparation of reports to the Executive and management of any risks identified. Learning has been sought from published External Auditor Public Interest and best practice reports and Section 114 reports. Our actions also reflect the implementation of recommendations arising from such cases seen elsewhere.

Doing things with residents

H&F and its partners have comprehensive arrangements for identifying and prioritising residents' needs. Our annual budget and MTFs were robustly developed through a series of officer and Councillor challenge events, including public scrutiny and review by the Policy and Oversight Board and PACs.

We aspire to be the country's leading borough for co-production, expanding co-production across Council departments and services so that residents are fully involved from the earliest stage in shaping their services. In 2023/24 we established a new co-production group with residents called 'Co-production Matters' co-chaired by a Cabinet Member. This group helps oversee our work across the Council. Its work is complemented by scrutiny of co-production by PACs. This has included co-producing a new draft digital inclusion strategy and a new vision for Independent Living.

Resident-led commissions have been central to our value to do things with residents, not to them, and to co-production. We have commissioned resident-led commissions to put residents at the heart of policy development on a wide variety of topics, and many of their recommendations have been put into action. Our Disabled People's Commission was awarded the Certificate in Excellence 2024 by the Institute of Excellence.

Business planning and performance management

In December 2023, Cabinet adopted the H&F Plan for 2023-26. *A Stronger, Safer, Kinder Borough for Everyone*, contains our strategy to deliver our Vision, setting out what we want to achieve for our residents. It provides a comprehensive and cross-cutting set of ambitions, identifying key outcomes in terms of sustainable economic, social and environmental benefits. It restates our commitment to work together with residents, businesses, partners, and our staff, to tackle the biggest challenges facing our communities.

The H&F Plan builds on and supersedes the 2022/23 Business Objectives plan and is supported by a wider programme of statutory delivery, policy development, business planning and change and transformation activities across the Council. The plan sets out how we will measure success, with a progress report to Cabinet in 2025.

The Council has established arrangements for the management of its objectives and optimising the achievement of intended outcomes. Key decisions consider alternative options for achieving the desired sustainable economic, social and environmental outcomes and the preferred option to meet the future needs of residents and the community within the funding available. Standard project, programme and service management practices inform the planning and delivery of activities.

A corporate performance framework has been in place throughout 2023/24 and beneath this, departmental and service performance frameworks. These reports, plans and frameworks, together with associated management arrangements, enable the Council to review data on delivery progress against the agreed performance objectives and intended outcomes.

SLT and Cabinet Members have continued to have close oversight of H&F's major change and transformation activities. Monthly Finance SLT meetings agree business cases and assure delivery of a portfolio of major projects and programmes. The Development Board has oversight of major development and regeneration schemes that are delivering a significant pipeline of affordable housing. These arrangements are supported through regular monitoring of capital programmes, and through project and programme level governance.

Control systems and environment

A review of the effectiveness of the system of internal audit was undertaken in 2023/24 with the internal audit service found to rate as "Generally Conforms" with respect to the Public Sector Internal Audit Standards – this is the top rating achievable. The outcome of this assessment is due to be reported to the Audit Committee in June 2024.

Based upon the programme of work for 2023/24, the Shared Director of Audit, Fraud, Risk and Insurance's opinion on H&F's control environment, governance arrangements and risk management arrangements, is that they are satisfactory. Whilst some areas of improvement have been identified and reported to the Audit Committee, good progress has been made to implement recommendations in a timely manner, with no significant issues outstanding.

From 2021/22, the Internal Audit service moved to a '3 plus 9' annual audit plan – setting out the next three months of audit activity in detail, keeping the remaining nine months more flexible. Regular conversations with Strategic Directors and their management teams, reviews of risk registers, and scanning the external risk environment, has enabled audit work to keep pace with the organisation.

H&F has a zero-tolerance approach towards fraud and corruption and has established arrangements for managing the risk of fraud and conducting investigations into specific concerns. The Audit Committee receives regular updates on our anti-fraud and corruption arrangements, including how it is responding to emerging fraud risks.

Director and functional assurance

Directors have completed statements detailing their confidence in arrangements for managing their recognised core risk areas, which have been subject to independent review. This reflects the directors' responsibilities for both the management of risk and the effectiveness of controls. The statements received in this regard generally indicated that

management systems were viewed as effective or very effective, with actions being implemented in specific areas where the need for improvement in controls was identified.

The Head of Paid Service is the Chief Executive. They have overall corporate management and operational responsibility for the Council. They are supported in this responsibility through the operation and business of SLT, which meets weekly. They also provide professional advice to Members in the decision-making process in line with the Constitution. The Head of Paid Service and Monitoring Officer have ensured in 2023/24 that records of the Council's decisions are kept and published. The Head of Paid Service has had an active role, representing the Council on various local, sub-regional and regional partnerships, and external bodies. The Head of Paid Service oversees the Chief Executive's Office, which provides day-to-day support for the effective discharge of their function.

The Strategic Director of Finance is responsible for the proper administration of H&F's financial affairs, as required by Section 151 of the Local Government Act (1972), and H&F's financial management arrangements are compliant with the governance requirements set out in CIPFAs 'Statement on the Role of the Chief Financial Officer in Local Government' (2016). The Strategic Director of Finance Chairs the monthly dedicated finance board of the SLT.

The Monitoring Officer maintains the Constitution, which is agreed at Full Council and oversees the receiving and registering of Members' interests. The Monitoring Officer advises on compliance with the Constitution and ensures that decision making is lawful, and in line with the budget and policy framework.

The Monitoring Officer was supported by H&F's Legal Services and Democratic Services. Legal Services provide legal implications on all Executive decisions and has advised on all H&F's legal matters during the year unless the Director of Legal Services has commissioned external legal advice. The Monitoring Officer and Legal Services are regularly consulted for advice as part of the Council's day-to-day business and are represented on key governance groups.

The Monitoring Officer has a legal responsibility to consider matters of potential unlawfulness and has confirmed there has not been the need to make a report concerning any proposal, decision or omission that would give rise to unlawfulness or maladministration. The Monitoring Officer is satisfied that the arrangements that have been put in place, work effectively, decisions have been made in accordance with the budget and policy framework, and no matters of significance have been omitted from this Statement.

However, the Monitoring Officer has noted the position regarding housing repairs and has taken action to hold the responsible officers to account in support of instructions given by the Chief Executive – to target priorities and ensure that appropriate resources and monitoring arrangements are more fully in place to facilitate service delivery and recognise the urgent need for service improvement.

