



STATEMENT OF ACCOUNTS

2024/25

Unaudited Draft

Hammersmith & Fulham Council

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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 2024/25 accounts.

CERTIFICATION BY CHAIR OF THE AUDIT COMMITTEE

Certificate to follow further to Audit Committee approval of final 2024/25 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.

2024/25 was characterised by the ongoing impact of the 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 £200m given the current strategic operating environment. Capital investment for the financial year was £235m.

Looking ahead to 2025/26, 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, continuing additional demands on public services, outcomes from the Spending Review 2025 and the expected adverse impact from the planned local government finance reforms from 2026/27. 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 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 2024/25 financial year was as follows:

Chief Executive	Sharon Lea
Executive Director -Place	Bram Kainth
Executive Director -People	Jacqui McShannon
Executive Director – Finance & Corporate Services	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 2,538 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	Place (including Housing Solutions)	People	Finance & Corporate Services
<20	0.0%	0.1%	0.3%
20-29	9.5%	12.3%	9.8%
30-39	14.3%	21.4%	19.8%
40-49	26.0%	24.2%	23.8%
50-59	28.5%	24.7%	26.3%
60-69	19.8%	16.7%	19.5%
Over 70	1.9%	0.6%	0.5%

Disability

Disability	Place (including Housing Solutions)	People	Finance & Corporate Services
Declared Disability	55	68	94

Gender

Department	Female Employees	Female Employees	Male Employees	Male Employees
Place (including Housing Solutions)	320	12.6%	461	18.2%
People	562	22.1%	152	6.0%
Finance & Corporate Services	526	20.7%	517	20.4%
Grand Total	1,408	55.4%	1,130	44.6%

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	Place (including Housing Solutions)	People	Finance & Corporate Services
Black, Asian & Multiple Ethnicity	42.5%	44.0%	47.2%
No data provided	4.1%	10.4%	7.6%
Prefer not to say	7.6%	2.0%	2.5%
White	45.8%	43.6%	42.7%

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	<p>Mishandling of queries and complaints potentially resulting in underlying issues not being addressed and/or escalation to regulatory authorities.</p> <p>To mitigate these risks, an improvement plan is in place and being monitored by SLT Assurance, along with weekly SLT Board meetings chaired by the Chief Executive to track progress on delivering the improvement plan.</p> <p>Monthly reports are provided to the Social Housing Regulator to demonstrate how our complaints, repairs and tenant satisfaction meets consumer standards.</p> <p>A Complaints and Disputes Resolution team has been established which is resolving historic cases and significantly reducing open complaints.</p>
Failure to maintain services to residents in the event of IT systems being compromised and affecting service resilience.	<p>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.</p> <p>Separate reports are provided to SLT and the Audit Committee on a regular basis. Plans are reviewed, updated and tested on a regular basis.</p>

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 pressures, the spending review in June 2025, local demographic changes, service pressures on homelessness/social care, regeneration programmes and the planned local government finance reforms from 2026/27).</p> <p>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.</p> <p>The Council mitigates these risks through a well-developed and established medium term financial planning process (for revenue, capital, and treasury management). The 2025/26 General Fund and HRA budgets have been balanced and were approved in February 2025. Work is now ongoing to deliver the MTFS from 2026/27.</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> <p>Other mitigations include Category Management (shared with Strategic Leadership Team (SLT)), Sourcing Strategy agreed at Cabinet, refresher training on procurement/evaluation of social value and progressing the operational delivery plans.</p>
Failure to identify and address internal and external fraud.	<p>The impact of a failure in this arena could lead to an increase in fraud and financial loss.</p> <p>To mitigate this risk anti-fraud policies are reviewed bi-annually at SLT Assurance and the Audit Committee, including the Fraud Response Plan, Anti-Money Laundering and Bribery Policies.</p> <p>The Anti-Fraud and Corruption Strategy contains an action plan to provide SLT with a tool to ensure progress and transparency regarding counter-fraud activities.</p> <p>Performance is reported to both the Audit Committee and SLT to demonstrate how counter fraud work aligns with the Strategy and contributes to the Council's overall fraud resilience.</p> <p>Planned mitigations include the development of an internal data warehouse to provide reporting and dynamic checking capabilities for enforcement/investigation staff and front-line staff carrying out checks for eligibility to services for new applicants.</p>
Delivering the Civic Campus Programme in a timely manner.	<p>This is a significant regeneration programme that will deliver 200 new homes commercial business space and a new Civic Centre. The project is on schedule to be completed in the financial year 2025/26 and is being monitored by the Client Management Team (CMT).</p>
The safety of the Hammersmith Bridge to pedestrians, road, and river traffic.	<p>The stabilisation work on the Bridge is now complete and available for the safe use by pedestrians and cyclists. The long-term plans and funding continue to be discussed with Department for Transport.</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 Council's Upstream Strategy (formerly referred to as our Industrial Strategy) 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. This is mission-led strategy to achieve growth and is focused on the three pillars of Partnership, Place and Pathways. More detail on Upstream London can be found here:

[Upstream London | London Borough of Hammersmith & Fulham](#)

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:

- Our new Air Quality Action Plan was approved, setting out our five-year plan to help protect residents' health and fight climate change in Hammersmith & Fulham.
- The Council continues to increase the number of electric car charging stations, encouraging residents to make the switch to EVs. H&F is now home to more than 2,300 lamppost column charging points.
- The Tiny Forest initiative was expanded in 2024/25 with new forests planted in Wormholt Park and Shepherds Bush Green. The scheme has now introduced more than 3,000 new trees to the borough since 2021.
- The second and third phases of the H&F Green Investment were launched. This gives investors the opportunity to fund climate and ecological schemes within the borough. These range from cycling infrastructure and greening measures to flood risk installations and solar power.

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 and changes to funding allocations.

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 2024/25 budgets included:

- 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.

This resulted in a gross budget of £677.8m (and net revenue budget requirement of £141.3m) funded from council tax and the local share of business rates.

General government grant funding increased by £3.6m from 2023/24 to 2024/25. Although a small increase on 23/24 funding levels, this continued to be below the increase in the Council's costs due to inflation, demographic pressures and wider economic challenges.

The Council's 2024/25 budget was set with an emphasis on 6 clear objectives, aligned to the Council's overall vision and Business Plan:

- Protect the delivery of our core statutory services.
- Continue to deliver services valued by residents/businesses/visitors.
- Ensure the safety of our residents/businesses/visitors.
- Promote the prosperity of the borough.
- Embed an agile, modern and innovative approach within the Council.
- Maintain strong financial governance and resilience across the Council

The 2024/25 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 2024/25 were £22.0m.

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 2024-28 capital programme, approved in February 2024, totalled £576.4m and key elements included:

The programme included:

- A housing and regeneration programme of £432.9m
- 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 2024/25 shows a year end underspend of £0.4m after adjustments to and from reserves across a range of services and considering 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 £22.0m and earmarked reserves were £200m for both the General Fund and the HRA.

The Statement of Accounts for 2024/25 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
People	143.7	146.7	3.0
Place (including Parking)	11.2	23.1	11.9
Housing Solutions	20.7	26.9	6.2
Finance and Corporate Services	12.8	11.8	(1.0)
Centrally Managed Budgets (including unallocated contingency)	10.7	(4.1)	(14.8)
Gross Operating Expenditure	199.1	204.4	5.3
Technical and Financial Accounting Adjustments	(9.6)	(9.6)	-
Non-Ring-fenced Revenue Grants	(59.2)	(60.7)	(1.5)
Prior-Year Collection Fund Surplus	(5.0)	(7.3)	(2.3)
Net Contribution to/(from) Earmarked Reserves	16.0	16.0	-
Total Net Expenditure	141.3	142.8	1.5
Funded by:			
Localised Business Rates	(62.5)	(64.4)	(1.9)
Council Tax	(78.8)	(78.8)	-
Total Funding	(141.3)	(143.2)	(1.9)
Final Position	0	(0.4)	(0.4)

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 will be held in an unusable reserve for the duration of the statutory determination period (currently to 2026). 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 £5.8m with associated Earmarked Reserves of £10.5m. 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 2024/25 are set out in the HRA Statement of Accounts.

The Council's **Balance Sheet** as at 31 March 2025 is summarised below.

Summary Balance Sheet	31-Mar-25 £m	31-Mar-24 £m
Long Term Assets	2,167	2,153
Current Assets	118	233
Current Liabilities	(223)	(242)
Net Pension Liabilities	(37)	(39)
Other Long-Term Liabilities	(335)	(294)
Net Assets	1,690	1,811
<i>Represented by:</i>		
Usable Reserves	(335)	(321)
Unusable reserves	(1,355)	(1,490)
Total Reserves	(1,690)	(1,811)

The breakdown of the usable reserves is set out below:

Summary Usable Reserves	31-Mar-25 £m	31-Mar-24 £m
General Fund Balance	(22)	(22)
General Fund Earmarked Reserves	(190)	(174)
HRA Balance and Earmarked Reserves	(16)	(15)
Schools Reserves	(4)	(5)
Capital Reserves (Receipts and Grants)	(103)	(105)
Total	(335)	(321)

Capital

In 2024/25, the actual capital expenditure (outturn) totalled £235.1m and the table below summarises capital expenditure by service area:

Department	2024/25 £m	2023/24 £m
People	4.0	3.6
Place – General Fund	82.7	41.8
Finance and Corporate Services	1.7	0.8
Housing Solutions	2.0	4.9
Housing Revenue Account	144.7	133.7
Total	235.1	184.8

The 2024/25 capital programme was financed as follows:

Capital Financing	2024/25 £m	2023/24 £m
Capital Receipts	6.8	3.3
Increase in Capital Finance Requirement (CFR)	169.4	120.7
Capital Grants and Contributions	39.9	41.7
Major Repairs Reserve (MRR)	16.2	17.2
Council and School Reserves	1.7	0.7
Revenue Contributions to Capital	1.1	1.2
Total	235.1	184.8

The capital additions during the year included:

- £84.7m investment in the Council's social housing stock and fire safety measures
- £42.2m on the Civic Campus development
- £62.0m on affordable housing schemes
- £30.6m on the borough's highways and infrastructure schemes, including Hammersmith Bridge pre-restoration works

Financial Outlook

The Council's 2025/26 budget proposals were approved in February 2025 to protect the delivery of core services, fight crime and anti-social behaviour, fund targeted preventative measures whilst ensuring the safety of residents, visitors and businesses. Local government continues to operate in a difficult and uncertain financial environment for the short and medium term. Although inflation and interest rates have continued to fall, price rises since the Covid pandemic continue to impact the Council's budgetary position and increase the cost of living for its residents and businesses. The 2025/26 budget was set with the need to strengthen the Council's financial resilience as mitigation against this increased financial risk.

General government grant funding has increased by an estimated £7.9m from 2024/25 to 2025/26. Although an increase on 24/25 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 2025/26 revenue budget is as follows:

- Investment of £12.3m was provided to meet the costs of statutory obligations, demographic, service and demand pressures and key resident priorities.
- Savings of £5.1m were put forward to balance the budget.
- Overall, this produced a net revenue budget requirement of £220.6m funded from council tax, the local share of business rates and general grants 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.

Following its Spending Review in June 2025, the Government released the "Fair Funding 2.0" consultation, which outlined plans to comprehensively overhaul the local government finance system from April 2026. The consultation included proposals to simplify funding streams and implement three-year funding settlements. The proposals as outlined also indicate a likely redistribution of central funding away from inner London and as such represent a risk to H&F Council. This process is being monitored closely, with adjustments being factored into

updates of the Councils Medium Term Financial Strategy through 2025/26, ahead of setting the 2026/27 budget.

Capital Investment Outlook

The 2025-29 capital programme was also approved in February 2025. The programme for this period totals £532.3m. The gross anticipated spend for 2025/26 is £213.6m, comprising the General Fund (GF) Programme of £77.7m and the Housing Revenue Account (HRA) Programme of £135.9m.

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

The Civic Campus is a major regeneration scheme and 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 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 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 using cutting-edge green technology.

The project is on schedule to be completed in the financial year 2025/26 and is being monitored by the Client Management Team (CMT).

Hammersmith Bridge

The Council has invested £32m towards the stabilisation works and the continued safe operation of the Bridge. A further £16m has been incurred towards ensuring the continued safe operation of the Bridge including gas mains works from the Bridge, geotechnical works, hanger restoration. Some financial contributions have been provided by DfT/TfL, but the significant majority has been funded by the Council (and additional potential contributions from DfT are under discussion).

The long-term plans and funding continue to be under discussion with the Department for Transport.

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 2025-29 HRA capital programme includes spend of £307.3m 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 2024/25 and its Balance Sheet as at 31 March 2025. 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 2024/25, 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 2025. 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 2025 (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 2024/25 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 managing 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 2024/25 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 2024/25 (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 2023/24 with the exception of Leases as set-out below.

International Financial Reporting Standard 16 (IFRS 16) - Leases

The Council adopted IFRS 16 with effect from 1 April 2024 and affects the Council's Leases accounting. IFRS 16 will be applied retrospectively, but with the cumulative effect recognised on 1 April 2024. This means that right-of-use assets and lease liabilities will have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures. Lease-in charges for Operating leases were previously accounted for as expenditure on the Comprehensive Income and Expenditure Statement (CIES) and had no effect on the Balance Sheet. However, from 1 April 2024 these Operating Leases will be treated as Finance Leases and implies the recognition of a Lease Liability and corresponding Right-Of-Use asset on the Balance Sheet as well as Finance Costs and Depreciation charges on the CIES.

Service concession arrangements i.e. Private Finance Initiatives are also covered under the scope of IFRS 16. Under IFRS16, the lease liability requires to be remeasured if indexation affects the future service concession payments.

As result of implementing IFRS 16, the Council increased the Balance Sheet's Leases Liabilities and the corresponding Right-Of-Use assets with £30.028m on transition date 1 April 2024.

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 2024/25 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 2025 and income and expenditure for the financial year 2024/25.

Sukvinder Kalsi
Executive Director of Finance & Corporate Services
Date:

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

	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	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2023		(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	3	(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)
Movement in Reserves during 2024/25												
Total Comprehensive Income and Expenditure		(17,211)	-	1,421	110,868	-	-	-	-	95,078	25,560	120,638
Adjustments between accounting basis & funding basis under regulations	3	1,161	-	-	(112,058)	-	3,977	-	(1,994)	(108,914)	108,914	-
Transfer to/(from) Earmarked Reserves		15,629	(15,629)	-	715	(715)	-	-	-	-	-	-
(Increase)/Decrease in 2024/25		(421)	(15,629)	1,421	(475)	(715)	3,977	-	(1,994)	(13,836)	134,474	120,638
Balance at 31 March 2025		(22,067)	(189,939)	(4,014)	(5,848)	(10,514)	(68,875)	-	(33,705)	(334,962)	(1,355,115)	(1,690,077)

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

Balance as at 31 March 2023
Balance as at 31 March 2024
Balance as at 31 March 2025

General Fund Balances* £000	HRA Balances** £000	Total Balances £000
(182,510)	(21,045)	(203,555)
(201,391)	(15,172)	(216,563)
(216,020)	(16,362)	(232,382)

* 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 2025			Year Ended 31 March 2024 (restated)*		
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
		£000	£000	£000	£000	£000	£000
People		336,464	(210,096)	126,368	312,170	(195,494)	116,676
Place		147,081	(125,162)	21,919	149,708	(104,653)	45,055
Housing Solutions (GF)		56,556	(29,784)	26,772	41,586	(26,316)	15,270
Local Authority Housing (HRA)		90,996	(105,368)	(14,372)	94,066	(98,230)	(4,164)
Local Authority Housing (HRA) - Dwelling Revaluation	5	137,098	-	137,098	103,279	-	103,279
Finance and Corporate Services		51,550	(12,761)	38,789	54,344	(10,976)	43,368
Centrally Managed Budgets		103,748	(101,412)	2,336	114,078	(100,838)	13,240
Cost of Services		923,493	(584,583)	338,910	869,231	(536,507)	332,724
Other Operating Expenditure	6	5,439	-	5,439	2,806	(6,330)	(3,524)
Financing and investment income and expenditure	7	13,493	(23,293)	(9,800)	14,800	(29,826)	(15,026)
Taxation and non-specific grant income and expenditure	8	13,659	(253,130)	(239,471)	14,364	(248,737)	(234,373)
(Surplus) or Deficit on Provision of Services				95,078			79,801
(Surplus) or deficit on revaluation of non-current assets				23,840			56,603
(Surplus) or deficit on revaluation of available for sale financial assets				-			-
Remeasurements of the net defined benefit liability	27			1,720			(53,982)
Other Comprehensive Income and Expenditure				25,560			2,621
Total Comprehensive Income and Expenditure				120,638			82,422

* Please note the Council's reporting structure was amended in 2024/25 which is now reflected in above CIES. Refer to Note 1 for reconciliation of values from previous to current structure. The total Cost of Services remain the same amount.

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 2025 £000	31 March 2024 £000
Property, Plant and Equipment	9	1,969,451	1,958,364
Heritage Assets	11	8,023	8,023
Investment Property	10	118,936	94,547
Intangible Assets		1,709	1,555
Investments in Associates and Joint Ventures	21	25,195	30,018
Long Term Debtors	16	1,315	60,508
Long Term Assets		2,124,629	2,153,015
Assets Held for Sale	12	-	-
Short Term Investments	21	10,198	118,716
Short Term Debtors	16	111,627	68,478
Inventories		89	50
Cash and Cash Equivalents	17	38,428	45,330
Current Assets		160,342	232,574
Bank overdraft	17	(3,938)	(7,477)
Short Term Borrowing	21	(9,088)	(18,337)
Short Term Creditors	18	(183,807)	(184,642)
Provisions	20	(15,334)	(16,453)
Grants and Contributions Receipts in Advance	30	(10,929)	(15,046)
Current Liabilities		(223,096)	(241,955)
Long Term Borrowing	21	(282,091)	(253,053)
Long Term Creditors	21	(100)	(100)
Provisions	20	-	(1,747)
Other Long Term Liabilities	19	(57,109)	(50,154)
Grants and Contributions Receipts in Advance	30	(32,498)	(27,865)
Long Term Liabilities		(371,798)	(332,919)
NET ASSETS		1,690,077	1,810,715
Usable Reserves	3b	(334,962)	(321,126)
Unusable Reserves	3c	(1,355,115)	(1,489,589)
TOTAL RESERVES		(1,690,077)	(1,810,715)

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	2024/25 £000	2023/24 £000
Net surplus or (deficit) on the provision of services		(95,078)	(79,801)
Adjustments to net surplus or deficit on the provision of services for non-cash movements	22a	129,650	43,378
Adjust for items in the net deficit on the provision of services that are investing or financing activities		(39,584)	(17,471)
Net cash flows from Operating Activities		(5,012)	(53,894)
<u>Investing Activities</u>			
Purchase of Property, plant and equipment, investment property and intangible assets		(239,966)	(138,102)
Proceeds from sale of property, plant and equipment, investment property and intangible assets and items treated as capital receipts under statute		39,584	17,472
Net proceeds/payments from short-term and long-term investments		111,823	5,004
Other receipts from investing activities		68,201	63,323
Net cash flows from Investing Activities		(20,358)	(52,303)
<u>Financing Activities</u>			
Net Cash receipts/payments of short and long term borrowing		19,823	(3,584)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts		(10,783)	(1,468)
Other proceeds/payments for financing activities		12,967	(2,423)
Net cash flows from Financing Activities		22,007	(7,475)
Net increase or (decrease) in cash and cash equivalents		(3,363)	(113,672)
Cash and cash equivalents at the beginning of the reporting period		37,853	151,525
Cash and cash equivalents at the end of the reporting period	17	34,490	37,853

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 are presented more fully in the Comprehensive Income and Expenditure Statement.