Effectiveness of department arrangements

Adult Social Care and Public Health

Co-production lies at the heart of Adult Social Care, and we continue to embed this across all services and through the work of the Department Leadership Team (DLT). The last year has seen the department working with residents with Autism and their carers, the Dementia Action Alliance, the Transitions and Preparation for Adulthood service, and the Direct Payment Steering Group which is co-chaired by residents.²

The Adult Social Care and Public Health DLT meets weekly. The team includes all Heads of Service, the Principal Social Worker, and workstream leads, as well as the Strategic Director of Adult Social Services (DASS), Director of Public Health, and other senior officers. All appropriate decisions are fed through the team and recorded on the Director's decision log, before going through corporate governance to SLT, the Cabinet Member, and Cabinet as required.

Planning is ongoing for a Care Quality Commission (CQC) Inspection of Adult Social Care which has been announced for 2024. Preparation for the inspection has been supported by a mock inspection and subsequent Peer Review by a former DASS (formerly of Croydon Council). The CQC Inspection will also involve our borough-based partnership across Health, Social Care and the Voluntary and Community Sector. Preparations are being overseen by a Director and working group, with in-depth examination of key areas, webinars with providers and Members, and staff briefings informing a self-evaluation assessment, and submission of a comprehensive Information Return.

Our in-house Adult Social Care services remain "Outstanding" in relation to CQC regulation and are working with our commissioned services to support their ongoing improvement. Homecare and Independent Living (HCIL) re-procurement has reached the award stage, following Cabinet approval on 15th January 2024.

The Social Care MTF Savings Plan is subject to review and challenge by DLT and the Cabinet Member, with mandatory monthly budget meetings to provide oversight of all savings targets and spend. We continue to challenge the NHS Continuing Healthcare (CHC) for those cases that are complex needs and high costs. We also continue to manage demand in home care and direct payments by right-sizing packages of care, where a review has evidenced a change in need.

² The Direct Payment Steering Group is responsible for the promotion of information on direct payments to residents at a strategic level, to help break down obstacles to residents, and encourage uptake. The steering group itself does not make decisions regarding payments, and all direct payments must adhere to the Care Act.

The Director of Public Health (DPH) is an active member of the North-West London DPH group. They feed into the Health and Wellbeing Board and the Health and Adult Social Care PAC. They receive clinical supervision from the DPH network as well as reporting directly to the DASS.

Since the creation of the North-West London Integrated Care System (ICS), the local Health Care Partnership has been established. It is jointly chaired by the DASS and the NHS Borough Director. We have established a governance structure through the ICS, to the Integrated Care Board and Council, and onto the statutory Health & Wellbeing Board. Items that are of joint interest such as the Better Care Fund, and NHS Same Day access to primary care, are discussed at the board in the first instance. This year, a Director of Partnerships has been appointed to hold all the organisations to account.

Children's Services

Our Children's Services are passionate about delivering excellent services to our children and families. Children and Young People are seen, heard, and valued in H&F. Their participation is widespread, immersive, high profile and influential. There are extensive community programmes which are well publicised across various fora. These include commissioned services to support young people to achieve independence, as well as a programme of holiday activities which provide an inclusive suite of events for children of all abilities to be visible in their communities.

Performance reports show high practice standards being sustained, including the timeliness of assessments and supervision, with further reporting demonstrating increased oversight from child protection Chairs and Independent Reviewing Officers. We have a continued programme of quality assurance with internal and external audits, and thematic reviews to support continuous improvement.

All schools are rated Good or Outstanding by Ofsted. We have had our annual education and children's social care conversations with Ofsted. Discussions were positive and highlighted our continued strengths, and our ability to identify and respond to challenges quickly.

We continue to challenge and hold our partners to account through our partnership meetings. The H&F Local Safeguarding Children Partnership (LSCP) is now well embedded and has strengthened its membership. There is a well engaged multi-agency partnership who ensure our children and young people are safeguarded. The focus has been on responding to National Reviews and ensuring that services are rigorously challenged.

Children and young people are at the heart of H&F's new strategy for Special Education Needs and Disabilities (SEND) services. The strategy's vision of children leading 'happy, healthy, and fulfilling lives', which was co-produced with families, sits at the centre of our key priorities. We have co-produced our SEND Outcomes Framework with support from the Council for Disabled Children, to help identify the goals that are important to children, young people, and their families. This work has provided the framework for our refreshed Scorecard as we embed effective performance measures to track the efficacy of our services and support.

Our dedicated commissioning and transformation team who are central to formulating savings, reforming services, and keeping costs down, have continued to drive dynamic partnerships and secure third-party investment. This has included receiving additional income for a Fostering Recruitment Hub, our Family Networks, and the Safety Valve agreement with the Department for Education.

The department continues to deliver excellent services in the context of rising and increasingly complex need, market fragility, the cost-of-living crisis, and the national economic position. These challenges will continue to pose risks to the service in meeting need within the financial constraints. We have continued to respond dynamically to these risks and have well developed systems to monitor and manage them.

Environmental Services

Our Environmental Services' priorities are governed in part by statutory requirements, working closely with key partners, including Transport for London (TfL), Food Standards Agency (FSA), Health and Safety Executive (HSE) and the Department for Levelling Up, Housing and Communities (DLUHC).

We undertake consultation exercises to inform our policies and key service priorities. Our Hate Crime Strategy aims and objectives were co-produced with residents, community groups, the H&F Youth Council, and statutory partners. Officers continue to work with the Safer Cycle Pathway Disabled Residents Team to improve the Council's performance in key service areas, such as waste. We aim to embed co-production in the department, having achieved notable success with ongoing work on the King Street Safer Cycle Pathway scheme – a collaborative achievement across multiple departments.

In 2023/24 H&F launched its £5m Green Investment scheme, the largest of any similar Council scheme to date. This innovative and cost-effective scheme allows the Council to engage with the local community on its green ambitions whilst also securing investment at a cheaper rate than more traditional borrowing methods. We have a loan agreement in place with each investor to make sure that we repay their loan at the agreed rate/time and use their investment only for green purposes.

Some challenges have been faced by the department in 2023/24, including implementation of the Clean Air Neighbourhoods scheme, the roll-out of containerisation for the collection of waste, emergency planning for a potential cyber-attack, and the ongoing developments to Hammersmith Bridge.

National challenges include considerable shortages in many key professions including Engineers, Land Surveyors, Computer Aided Design Specialists, and Environmental Health Officers. All Assistant Directors are developing succession plans to identify and grow talent, to fill leadership, business-critical, and hard-to-recruit positions.