2024/25

	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
People	146,693	(23,249)	123,444	2,924	126,368
Place	23,141	(24,222)	(1,081)	23,000	21,919
Housing Solutions (GF)	26,949	(4,690)	22,259	4,513	26,772
Local Authority Housing (HRA)	-	(13,276)	(13,276)	136,002	122,726
Finance and Corporate Services	11,752	26,852	38,604	185	38,789
Centrally Managed Budgets	(4,089)	20,974	16,885	(14,549)	2,336
	204,446	(17,611)	186,835	152,075	338,910
Other income and expenditure not charged to services	(61,636)	(141,018)	(202,654)	(41,178)	(243,832)
(Surplus) or Deficit on Provision of Services before planned use of Earmarked Reserves	142,810	(158,629)	(15,819)	110,897	95,078
Opening Balance of General Fund/ HRA Balances (including Earmarked Reserves)			(216,563)		
			(15,819)		
add: (Surplus) or Deficit on Provision of Services					
Closing Balance of General Fund/ HRA Balances (including Earmarked Reserves)			(232,382)		

1. Expenditure and Funding Analysis (cont'd)

Restructuring of Services:

Please note the Council's reporting structure was amended in 2024/25 which is now reflected in CIES and above EFA. Comparatives for 2023/24 have been re-aligned to reflect this structure. The total Gross Expenditure and Gross Income of Services remains the same.

The schedule below illustrates the movement between the previous and current structure for 2024/25 values.

	2023/24 Services Structure								Grand Total £000
	Children's Services £000	Social Care £000	Economy £000	Local Authority Housing (HRA) £000	Environment £000	Finance £000	Resources £000	Centrally Managed Budgets £000	
2024/25 Services Structure									
People	63,446	62,922							126,368
Place			(20,652)		42,571				21,919
Housing Solutions			26,217		555				26,772
Local Authority Housing (HRA)				122,726					122,726
Finance and Corporate Services		3,454				11,401	23,934		38,789
Centrally Managed Budgets								2,336	2,336
Grand Total	63,446	66,376	5,565	122,726	43,126	11,401	23,934	2,336	338,910

1. Expenditure and Funding Analysis (cont'd)

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
People	133,280	(20,535)	112,745	3,931	116,676
Place	37,748	(33,284)	4,464	40,591	45,055
Housing Solutions (GF)	15,686	(434)	15,252	18	15,270
Local Authority Housing (HRA)	-	(21,423)	(21,423)	120,538	99,115
Finance and Corporate Services	21,399	21,148	42,547	821	43,368
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)		

1. Expenditure and Funding Analysis (cont'd)

Restructuring of Services:

Please note the Council's reporting structure was amended in 2024/25 which is now reflected in CIES and above EFA. Comparatives for 2023/24 have been re-aligned to reflect this structure. The total Gross Expenditure and Gross Income of Services remains the same.

The schedule below illustrates the movement between the previous and current structure for 2023/24 values.

	2023/24 Services Structure								Grand Total £000
	Children's Services £000	Social Care £000	Economy £000	Local Authority Housing (HRA) £000	Environment £000	Finance £000	Resources £000	Centrally Managed Budgets £000	
2024/25 Services Structure									
People	60,793	55,883							116,676
Place			15,794		29,262				45,055
Housing Solutions			14,741		529				15,270
Local Authority Housing (HRA)				99,115					99,115
Finance and Corporate Services		3,445				10,086	29,837		43,368
Centrally Managed Budgets								13,243	13,240
Grand Total	60,793	59,328	30,534	99,115	29,791	10,086	29,837	13,243	332,724

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 the 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 out below:

	2024/25				2023/24			
	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
People	(3,688)	764	-	(2,924)	(3,729)	(202)	-	(3,931)
Place	(23,477)	477	-	(23,000)	(40,459)	(132)	-	(40,591)
Housing Solutions (GF)	(4,571)	58	-	(4,513)	-	(18)	-	(18)
Local Authority Housing (HRA)	(136,934)	932	-	(136,002)	(120,549)	11	-	(120,538)
Finance and Corporate Services	(536)	351	-	(185)	(729)	(92)	-	(821)
Centrally Managed Budgets	13,086	1,422	41	14,549	950	1,014	(27)	1,937
Net Cost of Services	(156,120)	4,004	41	(152,075)	(164,516)	581	(27)	(163,962)
Other income and expenditure not charged to services - General Fund	15,207	(586)	2,614	17,235	30,472	(2,849)	6,100	33,723
Other income and expenditure not charged to services - HRA	21,769	(106)	2,280	23,943	34,501	(488)	3,417	37,430
(Surplus) or Deficit on Provision of Services	(119,144)	3,312	4,935	(110,897)	(99,543)	(2,756)	9,490	(92,809)

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.

	2024/25 £000	2023/24 £000
Expenditure		
Employee Benefits	234,638	225,721
Other Services Expenses	497,318	473,300
Capital Charges & Revaluations	191,831	171,013
Interest Payments	12,149	11,147
Levies	3,498	2,403
Business rates tariff	12,590	14,344
Payments to the Government Housing Capital Receipts Pool	-	427
Net interest on the net defined benefit liability (asset)	692	3,337
Schools converted to Academy Status	359	-
Total Expenditure	953,075	901,692
Income		
Fees, Charges and other Service Income	(276,850)	(253,139)
Grants and Contributions	(413,623)	(397,447)
Income from Council Tax and NDR	(154,420)	(142,476)
Interest and Investment Income	(16,112)	(22,816)
(Gains)/losses on the disposal of non-current assets	3,008	(6,013)
Total Income	(857,997)	(821,891)
(Surplus) or Deficit on the Provision of Services	95,078	79,801

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 2024/25 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)

2024/25	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)	2,486	-	-	-	826	-	-	-	3,312
Financial instruments (transferred to the Financial Instruments Adjustments Account)	74	-	-	-	-	-	-	-	74
Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	1,871	-	-	-	-	-	-	-	1,871
Holiday pay (transferred to the Accumulated Absences Reserve)	43	-	-	-	-	-	-	-	43
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)	(48,524)	-	-	-	(156,355)	-	-	-	(204,879)
Transfer in-year Dedicated Schools Grant deficit/(surplus) (to DSG Adjustment Account)	-	-	-	-	-	-	-	-	-
Total Adjustments to Revenue Resources	(44,050)	-	-	-	(155,529)	-	-	-	(199,579)
Adjustments between Revenue and Capital Resources									
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	18	-	-	-	8,680	-	(8,699)	-	(1)
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	(3)	-	-	-	(94)	-	97	-	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-	-	-	-	-	-	-	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve	-	-	-	-	16,164	(16,164)	-	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	13,763	-	-	-	-	-	30,982	-	44,745
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	13,531	-	-	-	-	-	-	-	13,531
Total Adjustments between Revenue and Capital Resources	27,309	-	-	-	24,750	(16,164)	22,380	-	58,275
Adjustments to Capital Resources									
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-	-	-	-	6,776	-	6,776
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	-	-	16,164	-	-	16,164
Application of capital grants to finance capital expenditure	12,426	-	-	6,923	9,890	-	-	-	29,239
Transfers of capital grants from revenue to Capital Grants Unapplied	666	-	-	(2,946)	2,280	-	-	-	-
Movements in the market value of investment properties	2,198	-	-	-	6,434	-	-	-	8,632
Adjustments in relation to deferred capital receipts	1,015	-	-	-	-	-	(31,150)	-	(30,135)
Movement in the Donated/Bartered Assets credited to the Comprehensive Income and Expenditure Statement	1,597	-	-	-	117	-	-	-	1,714
Total Adjustments to Capital Resources	17,902	-	-	3,977	18,721	16,164	(24,374)	-	32,390
Total Adjustments	1,161	-	-	3,977	(112,058)	-	(1,994)	-	(108,914)

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)

3b. Usable Reserves

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

3c Unusable Reserves

	31 March 2025 £000	31 March 2024 £000
Revaluation Reserve	(233,113)	(263,203)
Capital Adjustment Account	(1,162,115)	(1,271,053)
Deferred Capital Receipts Reserve	(973)	-
Pensions Reserve	37,143	38,735
Financial Instruments Adjustment Account	607	681
Available for Sale Financial Instruments Reserve	-	-
Collection Fund Adjustment Account	(14,456)	(12,585)
Accumulated Absences Account	3,287	3,331
Dedicated Schools Grant Adjustment Account	14,505	14,505
Total Unusable Reserves	(1,355,115)	(1,489,589)

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.

	2024/25 £000	2023/24 £000
Balance at 1 April	(263,202)	(323,043)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	23,840	56,603
Difference between fair value depreciation and historical cost depreciation	2,517	3,051
Accumulated gains on assets sold or scrapped	3,732	186
Amount written off to the Capital Adjustment Account	6,249	3,237
Balance at 31 March	(233,113)	(263,203)

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.

	2024/25 £000	2023/24 £000
Balance at 1 April	(1,271,053)	(1,365,656)
Opening balance adjustments arising from IFRS 16 implementation:	-	-
Adjustments between Capital Adjustment Account and Deferred Capital Receipts Reserve (recognition of IFRS 16 sub-lease debtor)	1,015	-
Movement in the Donated Assets (IFRS 16) credited to the Comprehensive Income and Expenditure Statement	(1,713)	-
Revised Opening Balance as at 1 April	(1,271,751)	(1,365,656)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
• Charges for depreciation non-current assets	31,092	22,849
• Revaluation losses on property, plant and equipment	141,148	121,741
• Amortisation of intangible assets	249	220
• Revenue expenditure funded from capital under statute	3,179	9,028
• Reversal of Major Repairs Allowance credited to the HRA	16,164	17,176
• Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	13,048	15,339
	204,880	186,353
Adjusting amounts written out of the Revaluation Reserve	(6,249)	(3,237)
Net written out amount of the cost of non-current assets consumed in the year	198,631	183,116
Capital financing applied in the year:		
• Use of the Capital Receipts Reserve to finance new capital expenditure	(6,776)	(3,345)
• Use of the Major Repairs Reserve to finance new capital expenditure	(16,164)	(17,176)
• Capital grants and contributions applied	(29,238)	(41,978)
• Statutory provision for the financing of capital investment charged against the General Fund and HRA balances (including finance lease adjustments)	(13,763)	(3,561)
• Statutory provision for the financing of capital investment charged against the General Fund and HRA balances (including loan repayments)	(30,982)	(9,454)
• Capital expenditure charged against the General Fund and HRA balances	(13,531)	(1,666)
	(110,454)	(77,180)
Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	(8,633)	(8,932)
Adjustments between Capital Adjustment Account and Capital Receipts Reserve (Deferred Cost and Loan Repayments)	30,092	9,454
Movement in the Donated/Bartered Assets credited to the Comprehensive Income and Expenditure Statement	-	(11,855)
Balance at 31 March	(1,162,115)	(1,271,053)

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.

	2024/25 £000	2023/24 £000
Balance at 1 April	38,735	89,961
Remeasurements of the net defined benefit liability/(asset)	1,720	(53,982)
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	24,398	28,518
Employer's pensions contributions and direct payments to pensioners payable in the year	(27,710)	(25,762)
Balance at 31 March	37,143	38,735

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.

	2024/25 £000	2023/24 £000
Balance at 1 April	(12,585)	(12,132)
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	(1,871)	(453)
Balance at 31 March	(14,456)	(12,585)

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.

	2024/25 £000	2023/24 £000
Balance at 1 April	3,332	3,304
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	(45)	27
Balance at 31 March	3,287	3,331

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.

	2024/25 £000	2023/24 £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 2024/25.

	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	Transfers In 2024/25 £000	Transfers Out 2024/25 £000	Movement Between 2024/25 £000	Balance at 31 March 2025 £000
General Fund									
1 Insurance Fund	(4,475)	-	-	-	(4,475)	-	-	-	(4,475)
2 Controlled Parking Fund	(2,786)	(521)	447	-	(2,860)	-	1,771	-	(1,089)
3 Efficiency Projects Reserve	(2,731)	(1,100)	467	-	(3,364)	(750)	900	-	(3,214)
4 Corporate Demand Pressures	(37,352)	(242)	3,048	5,329	(29,217)	(2,663)	2,708	4,457	(24,715)
5 Collection Fund Smoothing Reserve	(3,409)	(6,628)	-	-	(10,037)	-	224	-	(9,813)
6 Civic Campus	(1,353)	(2,500)	3,182	(7,700)	(8,371)	-	1,385	(4,457)	(11,443)
7 Managed Services	(1,260)	-	-	-	(1,260)	-	-	-	(1,260)
8 Corporate People Reserve	(1,550)	-	-	-	(1,550)	-	1,433	-	(117)
9 Corporate Technology & IT	(5,881)	(2,743)	1,968	-	(6,656)	(800)	775	-	(6,681)
10 Planning Reserve	(1,723)	-	59	(59)	(1,723)	-	185	-	(1,538)
11 Corporate Property Reserve	(679)	(850)	231	-	(1,298)	(167)	349	-	(1,116)
12 Pandemic Response Support	(2,056)	-	558	-	(1,498)	(94)	1,592	-	-
13a Dedicated Schools Grant Support Reserve	(4,749)	-	-	2,371	(2,378)	(286)	-	-	(2,664)
13b Dedicated Schools Grant High Needs Block	(9,756)	(2,371)	-	-	(12,127)	-	419	-	(11,708)
13c Dedicated Schools Grant - Schools & Early years Block	(889)	(134)	889	-	(134)	-	-	-	(134)
14 Pre-Development Costs Reserve	(5,000)	-	-	-	(5,000)	-	-	-	(5,000)
15 Inflation Risk Reserve	(4,800)	-	-	-	(4,800)	-	-	-	(4,800)
16 Other Funds (General Fund)	(8,783)	(1,007)	3,373	59	(6,358)	(1,266)	3,906	-	(3,718)
17 Corporate Financial Resilience Reserve	-	-	-	-	-	(4,400)	-	-	(4,400)
General Fund Reserves	(99,232)	(18,096)	14,222	-	(103,106)	(10,426)	15,647	-	(97,885)
General Fund Revenue Grants & Other Contributions									
18 S106 - Revenue Schemes	(37,927)	(6,001)	1,390	-	(42,538)	(28,175)	3,820	-	(66,893)
19 Community Infrastructure Levy Reserve	(18,036)	(4,932)	-	-	(22,968)	(6,736)	10,502	-	(19,202)
20 Other Revenue Grants and Contributions	1,667	(7,432)	351	-	(5,414)	(343)	83	-	(5,674)
Revenue Grants Sub-Total	(54,296)	(18,365)	1,741	-	(70,920)	(35,254)	14,405	-	(91,769)
General Fund Total	(153,528)	(36,461)	15,963	-	(174,026)	(45,680)	30,052	-	(189,654)
HRA Reserves									
21 HRA Non-dwellings Impairment Reserve	(3,513)	(383)	-	-	(3,896)	-	-	-	(3,896)
22 HRA Strategic Regeneration and Housing Development	(3,596)	-	-	-	(3,596)	-	-	-	(3,596)
23 HRA Utilities Reserve	(1,962)	-	-	-	(1,962)	-	-	1,962	-
24 Disrepairs Compensation and Legal costs	(808)	-	808	-	-	-	-	-	-
25 Other Funds (HRA)	(1,430)	(240)	1,041	-	(629)	(732)	16	-	(1,345)
26 HRA Pressures&Demand	-	-	-	-	-	-	-	(1,962)	(1,962)
HRA Sub-Total	(11,309)	(623)	1,849	-	(10,083)	(732)	16	-	(10,799)
Grand Total	(164,837)	(37,084)	17,812	-	(184,109)	(46,412)	30,068	-	(200,453)

Nb. Prior year comparatives have been subject to reclassification to align with the 2024/25 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	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.
6	Civic Campus	This is held to fund the costs of implementing the Civic Campus redevelopment.
7	Managed Services	This reserve is used to fund the cost of supporting the Managed Services project and for the development of the IBC system.
8	Corporate People Reserve	This is the consolidation of various Human Resource related reserves.
9	Corporate Technology & IT	This reserve is used to finance IT projects.
10	Planning Reserve	This reserve is to support funding of CIL and regeneration related projects.
11	Corporate Property Reserve	This is to be used to cover the one-off costs related to LBHF property management.
12	Pandemic Response Support	This represents the residual balances from grants provided to local authorities and internal provisions and will be applied to deal with ongoing pandemic and post-pandemic related support.
13	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>
14	Pre-Development Costs Reserve	This reserve is to provide for the risk associated with the council's general fund capital strategy and initiatives.
15	Inflation Risk Reserve	This reserve is to provide for risks associated with inflationary pressures.
16	Other Funds (General Fund)	This comprises a number of smaller reserves, existing to fund various projects and potential future commitments.
17	Corporate Financial Resilience Reserve	This reserve is to mitigate the impact of changes because of funding reforms and balance any budgetary gaps as identified in the medium-term financial strategy, until agreed efficiencies are delivered.

18	S106 - Revenue Schemes	These reserves exist to fund various projects and potential future commitments in line with the requirements of the agreements.
19	Community Infrastructure Levy	This reserve sets aside Community Infrastructure Levy receipts
20	Other Revenue Grants and Contributions	This comprises a number of smaller grants and contributions, existing to fund various projects and potential future commitments.
21	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.
22	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.
23	HRA Utilities Reserve	This reserve provides support for the payment of commission refunds to tenants.
24	Disrepairs Compensation and Legal costs	This is a reserve to provide for potential disrepairs compensation and associated costs
25	Other Funds (HRA)	This reserve is to fund various smaller projects specific to the HRA.
26	HRA Pressures and Demands Reserve	This reserve is to meet unbudgeted demands and pressures in the HRA.

5. Material Items of Income and Expense

Transactions in 2024/25

HRA Dwellings have been revalued downwards in-year. The downward revaluation is approximately 6.8%. The size of the asset base means that this revaluation is a material amount. The gross revaluation decrease recognised in CIES is £137m.

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.