Performance monitoring is reported at the DLT Finance and Performance monthly meetings, including updates to a suite of key performance indicators. Budget management continues to require close monitoring and reporting, as significant national economic pressures impact on service demand, spend, contract costs, and the availability of external funding and commercial income.

The Environment department has embedded strong governance through establishing boards which include a Digital Board, Business Board, Commercialisation Board, and the Environment Health & Safety Board. These boards are cross-departmental and share ideas, providing peer challenge and oversight of priorities. An example of this is our work around digital transformation, which complements our value to continually be more ruthlessly financially efficient.

Housing

The Council's commitment to improving the Housing department and rebuilding trust with our residents is unwavering. We have made strides in enhancing our services and addressing the concerns raised by both residents and the Housing Ombudsman. The Chief Executive chairs a regular task group which has representatives from across the Council to oversee the improvement plan.

In 2023/24, H&F was subject to an investigation by the Housing Ombudsman. This investigation brought to light areas requiring improvement. We have embraced the Ombudsman's findings and recommendations, demonstrating our dedication to continuous improvement. Our proactive measures are yielding results, and we are committed to fully implementing the Ombudsman's recommendations.

In anticipation of the Social Housing (Regulation) Act 2023, we are diligently working to align our policies and practices with the new national consumer standards. This proactive approach ensures that we comply with regulatory requirements, and also enhance the quality of service for residents. In addition to this, external auditors Pennington Choice awarded the H&F Housing Services "reasonable assurance" in the big six compliance area (Gas, Asbestos, Fire, Electrical, Water Hygiene, and Lifts) which form part of the consumer standards.

Housing repairs has remained a focal point of our service improvement efforts. In March 2024, Cabinet agreed the termination of the contract with Morgan Sindall for responsive repairs. We are in the process of selecting a new contractor to commence operations from September 2024, ensuring a seamless transition and continued service. The launch of a new pilot on the White City Estate marks a significant milestone. By directly managing repairs, we aim to address residents' needs more effectively and efficiently. Our Estate Action Days provide an opportunity for us to engage with residents, and we have also introduced a Directors' Report for the Housing Residents Forum to further enhance our communication with residents. The Asset Management team has completed over 12,000 stock condition surveys. These surveys are crucial in identifying necessary improvements and future-proofing our housing for the benefit of H&F residents and will enable us to better inform our future capital works.

The housing service has made advancements in complaint handling, achieving strong response rates for Stage 1 complaints and Stage 2 complaints (98% and 99% respectively). Despite this, the volume of complaints remains too high. To address this, we have established a Complaints Improvement Board, dedicated to reducing the quantity of complaints through strategic initiatives and targeted actions. In addition, the Repairs contact centre has significantly improved its service by increasing call answer rates to 97%, reducing average wait times to 1 minute, and enhancing the customer experience through expert engagement.

Despite these improvements, we acknowledge that there is still a considerable journey ahead. We are steadfast in our resolve to work with residents to enhance the housing service. Our efforts thus far lay the foundation for further progress, and we are dedicated to continuing this journey with transparency, accountability, and a focus on the well-being of our residents.

Corporate Services

During 2023/24 a new Corporate Services department was created, bringing together key services that support other departments and services to deliver H&F's priorities. The department includes Legal Services, Democratic Services, People and Talent (Human Resources), Digital Services, Communications and Resident Services. The Department Leadership Team (DLT) ensures compliance in a number of areas, including the management of our digital, information management, technical and human resources, and legal, democratic and electoral processes.

In addition, the department has supported improvement in the Housing Repairs service and the associated complaint handling, providing corporate oversight, support and advice to ensure compliance with the Housing Ombudsman's revised Complaint Handling Code, and an improved resident experience. The department is currently working with all departments to ensure compliance with the Local Government and Social Care Ombudsman Complaint Handling Code, ahead of the April 2026 deadline for adoption.

The department oversees compliance with a range of statutory duties associated with committee and electoral service management. The department also manages corporate risks on behalf of the whole Council, such as cyber security. Identifying and further developing our approach to risk management in these areas has been and will continue to be a key focus. The department has also supported the Council's cost-of-living response and has managed delivery of support to residents, always ensuring that monitoring and reporting requirements are complied with.

Resident Services have key financial responsibilities in respect of the collection of Council Tax and Non-Domestic Rates, the payment of benefits, and are audited regularly by both internal and external audit. Our most recent internal audits have concluded that the services have delivered 'substantial assurance'.

People and Talent (Human Resources)

H&F's People Strategy supports our vision to be the most inclusive workplace and the best Council to work for. The workforce is one of our greatest assets and the strategy sets out a clear commitment to create an inclusive, confident, capable, and creative workforce to deliver our vision. The strategy invests in initiatives and practices which will attract, grow and retain talent, and increase productivity.

New managers and staff are supported through induction programmes as a mandatory requirement. Ongoing identification of staff development needs, including senior officers, is provided through the performance appraisal framework. Member induction and training is managed by Governance services.

The health, safety and wellbeing of staff remains a priority alongside equity, diversity and inclusion. Our aim is to be the most inclusive borough as we deliver actions identified in H&F's Equality Action Plan. Our Race Equality groups are firmly embedded - reaching both our workforce and residents. We have also introduced a number of staff diversity networks under the umbrella of 'The H&F Way' with co-production a continued focus. During 2023, we won workforce awards including the Regional National Apprenticeship Awards and the Public Services People Managers Association (PPMA) Best Learning and Development Award. We were also shortlisted for the LGC award for our Diversity and Inclusion Programme.

To ensure a capable and creative workforce, The H&F Academy aims to develop inclusive employment pathways for our residents and internal workforce development and progression, with a focus on skills for future resilience. The H&F Academy consists of multiple strands including our graduate programme, apprenticeships, supported interns, work experience opportunities, and our Get Ahead Programme, promoting internal staff progression and development opportunities.

Additionally, we are investing in initiatives to ensure we remain competitive in a challenging marketplace. Attracting the best talent is more important than ever and ensuring that we have a diverse and inclusive recruitment process puts us in the best place to do this. We are accredited with a number of charters and partner organisations which support our inclusive recruitment and retention strategies. We have recently received Timewise accreditation (an accreditation to demonstrate that we are a fair and flexible employer) and we've pledged our commitment to the Age Friendly Employer Pledge, recognising the value of older workers.

We are also members of the Opening Doors Campaign and Race at Work Charter and we were awarded Disability Confident Employer (Level 2) last year with the aim of becoming a Disability Confident Leader during 2024/2025 (Level 3). All of these help us to demonstrate our continued commitment to removing barriers to recruitment. We are delighted to be partnering with Inclusion London as we roll out our two-year corporate programme of training to all staff on Disability, Equity, and Co-production.