6. Other Operating Income and Expenditure

	2024/25 £000	2023/24 £000
Levies	2,430	2,383
Payments to the Government Housing Capital Receipts Pool	-	427
(Gains)/losses on the disposal of non-current assets	3,008	(6,013)
Other Operating Income and Expenditure	1	(321)
Total	5,439	(3,524)

7. Financing and Investment Income and Expenditure

	2024/25 £000	2023/24 £000
Interest payable and similar charges	12,149	11,147
Net interest on the net defined benefit liability (asset)	692	3,337
Interest receivable and similar income	(7,479)	(13,502)
Income and expenditure in relation to investment properties	(6,888)	(6,694)
Net (gains)/losses from fair value adjustments on investment properties	(8,633)	(9,314)
Schools converted to Academy status	359	-
Total	(9,800)	(15,026)

8. Taxation and non-specific grant income and expenditure

	2024/25 £000	2023/24 £000
Non-domestic rates income	(74,900)	(68,926)
NDR Levy	1,068	20
Business rates tariff	12,590	14,344
Non-domestic rates income and expenditure	(61,242)	(54,562)
Council Tax Income	(79,519)	(73,550)
Non-ringfenced government grants	(72,291)	(66,079)
Capital grants and contributions	(26,419)	(40,182)
Total	(239,471)	(234,373)

9. Property, Plant and Equipment

(i) Movements on Balances

Movements in 2024/25

	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 2024	1,358,108	341,189	23,899	30,271	26,050	113,990	1,893,507	27,176
Adjustment as at 1 April 2024 on transition to IFRS 16	-	18,445	299	-	-	-	18,744	-
Revised opening balance as at 1 April 2024	1,358,108	359,634	24,198	30,271	26,050	113,990	1,912,251	27,176
Additions	87,785	10,988	7,498	1,476	-	85,931	193,678	197
Additions - Right of Use assets recognised in-year	-	13,259	1,948	-	-	-	15,207	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(37,403)	2,250	-	-	3,254	-	(31,899)	43
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(147,497)	(5,062)	-	-	1	-	(152,558)	-
Derecognition – disposals	(2,944)	(9,488)	-	-	-	-	(12,432)	-
Derecognition- Right of Use assets disposed in-year	-	(1,123)	(5,041)	-	-	-	(6,164)	-
Assets reclassified (to)/from PPE	(524)	(2,450)	-	46	2,928	-	-	-
Assets reclassified (to)/from Investment Properties	-	(10,785)	-	-	256	-	(10,529)	-
Assets reclassified (to)/from AUC	8,845	(413)	-	-	-	(8,432)	-	-
At 31 March 2025	1,266,370	356,810	28,603	31,793	32,489	191,489	1,907,554	27,416
Accumulated Depreciation and Impairment								
At 1 April 2024	-	(422)	(7,799)	(23,252)	-	-	(31,473)	-
Depreciation charge	(15,728)	(10,089)	(3,812)	(1,189)	(48)	-	(30,866)	(398)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	4,941	3,048	-	-	71	-	8,060	398
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	10,747	660	-	-	3	-	11,410	-
Derecognition – disposals	34	61	-	-	-	-	95	-
Derecognition – other	6	-	-	-	-	-	6	-
Derecognition- Right of Use assets disposed in-year	-	58	1,257	-	-	-	1,315	-
Other movements in depreciation and impairment	-	233	-	-	(26)	-	207	-
At 31 March 2025	-	(6,451)	(10,354)	(24,441)	-	-	(41,246)	-
Net Book Value								
At 31 March 2025	1,266,370	350,359	18,249	7,352	32,489	191,489	1,866,308	27,416

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

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)	543
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	27,176
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	27,176

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

Infrastructure Assets	2024/25 £000	2023/24 £000
Net book value (modified historical cost) at 1 st April	96,329	87,938
Additions	23,011	22,919
Depreciation	(16,198)	(14,528)
Net book value at 31st March	103,143	96,329

	2024/25 £000	2023/24 £000
Infrastructure Assets	103,143	96,329
Other PPE Assets	1,866,308	1,862,035
Total PPE Assets	1,969,451	1,958,364

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 2024/25, the authority applied IFRS 16 Leases as required by the CIPFA Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the IFRS 16 implementation is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability) now require recognition of a right-of-use (ROU) asset and a lease liability on the Balance Sheet at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

The Council as Lessee

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures. Right-of-use assets are initially measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded. The ROU assets are depreciated over the shorter of the lease term or the asset's useful life.

The table below shows 2024/25 Right of Use asset movements and their NBV at 31 March 2025:

	Land and Buildings	Vehicles, Plant & Equipment	Total
	£000	£000	£000
Opening balance at 1 April 2024	35,575	7,702	43,277
Adjustment as at 1 April 2024 on transition to IFRS 16	18,446	299	18,745
Revised opening balance at 1 April 2024	54,021	8,001	62,002
Additions	13,259	1,948	15,207
Revaluations	1,953	-	1,953
Depreciation	(6,440)	(1,747)	(8,187)
Disposals	(1,066)	(3,784)	(4,850)
Balance at 31 March 2025	61,727	4,418	66,145

The Council as Lessor

The council has leased out a number of its properties and land under operating leases, these properties and land are used by the lessees for the provision of community services, such as sports facilities, day centres, offices and community centres. The term of these leases is typically five to 60 years.

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

The value of these assets is included in Other Land and Buildings. The below attached table shows in-year movements in the value of these assets.

	Other Land and Buildings (subject to operating leases) £000
Cost or Valuation	
At 1 April 2024	9,899
Adjustment as at 1 April 2024 on transition to IFRS 16	1,431
Revised opening balance as at 1 April 2024	11,330
Additions	236
Revaluation increases/(decreases) recognised in the Revaluation Reserve	776
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(644)
At 31 March 2025	11,698
Accumulated Depreciation and Impairment	
At 1 April 2024	(22)
Depreciation charge	(155)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	106
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	37
At 31 March 2025	(34)
Net Book Value at 31 March 2025	11,664

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

(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 2025.

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
Carried at Historical Cost	-	-	103,143	18,249	7,352	-	191,489	320,233
Right of Use Assets recognised as a result of IFRS 16 implementation	-	22,719	-	-	-	-	-	22,719
Valued at current value as at:								
31 March 2025	1,266,370	300,523	-	-	-	32,233	-	1,599,126
31 March 2024	-	14,331	-	-	-	256	-	14,587
31 March 2023	-	10,548	-	-	-	-	-	10,548
31 March 2022	-	1,465	-	-	-	-	-	1,465
31 March 2021	-	773	-	-	-	-	-	773
	1,266,370	350,359	103,143	18,249	7,352	32,489	191,489	1,969,451

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

(iv) Revaluation and Impairments (cont'd)

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 2025 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 2025/26.

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 2024/25 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 2025 £000	31 March 2024 £000
Service Department		
Housing Revenue Account	11,620	24,210
Regeneration and Community Projects	41,918	34,386
Affordable Housing Schemes	67,350	85,340
Environment	-	7,346
Corporate Property Maintenance Programme	8,175	-
	129,063	151,282

Additionally, as at 31 March 2025, the Council is committed to a capital barter transaction. The residual value of this barter commitment is £13.545m as at 31 March 2025.

10. Investment Properties

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

	2024/25 £000	2023/24 £000
Rental income from investment property	(7,183)	(7,010)
Direct operating expenses (including repairs and maintenance) arising from investment properties	295	316
Net (gain)/loss	(6,888)	(6,694)

10. Investment Properties (cont'd)

(i) Revaluation

In 2024/25 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 2025. 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 2025 £000	31 March 2024 £000
Balance at start of the year	94,547	85,478
Adjustment as at 1 April 2024 on transition to IFRS 16	98	-
Revised opening balance as at 1 April 2024	94,645	85,478
Additions:		
• Subsequent expenditure	320	109
Derecognition	-	(534)
Net gains/(losses) from fair value adjustments	8,633	9,314
Transfers:		
• (to)/from Property, Plant and Equipment	15,338	180
Balance at end of the year	118,936	94,547

The 2024/25 restated opening balance contains £97.7k of Right of Use assets recognised as a result of IFRS 16 implementation.

(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 2024/25.

11. Heritage Assets

	Art Collections £000	Books & Printed Materials £000	Ceramics & Glass £000	Other Heritage Assets £000	Total Assets £000
Cost or Valuation					
At 1 April 2024	7,688	131	118	86	8,023
Movement on balance	-	-	-	-	-
At 31 March 2025	7,688	131	118	86	8,023

There have been no movements on Heritage Assets in 2024/25.

12. Assets Held for Sale

There were no Assets Held for Sale in 2024/25 or 2023/24.

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.

	2024/25	2023/24
	£000	£000
Opening Capital Financing Requirement	614,003	503,530
Adjustment as at 1 April 2024 on transition to IFRS 16	18,843	-
Revised Opening Capital Financing Statement	632,846	503,530
Capital Investment		
Property, Plant and Equipment	216,958	137,618
Investment Properties	320	109
Intangible Assets	595	1,074
Revenue Expenditure Funded from Capital under Statute	3,179	9,028
Capital Funding of third-party capital loans	14,080	43,243
Additions to Right of Use assets recognised in year	14,937	-
Sources of Finance		
Capital receipts – used to fund Capital Expenditure	(6,776)	(3,345)
Government grants and other contributions	(30,952)	(41,978)
Contributions from Major Repairs Reserve	(16,164)	(17,176)
Sums set aside from revenue:		
Direct revenue contributions	(13,531)	(1,666)
MRP/loans fund principal	(13,763)	(3,561)
Voluntary and technical application of Capital Receipts and Grants to repay debt	(30,982)	(9,454)
Finance lease disposal/repayment	(4,136)	(3,419)
Closing Capital Financing Requirement	766,611	614,003
Explanation of movements in year		
Increase in underlying need to borrow	149,872	113,749
(Decrease) in underlying need to borrow	(63)	(63)
Voluntary and technical application of Capital Receipts and Grants to repay debt	(30,982)	(9,454)
Assets acquired under finance leases	33,780	6,241
Increase/(decrease) in Capital Financing Requirement	152,607	110,473

14. Leases (Finance and Operating)

A) Council as Lessee

The Council has adopted IFRS 16 from 1 April 2024 and therefore no consolidation adjustments have been made in the current financial year.

At transition date to IFRS 16, LBHF applied the practical expedient which means LBHF will not reassess whether the existing contracts are or contains leases at the date of initial application. LBHF will also not restate previous year figures. The weighted average Incremental Borrowing rate used at transition date to value opening balance liabilities was 5.06%.

Operating Leases at 31 March 2024 reconciled to Finance Leases on 31 March 2024

	Properties – TF £000	Properties – PSL £000	Vehicles – Fleetmaster £000	Printers – Ricoh £000	Total £000
Operating Lease Commitments at 31 March 2024	(13,494)	(11,223)	(325)	(91)	(25,133)
Less:					
Short Term Leases	-	2,009	65	-	2,074
Low Value Leases	-	16	-	91	107
HRA Tenancies	928	-	-	-	928
Not Active	3	-	-	-	3
Add:					
Commitments due to IFRS16 review of rent periods/payments	(1,374)	(45)	(59)	-	(1,478)
Revised operating lease commitments at 31 March 2024 under IFRS 16	(13,937)	(9,243)	(319)	-	(23,499)
Effect of discounting future expected cash flow for above revised leases	6,710	412	20	-	7,142
Finance Lease liability at 31 March 2024	(7,227)	(8,831)	(299)	-	(16,357)
Add leases not included in above Leases:					
Leases included as a result of IFRS 16 review	(772)	-	-	-	(772)
Finance Leases at 31 March 2024	(7,999)	(8,831)	(299)	-	(17,129)

PFI and Veolia vehicles leases have been excluded from above reconciliation because both have been accounted for as Finance leases before implementation of IFRS 16 and thus never formed part of the Operating Leases balance at 31 March 2024. Please refer to Note 9 and 10 for additional information of the impact of IFRS 16 implementation on fixed assets values.

The Council is engaged in various leases to acquire the use of buildings, vehicles and office equipment. The Lessee figures under Finance Leases heading below include data for Private Finance Initiative (PFI) leases. Please refer to Note 15 for the PFI note.

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

(i) Finance Leases

Lease liabilities - Maturity Analysis

	31 March 2025 £000	31 March 2024 £000
Not later than one year	9,801	889
Two to five years	13,908	3,825
More than five years	6,079	2,558
Total liabilities at 31 March	29,788	7,272

Amounts recognised in Comprehensive Income and Expenditure Statement

	31 March 2025 £000	31 March 2024 £000
Interest expense on lease liabilities	2,170	197
Interest income from sub-leasing Right-of-use assets	(37)	-

(ii) Operating Leases

Leases-In deemed to be short term or low-valued are exempt from being capitalised on the Balance Sheet but still needs to be disclosed as Operating Leases.

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

	31 March 2025 £000	31 March 2024 £000
Not later than one year	379	8,151
Two to five years	40	7,606
More than five years	-	9,377
	419	25,134

Amounts recognised in Comprehensive Income and Expenditure Statement

	31 March 2025 £000	31 March 2024 £000
Short term and Low-value lease payments	835	11,331

The Council has sub-let six properties held under leases-in.

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

(B) Council as Lessor

The Council leases out property 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 total value of the Property, Plant and Equipment assets subject to Operating Leases-Out is listed in Note 9.

(i) Finance Leases

The Council is not engaged into any direct finance leases out. However, the Council sublets certain properties which need to be assessed according to the accounting policy to determine if the lease equates to a finance lease out.

Lease assets - Maturity Analysis

	31 March 2025 £000	31 March 2024 £000
Not later than one year	32	-
Two to five years	142	-
More than five years	798	-
Total assets at 31 March	972	-

Amounts recognised in Comprehensive Income and Expenditure Statement

	31 March 2025 £000	31 March 2024 £000
Finance income on Lease assets (i.e. Long Term Debtor)	37	-
(Gain)/Loss on derecognition of assets*	-	-

* Zero gain/loss because Lease Debtor valuation equates to same value written out of Fixed Assets Register.

(ii) Operating Leases

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

	31 March 2025 £000	31 March 2024 £000
Not later than one year	7,414	5,124
Two to five years	16,800	12,248
More than five years	10,567	12,808
	34,781	30,180

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

2024/25 was the 20th 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.

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 2025 (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 2025/26	6,475	700	766	7,941
Payable within two to five years	25,898	3,957	1,906	31,761
Payable within six to ten years	2,270	555	93	2,918
	34,643	5,212	2,765	42,620

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:

	2024/25 £000	2023/24 £000
Balance outstanding at start of year	5,627	6,146
IFRS 16 Liability revaluation	197	-
Payments during the year	(613)	(519)
Capital expenditure incurred in the year	-	-
Balance outstanding at year-end	5,211	5,627

16. Debtors

(i) Short term debtors

	31 March 2025 £000	31 March 2024 £000
Council Tax Receivable from Taxpayers	27,125	25,234
Non Domestic Rates Receivable from Taxpayers	19,333	23,556
Business Rates Supplement Debtor	317	-
Trade Debtors	27,062	29,488
Other Debtors	34,194	40,315
Acquisition of commercial units (Civic Campus)	40,925	-
VAT Debtors	9,471	11,646
Prepayments and Accrued Income	24,868	19,170
Impairment Allowance for Doubtful Debts	(71,668)	(80,931)
Total	111,627	68,478

(ii) Long term debtors

	31 March 2025 £000	31 March 2024 £000
Acquisition of commercial units (Civic Campus)	-	36,268
Education City loan	-	22,060
Other Long Term Debtors	1,315	2,180
Total	1,315	60,508

17. Cash and Cash Equivalents

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

	31 March 2025 £000	31 March 2024 £000
Cash held by the Council	74	74
Bank current accounts	-	-
School bank accounts	4,154	5,436
Short-term deposits	34,200	39,820
Cash and Cash Equivalents	38,428	45,330
Bank overdraft*	(3,938)	(7,477)
Cash Management	34,490	37,853

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

18. Creditors

	31 March 2025 £000	31 March 2024 £000
Council Tax Creditor	(3,782)	(2,647)
NDR Retained Income Creditor	(68,021)	(82,424)
Business Rate Supplement Creditor	(308)	(231)
NDR Taxpayers Receipts not yet Paid to Government	-	(41)
Council Tax Refundable to Taxpayers	(8,391)	(7,595)
Non Domestic Rates Refundable to Taxpayers	(14,447)	(18,604)
Other Tax and Social Security Payable	(3,502)	(4,551)
Trade Creditors	(2,623)	(1,034)
Other Creditors	(72,932)	(66,034)
Short Term PFI Lease Liability	(700)	(592)
Short Term Finance Lease Lease Liability	(9,101)	(889)
Total	(183,807)	(184,642)

19. Other Long-Term Liabilities

	31 March 2025 £000	31 March 2024 £000
Net Pensions Liability	(37,143)	(38,735)
Finance Lease Liability	(15,454)	(6,384)
Private Finance Initiative (PFI) Liability	(4,512)	(5,035)
Total	(57,109)	(50,154)

20. Provisions

	Insurance £000	NDR - Losses on Appeals £000	Other Provisions £000	Total £000
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)
Additional provisions	-	(4,075)	-	(4,075)
Amounts used	-	4,956	388	5,344
Unused amounts reversed	121	-	1,476	1,597
Balance at 31 March 2025	(3,611)	(6,897)	(4,826)	(15,334)
<i>Of which:</i>				
Next twelve months	(3,611)	(6,897)	(4,826)	(15,334)
Over twelve months	-	-	-	-
Balance at 31 March 2025	(3,611)	(6,897)	(4,826)	(15,334)

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 March 2021. 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.

20. Provisions (cont'd)

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 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 2025 £000	31 March 2024 £000	31 March 2025 £000	31 March 2024 £000
Financial assets at amortised cost				
Investments	195	195	10,198	118,716
Investment in Joint Venture held at cost	25,000	29,823		
Cash and Cash Equivalents	-	-	38,428	47,810
Long Term Debtors	1,315	23,314	-	-
Trade Debtors	-	-	27,062	30,341
Total	26,510	53,332	75,688	196,867
Financial liabilities at amortised cost				
Borrowings	(282,091)	(253,053)	(9,077)	(18,337)
Bank overdraft	-	-	(3,938)	(9,957)
Long Term Creditors	(100)	(100)	-	-
Trade Creditors	-	-	(82,067)	(65,217)
Total	(282,191)	(253,153)	(95,082)	(93,511)
Other Liabilities:				
PFI & Finance Lease liabilities	(19,987)	(11,418)	(9,801)	(1,481)

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 2024/25 or previous years.