To help address the challenges faced with the recruitment of Social Workers, we're partnering with the London Innovation and Improvement Alliance, supporting London to recruit Social Workers. We are also working in partnership with the LGA, other boroughs and educational establishments, to develop innovative approaches to address the attraction and retention of 'hard to fill roles'.

H&F has maintained a focus on workforce planning, workforce effectiveness, and staff wellbeing and resilience. Workforce resilience remains strong despite the turbulence of the marketplace, and we continue to closely monitor our position. We continue to measure our performance through staff engagement, regular communications strategies, and benchmarking against key metrics. H&F has also worked closely with Trade Unions and has established regular forums to develop partnership working and collaborative approaches to resolving workforce matters.

In March 2024, there was a significant award in a tribunal matter. Once we have received the reasons for that award, we can form our grounds of appeal. As a result of the liability judgement (2022), which related to an unfair dismissal claim for a member of staff who worked with the authority in 2017 - 2018, a number of lessons learned have been implemented, including:

- Absence management training workshops for managers.
- A rolling two-year programme of disability, equity and co-production training which is mandatory for all staff.
- Reinforcement of H&F's employee assistance programme and wellness centre, and the launch of a new mobile app, providing staff with confidential 24/7 access.

Managing information

Information governance policies and standards are in place, providing assurance about the security of our information assets and data handling procedures. Information Management requirements are considered as part of H&F's Key Decisions. The Senior Information Risk Owner is ultimately accountable for the assurance of information security at H&F. The Head of Information and Data Protection Officer monitors internal compliance and advises on data protection obligations as required under Article 39 of the General Data Protection Regulation (GDPR). Caldicott Guardians are responsible for ensuring that health and social care information is managed appropriately, and that our annual Data Security and Protection Toolkit submission meets the required levels of compliance.

H&F has continued to meet the requirements of the GDPR and the Data Protection Act 2018 in 2023/24. Formal assessments of data privacy and security risk have been completed for projects involving personal data and to assess the security of applications and third-party connections to the H&F corporate network.

H&F's updated GDPR training programme is mandatory for all staff to ensure they are fully aware of legal responsibilities when handling personal data. The National Cyber Security Centre (NCSC) training module 'staying safe online' has been added to the employee induction programme. Training is extended to Members to support their handling of personal data which is held either by H&F or shared directly by residents. All officers and Members sign an updated Personal Commitment Statement, outlining our expectations when using corporate devices or the corporate network.

H&F has an Information Asset Register - a software solution to manage our information assets - providing greater oversight of the information held within the Council. This further increases H&F's resilience to cyber security threats through enhanced risk assessments, data mapping, and incident response capabilities. The register has been populated and has improved H&F's ability to comply with data protection law through the ability to produce a Record of Processing Activity. H&F has pan-London data sharing agreements (DSA) to support joined-up working through the lawful sharing of personal data.

H&F implemented additional technical controls and cyber security solutions in 2023/24 to further protect H&F from the ever-present cyber threat landscape and continues to review cyber security risks and implement any required mitigations regularly. A 24/7 Security Operations Centre was implemented in April 2024, which monitors and alerts the Council to cyber risks and incidents. In 2023/24 some of the Council's third-party suppliers have been targeted by cyber criminals, and experienced cyber security breaches. The third party supplier investigation is underway, however, to date there is no indication that H&F data has been impacted.

In March 2024, H&F carried out a cross-Council emergency planning and business continuity exercise focusing on the threat and impact of a ransomware attacks. Business Continuity plans are in place for all services, which are being refreshed in light of the exercise. H&F has carried out a rolling programme of phishing tests in 2023/24, including an all-staff phishing test. All staff have been required to complete two phishing training modules which build on all-staff communications and briefings. These exercises included how to manage the risk of phishing and supply chain security risks.

To secure further assurances and validate our cyber security preparedness, we invited the Local Government Association (LGA) to undertake Cyber security peer review. The informal feedback received from the LGA has been very positive, and we await their findings in a formal report.

Significant issues for 2023/24

Table 1: Progress against significant issues for the year 2023/24

Hammersmith Bridge - Working towards securing a fair, affordable funding solution to enable the re-opening and refurbishment of this important national heritage infrastructure asset
<p>The Outline Business Case (OBC) for the restoration of Hammersmith Bridge was first sent to the Department for Transport (DfT) for review in December 2022. It was formally submitted on 31 March 2023. It was presented to the DfT's Investment Portfolio Delivery Committee (IPDC) on 19 June 2023. Following requests for further information it was resubmitted and tabled for the IPDC on 20 November.</p>
<p>Three days prior to the 20 November IPDC meeting, H&F were informed the OBC was being dropped as an agenda item because of "more time-critical decisions". It was rescheduled to be presented at the 8 January 2024 meeting. It was pulled from the agenda for that meeting because DfT officials had not met "conditions" which the IPDC had asked them to meet. It is now unknown when the IPDC will consider the business case.</p>
<p>The tender preparation for the procurement exercise (lasting 18-24 months) to award the Design, Build, Finance and Maintain (DBFM) contract has progressed as far as possible until the OBC is approved. The planning application for the design of a temporary truss solution was submitted but placed on hold whilst approval is sought for the OBC.</p>
<p>We are continuing to work closely with DfT and TfL to progress towards a consultation on a Toll Order or a Road User Charging Scheme (RUCS), so that it is available before the award of the above contract.</p>
<p>The detailed geotechnical investigations on the bridge foundations are largely completed, and detailed analysis is in progress. Completion of the stabilisation was suspended in late 2023 due to the requirement for some refabricated</p>

steel plates for the pedestals, while damage caused to the bridge's gantry by a boat made it difficult to carry out safety checks. Stabilisation works will restart in 2024 and are expected to be completed by the end of the year. The diversion of the Cadent Gas mains away from the bridge in preparation for the strengthening will also be finished in 2024.

Securing assurance for residents on the quality and value for money of housing repairs

The improvement within the Repairs service has been encouraging over the last 12 months. The team's commitment to operational excellence is evident in the progress achieved:

- Old, outstanding repairs jobs - reduced by 90% across the year
- Legal disrepair cases - reduced by 25% across the Council
- Damp and mould cases - outstanding cases have been reduced by three-quarters.

These operational improvements are complemented by strategic initiatives aimed at enhancing service delivery and efficiency. The introduction of the 'Housing Hub' serves as a centralised point for handling repairs, complaints, and wider housing issues, while the 'Home MOT' offer ensures prompt and effective problem resolution to residents' concerns.