21. Financial Instruments (cont'd)

(iii) Income, Expense, Gains and Losses

	2024/25			2023/24		
	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	12,155	-	12,155	11,147	-	11,147
Total expense in Surplus or Deficit on the Provision of Services	12,155	-	12,155	11,147	-	11,147
Interest income	-	(7,567)	(7,567)	-	(13,398)	(13,398)
Total income in Surplus or Deficit on the Provision of Services	-	(7,567)	(7,567)	-	(13,398)	(13,398)
Net gain/(loss) for the year	12,155	(7,567)	4,588	11,147	(13,398)	(2,251)

(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 2025.
- 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 2025 (£0.1m at 31 March 2024) 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 2025		31 March 2024	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Liabilities				
<u>Borrowings</u>				
PWLB Debt	(289,662)	(210,203)	(270,390)	(206,302)
Total	(289,662)	(210,203)	(270,390)	(206,302)

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 £210.203m as at 31 March 2025.

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 2025, 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 2025 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 73% provided for. In total, the ECL for trade and other debtors at 31 March 2025 was £34.1m (£39.5m at 31 March 2024).

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 £15.75 million at 31 March 2025 (£18.80 million at 31 March 2024). 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 2025 £000	31 March 2024 £000
Less than three months	8,050	11,484
Three to six months	1,898	1,162
Six months to one year	2,333	1,765
More than one year	14,408	13,451
	26,689	27,862

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 2025 £000	31 March 2024 £000
Less than one year	(6,474)	(15,689)
Between one and two years	(12,195)	-
Between two and five years	(34,946)	(22,395)
Between five and ten years	(47,075)	(42,789)
More than ten years	(187,580)	(187,580)
Total	(288,270)	(268,453)

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

	31 March 2025 £000	31 March 2024 £000
Less than one year	10,000	117,000
Between one and two years	25,195	30,018
Between two and three years	-	-
More than three years	-	22,060
Total	35,195	169,078

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

	2024/25 £000	2023/24 £000
Adjustment for items included elsewhere in the Cash Flow Statement:		
Capital Grants	(68,201)	(63,323)
Adjustment for 'non-cash' items included in the Income and Expenditure Statement:		
Depreciation and Amortisation of non-current assets	47,505	40,245
Impairments and revaluations	132,515	112,427
Value of non-current assets derecognised on disposal	17,179	18,758
Value of 'Assets Held for Sale' derecognised on disposal	-	-
Other derecognitions of non-current assets	-	-
Assets transferred to/(from) Assets Held for Sale	-	-
Net adjustment made in respect of IAS 19 (Pensions)	(3,312)	2,756
Non-cash fixed asset acquisitions (incl. finance leases)	(24,346)	(14,677)
Revaluations of Available for Sale Financial Assets	-	-
Amortisation of Premia and Discounts	6	6
Impairment of Financial Instruments	-	-
Movement in non-cash assets and liabilities:		
(Increase)/decrease in short-term Debtors*	524	(6,879)
add/less: (Increase)/decrease in Capital Debtors	1,595	1,190
(Increase)/decrease in Long-term Debtors	17,038	(37,511)
Increase/(decrease) in short-term Creditors*	(13,843)	4,033
add/less: Increase/(decrease) in Capital Creditors	6,048	807
Assets transferred to 'Assets Held for Sale'	-	-
Increase/(decrease) in Long-Term Finance Leases	19,331	1,968
(Increase)/decrease in Inventories	(39)	8
Increase/(decrease) in Provisions	(2,865)	(3,921)
Increase/(decrease) in Grants and Contributions Receipts in Advance	515	(12,509)
Adjustments to net surplus or deficit on the provision of services for non-cash movements	129,650	43,378

*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:

	2024/25 £000	2023/24 £000
Interest Received	8,997	13,811
Interest Paid	(12,189)	(11,071)

22c. Reconciliation of Liabilities Arising from Financing Activities

	Long-Term Borrowing £000	Short-Term Borrowing £000	Bonds £000	Finance Lease Liabilities £000	PFI £000	Total £000
2024/25						
Opening Balance	(252,053)	(18,337)	(1,000)	(7,272)	(5,627)	(284,289)
Adoption of IFRS 16	-	-	-	(17,129)	(197)	(17,326)
Revised Opening Balance	(252,053)	(18,337)	(1,000)	(24,401)	(5,824)	(301,615)
Cash (Inflow)/Outflow	(35,000)	15,689	(492)	10,450	613	(8,740)
- Repayments	-	15,689	249	10,450	613	27,001
- Proceeds	(35,000)	-	(741)	-	-	(35,741)
Non-cash:	6,137	(6,109)	(14)	(10,605)	-	(10,591)
- Fair value	-	-	-	(892)	-	(892)
- Additions to right-of-use assets in exchange for increased lease liabilities	-	-	-	(13,835)	-	(13,835)
- Transfers between ST and LT	6,149	(6,149)	-	-	-	-
- Other Non-Cash changes	(12)	40	(14)	4,123	-	4,137
End Balance	(280,916)	(8,757)	(1,506)	(24,555)	(5,211)	(320,945)

	Long-Term Borrowing £000	Short-Term Borrowing £000	Bonds £000	Finance Lease Liabilities £000	PFI £000	Total £000
2023/24						
Opening Balance	(267,732)	(6,847)	-	(5,991)	(6,146)	(286,716)
Adoption of IFRS 16	-	-	-	-	-	-
Revised Opening Balance	(267,732)	(6,847)	-	(5,991)	(6,146)	(286,716)
Cash (Inflow)/Outflow	-	4,279	(982)	686	519	4,502
- Repayments	-	4,279	-	686	519	5,484
- Proceeds	-	-	(982)	-	-	(982)
Non-cash:	15,679	(15,769)	(18)	(1,967)	-	(2,075)
- Fair value	-	-	-	-	-	-
- Additions to right-of-use assets in exchange for increased lease liabilities	-	-	-	(6,241)	-	(6,241)
- Transfers between ST and LT	15,689	(15,689)	-	-	-	-
- Other Non-Cash changes	(10)	(80)	(18)	4,274	-	4,166
End Balance	(252,053)	(18,337)	(1,000)	(7,272)	(5,627)	(284,289)

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 Business Improvement Districts and Transport for London.

24. Members' Allowances

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

	2024/25 £000	2023/24 £000
Members' Allowances	1,188	1,042

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	Non-consolidated payments	Expenses allowances	Compensation for loss of office	Pension Contribution	Total
			£	£	£	£	£	£
Chief Executive - S Lea	a	2024/25	217,794	-	-	-	44,866	262,660
		2023/24	212,481	-	-	-	33,198	245,679
Executive Director - People - J McShannon	1, a	2024/25	182,126	-	-	-	37,518	219,644
		2023/24	167,595	-	-	-	34,525	202,120
Executive Director - Place - B Kainth	1, b	2024/25	180,286	-	-	-	37,139	217,425
		2023/24	152,070	-	-	-	31,326	183,396
Executive Director - Finance & Corporate Services - S Kalsi (S151 Officer)	1, a	2024/25	179,899	-	-	-	37,059	216,958
		2023/24	148,800	-	-	-	30,653	179,453
Director - Corporate Services - N Ellis	2, c	2024/25	152,520	-	-	-	31,419	183,939
		2023/24	124,800	-	-	-	28,065	152,865
Director - Procurement & Digital - J McCormick	3, c	2024/25	152,520	-	-	-	31,419	183,939
		2023/24	113,547	-	-	-	23,391	136,938
Director of Legal Services (Monitoring Officer)	4, a	2024/25	130,392	-	-	-	26,861	157,253
		2023/24	19,919	-	-	-	4,103	24,022
Strategic Director - Independent Living	5, a	2024/25	25,875	-	157	-	5,330	31,362
		2023/24	142,312	-	191	-	26,803	169,306
Director - Adult Social Care	6, a	2024/25	78,840	-	-	-	16,241	95,081
Strategic Director of Economy	7, b	2024/25	43,479	-	-	53,383	10,699	107,561
		2023/24	148,624	-	-	-	30,708	179,332
Director of Public Health	8, a	2024/25	133,407	-	-	-	27,482	160,889
		2023/24 (Restated)	130,152	-	110	-	26,811	157,073

Key to the inclusion of officers
a - Statutory Chief Officer
b - Non-statutory Chief Officer, being defined as a direct report of the Chief Executive and/or a member of the Senior Leadership Team
c - Other officers for inclusion where salary is over £150,000

25. Officers' Remuneration (cont'd)

Notes
1. The posts of Executive Directors for People, Place and Finance & Corporate Services were established in May 2024; The Executive Director for People previously served as the Strategic Director of Children's Services; The Executive Director for Place previously served as the Strategic Director of Environment; The Executive Director - Finance & Corporate Services previously served as the Director of Finance.
2. The Director - Corporate Services - commenced in post in May 2024 on an acting basis the incumbent officer having previously served as the Interim Strategic Director - Chief Operating Officer
3. The Director - Procurement & Digital - commenced in post in May 2024 on an acting basis
4. 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 in Note 31).
5. The Strategic Director - Independent Living (previously Strategic Director - Social Care) left the Council in May 2024.
6. The Director - Adult Social Care commenced in post in September 2024; prior to this the role was occupied on an external interim basis (see further details in Note 31).
7. The Strategic Director of Economy left the Council in April 2024
8. The Director of Public Health remuneration has been restated for the prior year. This was accidentally omitted from the prior year accounts as it was not known at the time that the post qualifies as a statutory chief officer post, and therefore, should have been disclosed.