However, we recognise that repair-related complaints remain the most significant reason for complaints and housing ombudsman cases, therefore we have started the transition of contractor management from Morgan Sindall to ARK contractors. We have been able to keep the continuity of repair services without disruption. This strategic shift is part of a comprehensive response to improve service quality and efficiency.

In addition to the onboarding of new contractors in the interim, we have also set up the White City Estate Direct Labour Organisation (DLO) pilot and Estate Action Days to further improve living conditions by directly addressing repairs and engaging closely with residents to meet their needs. With the Repairs Contact Centre achieving a 98% answer rate and answering the majority of calls within 1 minute, and with new contractors like ARK contractors and London Flow mobilised to deliver essential repairs, our service delivery will continue to improve.

Furthermore, we are working proactively across the Council to re-procure a new repairs contractor, which is set to be completed before 1 September 2024. This reflects a steadfast dedication to continuous improvement.

Securing assurance on delivery of the Civic Campus Programme

The Civic Campus continues to be delayed due to the impact of the site incident in May 2022. Principal delays concern the completion of the steel structure of the glass box extension, and the consequences of sustained water ingress and damage in the Town Hall requiring repair and restoration. Works are closely monitored by the Client Management Team (CMT) which has been expanded to bring in further specialist technical and legal advisers. Analysis of the build programme with specialist programme planners is underway to establish an updated programme.

The Health & Safety Executive (HSE) report on the site incident is still awaited, and the Council is making representations to the HSE regarding this continued delay and its impact on the conclusion of the outstanding insurance claim.

The commercial strategy for the Town Hall has been advanced to complete soft market testing for the various catering operations, retail, food and beverage space, and 6th floor restaurant. Lease negotiations are underway with the cinema operator.

The pace of residential sales for the first phase of the private units are in line with the sales and marketing strategy of the Limited Liability Partnership (LLP) between the Council and A2Dominion Developments Limited. Despite the wider economic challenges of high interest rates, affordable units are expected to be launched later in 2024.

Housing Fire Safety

All our 49 higher risk buildings are registered with the Building Safety Regulator as required under the Building Safety Act. Details are available to residents through the Regulator's public website.

Major capital work enhancement programmes continue including external works, installation of suppression systems, and upgrading of fire doors. Fire Risk Assessments are in place for all our buildings.

We will continue to offer Personal Emergency Evacuation Plans (PEEPs) to our housing residents with priority focus on higher risk premises, and persons known to adult social care.

Funding for Schools - Funding for pupils with high needs is provided through Dedicated Schools Grant (DSG) from government

Delivery against the Safety Valve agreement with the DfE has been a priority in 2023/24. There has been a rigorous programme approach to the management of the High Needs Block expenditure, and the implementation of our early intervention programme, to provide effective and timely support to meet children's needs optimally and prevent unnecessary escalation of severity and cost.

The delivery of this complex programme and the associated mitigations has resulted in an in-year balanced position in 2021/22, 2022/23 and forecasted for 2023/24, delivering £4.9m of mitigations in 2023/24. The DfE has subsequently released £19.5m of the Safety Valve funding, with the remaining £1m due in 2024/25.

Housing Revenue Account – Financial Sustainability

The strategic and financial operating environment of the HRA has continued to be challenging in 2023/24. The emerging pressures identified at the beginning of the year have been managed downwards, through management action and effective financial management, as the year has progressed.

The reduced budget deficit of £1.4m (from £4.1m in 22/23) is expected to enable HRA general reserves to be maintained above £5m in future years. This level of general balances is considered reasonable given the overall levels of income and expenditure within the HRA. In February 2024, Cabinet approved a balanced budget with no deficit for the year 2024/25, and an updated 10-year business plan.

Significant issues for 2024/25

Table 2: Significant issues identified for the year 2024/25

Hammersmith Bridge

Working towards securing a fair, affordable funding solution to enable the re-opening and refurbishment of this important national heritage infrastructure asset.

During 2024/25 we hope to receive a decision on the business case from DfT.

The tender documentation for the full bridge refurbishment will be finalised subject to the business case being approved. We will also be working closely with DfT and TfL to progress a Toll Order or a Road User Charging Scheme (RUCS) so that it is available before the award of the above contract.

The planning application for the reference design of a temporary truss solution has been submitted and will be progressed if the business case is approved. In the meantime, we will progress completion of the geotechnical investigations, and complete the diversion of the Cadent Gas mains away from the bridge in preparation for the strengthening and restoration works.

Securing assurance for residents on the quality and value for money of housing repairs

As of 1st April 2024, H&F Housing Services is a regulatory service. The service is focussing on several areas that includes a root and branch restructure aligned to the new consumer standards and residents' needs.

Housing Services is now delivering on the recommendations in the Housing Ombudsman Action Plan with an improved complaints and responsive repairs service to ensure we embed a culture of accountability and ownership at all levels. We are also applying the Housing Ombudsman complaint handling principles to provide better services to residents.

This will be overseen by a Neighbourhood Management Board, which establishes a solid platform from which to respond to the new Social Housing Act and related consumer standards.

Securing assurance on delivery of the Civic Campus Programme

The site steelwork incident (May 2022) remains under investigation and the HSE report is still awaited. Construction is progressing, with scrutiny of site activity and management arrangements being further increased for assurance.

Robust governance is in place for the overall programme and is delivered in accordance with H&F's Programme Management Office standards. In addition to the build workstream, resources and plans are in place for delivering workstreams relating to establishing operations, digital, place shaping and commercial activities. The overall structure, terms of reference, and delivery plans have been subject to review.

Clear governance arrangements are also in place for the Joint Venture company – between H&F and A2Dominion – delivering the new build works under 'Contract B'. Additional specialist consultants have been appointed to robustly manage issues that could impact the programme and outcomes.

Funding for Schools

Funding for pupils with high needs is provided through Dedicated Schools Grant (DSG) from government

Delivery against the Safety Valve plan will continue to be a priority in 2024/25 to ensure the HNB continues to move towards a position of structural balance by the end of the agreement in 2025/26. This includes receipt of the profiled £1m Safety Valve payment for 2024/25.

Following consultation with Schools in Autumn 2023, further contributions to support High Needs were agreed in the schools' budget for 2024/25. Budget work for 2025/26 will commence in consultation with the Hammersmith and Fulham Schools Forum in Autumn 2024, once provisional funding allocations have been advised by the DfE.

Housing Revenue Account – Financial Sustainability

The strategic and financial operating environment for the Council's housing service remains challenging, including factors such as; continued high inflation and interest rates – whilst also delivering investment in existing and new homes; improving services to residents; and improving building safety. However, the management action and effective financial management taken recently has enabled the setting of a balanced budget with no deficit for 2024/25.

The financial position of the HRA will continue to be reviewed and monitored as part of the Council's financial planning and monitoring processes. Emerging and existing risks will be rigorously managed, and mitigations implemented to ensure the long-term sustainability of services and financial resilience. Minimum general balances of £5m will be maintained through the coming year and onwards.

6.0 Review conclusion

H&F is satisfied that the governance arrangements continue to be regarded as fit for purpose. A good level of assurance has been achieved following the conclusion of the review. Corporate governance arrangements have operated effectively in supporting H&F in meeting its challenges and responsibilities, not least the continued response to the cost-of-living crisis. These will continue to be monitored to ensure that they remain effective and legally compliant throughout 2024/25 and into the future.

Signed:

Leader of the Council, Councillor Stephen Cowan

Signed:

Chief Executive, Sharon Lea

Date:

On behalf of the **London Borough of Hammersmith & Fulham**

Appendix A – Hammersmith & Fulham’s Governance Framework

Our Constitution

[The H&F Constitution](#) sets out the functions of key governance officers, including the statutory posts of ‘Head of Paid Service’ (fulfilled by the Chief Executive), ‘Monitoring Officer’ (Director of Corporate Resources), ‘Director of Children’s Services’ (DCS) (Strategic Director of Children’s Services), ‘Director of Adult Social Services’ (DASS) (Strategic Director of Independent Living Social Care) and ‘Section 151 Officer’ (Strategic Director of Finance) and explains the role of these officers for ensuring that processes are in place for enabling H&F to meet its statutory obligations and also for providing advice to Members, officers and committees on staff management, financial, legal and ethical governance issues.

Local Code of Corporate Governance

H&F has in place a Local Code of Corporate Governance. The Code identifies the principles of good governance and transparency to which H&F subscribes and identifies the structures, systems, and processes that it has established to ensure that good governance in practice is achieved. This can be found within the H&F Constitution.

Policy and Accountability Committees (PACs)

The Policy and Oversight Board oversees H&F’s overview and scrutiny function. In 2023/24 this was delivered through six Policy and Accountability Committees (PACs), covering all of our major service areas. The PACs in 2023/24 were:

- Children and Education Policy and Accountability Committee
- Climate Change and Ecology Policy and Accountability Committee
- Health and Adult Social Care Policy and Accountability Committee
- Housing and Homelessness Policy and Accountability Committee
- Social Inclusion and Community Safety Policy and Accountability Committee
- The Economy, Arts, Sports and Public Realm Policy and Accountability Committee.

The membership of the Policy and Oversight Board includes the Chairs of each of the PACs and an Opposition Member. The PACs have cross-cutting remits designed to reflect H&F’s key priorities and objectives. They are each comprised of five elected non-executive Members. Committees were also able to co-opt Members who had a particular expertise or direct knowledge of the service user perspective to assist with their work. Co-optees were usually non-voting although the parent governor and diocesan representatives on the Children and Education PAC are entitled to vote on education matters.

Committee members had access to the list of Key Decisions (a rolling list of Key Decisions which the Cabinet and individual Cabinet Members planned to take in the coming months), which assists in the development of work programmes and the identification of forthcoming key executive decisions deserving closer scrutiny and input.

PACs also have a wider role in policy development, originating topics of interest. They feedback their views to the Cabinet and individual Cabinet Members, officers, external partners and service providers. Through the PACs, 30 non-executive members and 7 co-opted members participate in scrutinising Council business, external organisations such as the NHS, the Police, and other statutory bodies.

The Chair of the Health and Adult Social Care PAC is also a member of the North West London Joint Health Overview & Scrutiny Committee, alongside representatives from the boroughs of Brent, Camden, Ealing, Harrow, Hounslow, Kensington and Chelsea, Richmond, Wandsworth and Westminster. It meets with representatives of NHS inner North West London to consider matters concerning healthcare subject to consultation.

Managing risk

All Members and managers are responsible for ensuring that risk implications are considered in the decisions they take. This is especially important as H&F reshapes its services to meet its financial challenges. Members and senior management identify the principal risks to H&F achieving its objectives. These, together with the significant risks to planning and delivering services are recorded in a corporate risk register, which also record the controls necessary to manage the risks. The corporate risk register is reviewed on a quarterly basis by SLT, and then presented to the Audit Committee for consideration.

Specific assurance is sought concerning those risks associated with the key elements of the governance framework and that any necessary improvements to controls have been implemented. The governance framework cannot eliminate all risk of failure to meet the targets in our policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

Audit and external inspection assurances

In accordance with statutory requirements, the annual external audit includes examining and certifying whether the financial statements are ‘true and fair’, and assessing our arrangements for securing economy, efficiency and effectiveness in the use of resources. In recent years there have been a number of well publicised sector-wide delays in the completion of audit work and the signing-off of Local Authority accounts. During 2023/24 the Council has been able to clear its backlog, with the 2020/21 accounts signed-off in May 2023, whilst the 2021/22 and 2022/23 accounts were signed-off in February 2024 and March 2024 respectively. In each instance the auditor issued an unqualified opinion.

The Internal Audit service is a key means of assurance. It is responsible for reviewing the adequacy of the controls throughout all areas of H&F and is managed and delivered in accordance with the Public Sector Internal Audit Standards (PSIAS). The Audit Committee receives regular updates, along with the Head of Internal Audit's Annual Opinion.

The Audit Committee approve the Internal Audit Charter, which sets out the Internal Audit role and its responsibilities and clarifies its independence, and the planned audit coverage.

Council services are also subject to statutory external inspections, through various regulatory bodies including Ofsted and Care Quality Commission (CQC)³. There have been some changes to the external inspection framework, with a new local area inspection framework for Special Education Needs (SEND), a new framework for the inspection of Adult Social Services by CQC, a new regulator for high-rise buildings (the Building Safety Regulator), and enhancements to the inspection powers of the Regulator of Social Housing who will be commencing inspections of local authorities in 2024/25.

SLT and management assurance

The SLT is chaired by the Chief Executive and includes the six Strategic Directors responsible for the six departments plus the Monitoring Officer. It is responsible for the forward-looking approach to delivering services and H&F's transformation programmes - ensuring we are best placed to meet the future needs of residents and the community within the funding available. This involves working in new ways with public and voluntary sectors, and ensuring services innovate to meet the continuing needs of residents and the demands of new legislation.

Pillars of governance framework

The three pillars of H&F's governance framework are set out in the table below.

Table 3: Pillars of H&Fs governance framework in 2023/24

Corporate Governance	Management Team	Services are delivered economically, efficiently & effectively
<ul style="list-style-type: none"> • Constitution (including statutory officers, scheme of delegation, financial management and contract standing orders) • Audit Committee • Standards Committee • Pension Fund Committee • Internal Audit and External Audit • Independent external sources (e.g. inspections) • Council, Cabinet, Policy and Oversight Board and PACs • MTFS • Complaints system • People and Talent (HR) policies and procedures • Whistleblowing and other countering fraud arrangements • Risk management framework • Performance management frameworks • Codes of conduct 	<ul style="list-style-type: none"> • The role of Chief Officers • Delivery of H&F's aims and objectives • Corporate planning • Delivery, Financial, Service Improvement and Commissioning Plans • Officer codes of conduct • Performance appraisal • The role of the Chief Financial Officer • The role of the Head of Internal Audit • Roles and responsibilities of Members and Officers • Timely production of the Statement of Accounts • Completion of External and Internal reports recommendations • SLT review of Corporate Governance 	<ul style="list-style-type: none"> • Management of risk • Effectiveness of internal controls • Democratic engagement and public accountability • Budget and financial management arrangements • Standards of conduct and behaviour • Compliance with laws and regulations, internal policies and procedures • Action plans dealing with significant issues are approved, actioned and reported on • Ombudsman reports • Electoral Commission reports • Policy and Oversight Board and PAC reviews • Effectiveness reviews of Audit Committee, Policy and Oversight Board, PACs and Internal Audit • Employee performance • Compliance with procurement regulations • Stakeholder engagement • Evaluation of benefits gained from investments and projects.

³ CQC are the independent regulator of health and ACS in England.

GLOSSARY OF TERMS

ACCOUNTING PERIOD

The timescale during which accounts are prepared. Local authority accounts have an overall accounting period of one year from 1st April to 31st March.

ACCOUNTING POLICIES

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements. Accounting policies define the process whereby transactions and other events are reflected in financial statements.

ACCOUNTING STANDARDS

A set of rules explaining how accounts are to be kept. By law, local authorities must follow 'proper accounting practices', which are set out in Acts of Parliament and in professional codes and statements of recommended practice.

ACCRUALS BASIS

Accounting for income and expenditure during the financial year in which they are earned or incurred, not when money is received or paid.

ACQUISITIONS

The Council spends funds from the capital programme to buy assets such as land and buildings.

ACTUARIAL VALUATION

The Actuary reviews the assets and liabilities of the Pension Fund and reports to the Council on the fund's financial position and recommended employers' contribution rates every three years.

AGENCY SERVICES

Services provided by or for another local authority or public body where the cost of carrying out the service is reimbursed.

AMORTISATION

The equivalent of depreciation for intangible assets.

APPROPRIATION

The transfer of ownership of an asset, from one Service Area to another at an agreed (usually market or outstanding debt) value.

ASSET REGISTER

A record of Council assets including land and buildings, housing, infrastructure, vehicles, equipment etc. This is maintained for the purpose of calculating capital charges that are made to service revenue accounts. It is updated annually to reflect new acquisitions, disposals, revaluations and depreciation.

BALANCES

The amount of money left over at the end of the financial year after allowing for all expenditure and income that has taken place. These are also known as financial reserves. They comprise the General Fund balance, the Collection Fund balance, the Housing Revenue Account balance and the Education Establishment Account balance.

BUDGET

A forecast of the Council's planned expenditure and income, either over a set period or for a specific project.

CAPITAL ADJUSTMENT ACCOUNT

See Note 3c of the Statement of Accounts.

CAPITAL EXPENDITURE

Expenditure on the acquisition or creation of Council assets such as houses, offices, schools and roads or expenditure that adds to and does not merely maintain the value of an existing asset.

CAPITAL FINANCING

Capital financing is the process which occurs after capital expenditure has been incurred. There are a number of different sources of capital funding such as government capital / revenue grants, non-government grants, contributions from private developers, capital receipts and unsupported borrowing. Various funding sources are applied to capital spend to ensure that a project is fully financed from approved finance sources.

CAPITAL FINANCING REQUIREMENT (CFR)

The authority's total liabilities in respect of capital expenditure financed by credit less the provision made to meet these liabilities.

CAPITALISATION

Costs are capitalised to the extent that they create or improve any fixed asset with a useful economic life greater than one year.

CAPITAL RECEIPTS

Proceeds from the sale of capital assets (e.g. land, buildings and equipment). These receipts are used to pay for additional capital expenditure.

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)

The professional accountancy body for public services which recommends accounting practice for the preparation of local authority accounts.

COLLECTION FUND

The Collection Fund is a separate account kept by every billing authority into which Council Tax and Business rates are paid.

COMMUNITY ASSETS

Assets that the local authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

CONTINGENT ASSET

A potential asset that is uncertain because it depends on the outcome of a future event.

CONTINGENT LIABILITY

A potential liability that is uncertain because it depends on the outcome of a future event.

CREDITOR

An individual or body to which the Council owes money at the balance sheet date.

CURRENT SERVICE COST

The increase in the present value of pension liabilities expected to arise from employee service in the current period.

DEBTOR

An individual or body that owes money to the Council at the balance sheet date.

DEFERRED CREDITS

This is the term applied to deferred capital receipts and represents capital income still to be received. These transactions arise when fixed assets are sold and the amounts owed by the purchasers are repaid over a number of years. The balance is reduced by the amount repayable in any financial year.

DEFERRED LIABILITIES

An amount owed by the Council that will be repaid over a significant period of time. An example of this is outstanding finance lease obligations.

DEFINED BENEFIT PENSION SCHEME

A pension scheme in which a pensioner's benefits are specified, usually relating to their length of service and either final salary or average earnings.

DEPRECIATION

The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset.

EARMARKED RESERVE

See Note 4 of the Statement of Accounts.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue. Events arising after the Balance Sheet date should be reflected in the Statement of Accounts if they provide additional evidence of conditions that existed at the balance sheet date and materially affect the amounts to be included.

FAIR VALUE

The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms-length transaction.

FINANCE LEASE

Under this type of lease, the risks and rewards of ownership of the leased goods transfer to the lessee.

FINANCIAL INSTRUMENTS

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

FIXED ASSET

An asset that yields benefits to the Council and the services it provides for a period of more than a year.

GENERAL FUND

The council's main revenue account that covers the net cost of all services other than the provision of council housing for rent.

GOVERNMENT GRANTS

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

GROSS EXPENDITURE

The total cost of providing the Council's services before deducting income from government grants, fees and charges etc.

HISTORICAL COST

The amount originally paid for a fixed asset.

HOUSING REVENUE ACCOUNT

A statutory account that contains all expenditure and income on the provision of Council housing for rent. The HRA must be kept entirely separate from the General Fund and the account must balance. Local authorities are not allowed to make up any deficit on the HRA from the General Fund.

IAS19

This International Accounting Standard is based on the principle that an organisation should account for retirement benefits when it is committed to give them, even if the actual giving will be many years into the future.

IMPAIRMENT LOSS

A loss arising from an event that significantly reduces an asset's value. An example is physical damage or a fall in market value.

INFRASTRUCTURE ASSETS

Fixed assets that cannot be taken away or transferred, and whose benefits can only be obtained by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

INTANGIBLE ASSET

Fixed assets that do not have physical substance but are identified and controlled by the Council and bring benefits to the Council for more than one year. Typical examples include software licences, internally developed software and websites developed to deliver services rather than information about services.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Accounting standards adopted by the International Accounting Standards Board (IASB). Local Authorities have been required to produce full accounts using IFRS from 1st April 2010.

INVESTMENT PROPERTIES

Interest in land and/or buildings in respect of which construction work and development have been completed and which is held for its investment potential, with any rental income being negotiated at arm's length.

LEVIES

Payments to London-wide bodies such as the London Pension Fund Authority. The cost of these bodies is borne by local authorities in the area concerned, based on their Council Tax base and is met from the General Fund.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount that the Council must charge to the CIES each year and set aside as a provision for the repayment of external loans and meeting other credit liabilities.

NON-DOMESTIC RATES (NDR)

The rates paid by businesses. The amount paid is based on the rateable value set by the Valuation Office multiplied by a rate in the £ set by the government which is the same throughout the country. The rates are collected by local authorities and shared between central and local government. The rates collected within Hammersmith and Fulham are shared as follows: Department for Levelling Up, Housing and Communities (DLUHC) (33%), The London Borough of Hammersmith and Fulham (30%) and the Greater London Authority (37%). (As of 8 July 2024, DLUHC reverted to its former name, Ministry of Housing, Communities and Local Government.)

NET BOOK VALUE

The value of an asset as recorded in the accounts. This usually equates to the net current replacement or original cost less any depreciation charged against the asset over its life to date.

NET REALISABLE VALUE

The open market value of the asset less the expenses to be incurred in realising the asset.

OPERATIONAL ASSETS

A fixed asset held and occupied, used or consumed by the Council in the direct delivery of services.

OUTTURN

Actual income and expenditure in a financial year.

PAST SERVICE COST

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvements to, retirement benefits.

PRIVATE FINANCE INITIATIVE (PFI)

Contracts typically involving a private sector entity (the operator) constructing or enhancing property used in the provision of a public service, and operating and maintaining that property for a specified period of time. The operator is paid for its services over the period of the arrangement.

POOLING ARRANGEMENTS (CAPITAL RECEIPTS)

Since 1st April 2004, 75% of 'Right to Buy' capital receipts have to be paid to DLUHC; the remaining element can be used to finance capital expenditure. A proportion of other housing receipts must also be paid over unless it is intended to use the receipts for affordable housing or regeneration projects. Changes introduced in 2013 mean an authority can retain an RTB receipt in its entirety when it can be demonstrated that it will be reinvested in a replacement home (known as the 1-4-1 scheme).

PRECEPT

A precept is a charge raised by another Authority to meet its net expenditure. The precepting Authority for this Council is the Greater London Authority (GLA). The GLA calculates its total spending needs for the year and sets its own council tax in the same way as a London Borough. Each Billing authority then collects the tax for them.

PRIOR PERIOD ADJUSTMENTS

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors.

PROVISIONS

A provision is an amount set aside in the accounts for liabilities anticipated in the future which cannot always be accurately quantified. IAS37 defines a provision as a present obligation as the result of a past event; where it is probable that the transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of that obligation.

PUBLIC SECTOR AUDIT APPOINTMENTS LTD (PSAA)

The PSAA is responsible for the appointment of local government external auditors and will continue in this role for the 2023/24 audit of accounts.

PUBLIC WORKS LOAN BOARD (PWLB)

A central government agency which provides long and medium-term loans to local authorities at interest rates only slightly higher than those at which the Government itself can borrow. Local authorities are able to borrow a proportion of their requirements to finance capital spending from this source.

RELATED PARTIES

Related Parties are those individuals and entities that the Council either has the ability to influence, or to be influenced by. Related parties include the Government, subsidiary and associated companies, the Pension Fund, Councillors and senior officers.

RESERVES

See Note 4 of the Statement of Accounts.

REVENUE CONTRIBUTIONS TO CAPITAL OUTLAY (RCCO)

The use of revenue monies to pay for capital expenditure – also known as Direct Revenue Financing (DRF).

REVENUE EXPENDITURE

Expenditure on day-to-day items such as salaries, wages and running costs. These items are paid for from service income, Revenue Support Grant, NNDR and Council Tax. Under the Local Government Finance Act all expenditure is deemed to be revenue unless it is specifically classified as capital.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Expenditure that is classified as capital expenditure under statutory provisions, but does not result in the creation or enhancement of fixed assets owned by the Council. Such expenditure incurred during the year is treated as revenue expenditure and charged to the relevant service in the CIES.

REVENUE SUPPORT GRANT (RSG)

The main grant payable to support local authorities' revenue expenditure. A local authority's RSG entitlement is intended to make up the difference between expenditure and income from the NNDR pool and Council Tax. The Revenue Support Grant is distributed as part of the Formula Grant.

RIGHT TO BUY

The council is legally required to sell council homes to tenants, at a discount, where the tenant wishes to buy their home. The money received from the sale is a capital receipt of which only 25% can be spent on capital expenditure. The remaining 75% must be paid over to DLUHC under pooling arrangements.

STOCKS

The amount of unused or unconsumed stocks held in expectation of future use.

SUPPORTED CAPITAL EXPENDITURE

This is capital expenditure funded by government, either as a one-off capital grant or as part of the annual RSG settlement to cover the financing costs of monies borrowed.

TRANSFER PAYMENTS

A payment to a person or organisation that does not result in a reciprocal benefit or service being provided to the council. The main examples are housing and council tax benefit. In most cases the cost of transfer payments is either fully or partially reimbursed by Central Government.

USEFUL LIFE

The period over which the Council will benefit from the use of a fixed asset.

WRITE-OFFS

Elimination of an asset or liability over a defined period, usually by means of charging or crediting the CIES.