25. Officers' Remuneration (cont'd)

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	2024/25	2023/24 (restated)*
	Number of Employees	Number of Employees
£170,000 - £174,999	1	1
£145,000 - £149,999	1	0
£135,000 - £139,999	3	1
£130,000 - £134,999	4	3
£125,000 - £129,999	1	2
£120,000 - £124,999	2	5
£115,000 - £119,999	2	2
£110,000 - £114,999	10	6
£105,000 - £109,999	16	11
£100,000 - £104,999	8	10
£95,000 - £99,999	15	13
£90,000 - £94,999	20	23
£85,000 - £89,999	20	11
£80,000 - £84,999	26	22
£75,000 - £79,999	38	41
£70,000 - £74,999	49	39
£65,000 - £69,999	124	94
£60,000 - £64,999	180	166
£55,000 - £59,999	304	224
£50,000 - £54,999	311	314
Total	1135	988

*The prior year total has been restated (previously 990) as 2 posts have now been added to the Senior Officer table (Director of Public Health and Director - Procurement & Digital) and therefore removed from this table.

Of the 1,135 employees listed above in 2024/25, 211 (19%) were employees where pay decisions rest with the School Governing Body and not the Council. The corresponding figure for 2023/24 was 203 (21%). Remuneration bands where there are nil employees in both years are excluded from the above table (e.g. £140,000 - £144,999).

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 (£)	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
£0 - £20,000	11	7	3	22	14	29	144,194	228,923
£20,001 - £40,000	10	2	2	3	12	5	327,048	131,007
£40,001 - £60,000	2	-	1	2	3	2	153,467	95,900
£60,001 - £80,000	1	2	-	-	1	2	61,549	143,295
£80,001 - £100,000	1	-	1	2	2	2	179,611	174,585
£150,001 - £200,000	1	-	-	-	1	-	161,227	-
£200,001 - £250,000	-	1	-	-	-	1	-	210,927
£250,001 - £300,000	-	1	-	-	-	1	-	262,409
Total	26	13	7	29	33	42	1,027,096	1,247,046

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 2024/25, the Council paid £6.79 million to Teachers' Pensions in respect of teachers' retirement benefits, representing 28.68% of pensionable pay. The figures for 2023/24 were £5.58 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 2024/25 the costs arising from additional benefits amounted to £297.6k (2023/24: £351.8k).

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	
	2024/25	2023/24	2024/25	2023/24
	£000	(restated) £000	£000	£000
Comprehensive Income and Expenditure Statement				
<i>Cost of Services:</i>				
• current service costs	25,642	26,274	59	59
• past service costs including curtailments	225	654	-	-
• (gain)/ loss from settlements	(403)	(348)	-	-
• administration expenses	-	-	16	15
• unfunded pension payments	(1,819)	(1,459)	(14)	(14)
<i>Financing and Investment Income and Expenditure:</i>				
• net interest expense / (income)	1,787	4,253	(1,095)	(916)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	25,432	29,374	(1,034)	(856)
<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)	13,224	(37,864)	911	(2,280)
• Actuarial gains and losses arising on changes in demographic assumptions	(2,250)	(6,682)	(76)	(424)
• Actuarial gains and losses arising on changes in financial assumptions	(190,834)	(55,965)	(2,266)	(20)
• Experience (gain)/loss on defined benefit obligation	(10,330)	40,046	(89)	103
• Other actuarial (gains)/losses	-	-	-	-
• Impact of asset ceiling	190,870	5,542	2,560	3,562
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	680	(54,923)	1,040	941
Movement in Reserves Statement				
• reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(25,432)	(29,374)	1,034	856
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>				
• employers' contributions payable to scheme	27,683	25,730	27	32

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	
	2024/25 £000	2023/24 £000 (restated)	2024/25 £000	2023/24 £000 (restated)
Opening balance 1 April	1,290,750	1,264,689	53,761	51,305
Current service cost	25,642	26,274	59	59
Interest cost	61,163	59,657	1,450	1,495
Remeasurement (gains) and losses:				
- Change in financial assumptions	(190,834)	(55,965)	(2,266)	(20)
- Change in demographic assumptions	(2,250)	(6,682)	(76)	(424)
- Experience	(10,330)	40,046	(89)	103
Effect of settlements	(1,481)	(1,164)	-	-
Estimated benefits paid net of transfers in	(52,107)	(49,536)	(2,616)	(2,325)
Past service costs, including curtailments	225	654	-	-
Contributions by Scheme participants	9,159	8,694	18	20
Unfunded pension payments	(1,819)	(1,459)	(14)	(14)
Effect of the asset ceiling	191,136	5,542	2,560	3,562
Closing balance at 31 March	1,319,254	1,290,750	52,787	53,761

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

	LBHF Local Government Pension Scheme		LPFA Local Government Pension Scheme	
	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000
Opening balance 1 April	1,252,025	1,174,685	53,751	51,348
Interest on assets	59,642	55,404	2,545	2,411
Remeasurement gain/ (loss):				
- Return on assets less interest	(13,224)	37,864	(911)	2,280
Other actuarial gains/(losses)	-	-	-	-
Administration expenses	-	-	(16)	(15)
Contributions by employer including unfunded	29,502	27,189	41	46
Contributions by scheme participants	9,159	8,694	18	20
Estimated benefits paid plus unfunded net of transfers in	(53,926)	(50,995)	(2,630)	(2,339)
Effect of settlements	(1,078)	(816)	-	-
Closing balance at 31 March	1,282,100	1,252,025	52,798	53,751

Pension Assets and Liabilities Recognised in the Balance Sheet

	31 March 2025 £000	31 March 2024 £000
<i>Present Value of Liabilities</i>		
LBHF Local Government Pension Scheme (Funded)	1,106,752	1,270,153
LBHF Local Government Pension Scheme (Unfunded)	15,824	15,055
LPFA Local Government Pension Scheme (Funded)	27,639	31,160
LPFA Local Government Pension Scheme (Unfunded)	24	37
<i>Fair Value of Assets</i>		
LBHF Local Government Pension Scheme	(1,282,100)	(1,252,025)
LPFA Local Government Pension Scheme	(52,798)	(53,751)
<i>Impact of Asset Ceiling</i>		
LBHF Local Government Pension Scheme	196,678	5,542
LPFA Local Government Pension Scheme	25,124	22,564
<i>Net liability arising from defined benefit obligation</i>		
LBHF Local Government Pension Scheme	37,154	38,725
LPFA Local Government Pension Scheme	(11)	10
Total	37,143	38,735

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 £37.1m has a material 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 deficit on the LBHF local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.
- finance is only required to be raised to cover discretionary benefits when 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 2025 is estimated to be 3.7% for LBHF Local Government Pension Scheme and 3.11% 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 2025		31 March 2024		
£000	%	£000	%	
Equities	128,896	10.1	125,872	10.1
Investment Funds and Unit Trusts	1,078,590	84.1	1,053,289	84.1
Cash	5,543	0.4	5,413	0.4
Property	69,071	5.4	67,451	5.4
Total	1,282,100	100	1,252,025	100

LPFA Local Government Pensions Scheme				
31 March 2025		31 March 2024		
£000	%	£000	%	
Equities	31,140	59.0	32,544	60.5
Target Return Portfolio	9,589	18.2	9,273	17.3
Infrastructure	6,022	11.4	6,175	11.5
Property	4,812	9.1	4,917	9.1
Cash	1,235	2.3	842	1.6
Total	52,798	100	53,751	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 LLP 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	
	2024/25	2023/24	2024/25	2023/24
Mortality Assumptions				
Life expectancy from age 65 - retiring today				
Men	21.6	21.6	20.2	20.2
Women	24.3	24.3	23.4	23.4
Life expectancy from age 65 - retiring in 20 years				
Men	22.5	22.6	21.0	21.0
Women	25.5	25.6	25.9	25.9
Financial Assumptions				
Rate of Inflation - CPI	2.80%	2.80%	2.90%	2.95%
Rate of Increase in Salaries	3.80%	3.80%	3.90%	3.95%
Rate of Increase in Pensions*	2.80%	2.80%	2.90%	2.95%
Discount Rate	5.80%	4.80%	5.65%	4.85%

*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 2025.

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 2025/26 are £18.8m (LBHF) and £0.050m (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%)		17,723		249
Long term salary increase (+/-0.1%)	645		3	
Pension increases & deferred revaluation* (+/-0.1%)	17,564		252	
Mortality age rating assumption (+/- 1 year)	44,903		1,553	

*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 sets 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 2026 are £27.683m 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 9 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:

	2024/25 £000	2023/24 £000
Fees payable to the External Auditor with regard to external audit services carried out by the appointed auditor for the year	478	463
Fees payable to External Audit for the certification of grant claims and returns for the year	58	57
Non-Audit Services	13	13
Total	549	533

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

Grant Thornton UK LLP also acts as the statutory auditor of the Hammersmith and Fulham Pension Fund which the Council is the administering authority of. For the Fees payable to the external auditor for the certification of grant claims, the figures are estimated based on prior year fees and current fee discussions with Grant Thornton. These are anticipated fees based on current proposals for these services, which we have not formally engaged GT to be the auditor for yet.

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 2024/25 are as follows:

	Central expenditure £000	Individual schools budget £000	Total £000
Final DSG for 2024/25 before academy and high needs recoupment			177,655
Academy and high needs figure recouped for 2024/25			(86,475)
Total DSG after academy and high needs recoupment for 2024/25			91,180
Plus: Brought forward from 2023/24			12,262
Less: Carry-forward to 2025/26 agreed in advance			(12,262)
Agreed initial budgeted distribution in 2024/25	34,064	57,116	91,180
In-year adjustments	960	(399)	561
Final budget distribution for 2024/25	35,024	56,717	91,741
Less: Actual central expenditure	(37,369)		(37,369)
Less: Actual ISB deployed to schools		(56,201)	(56,201)
Plus: Local authority contribution for 2024/25	1,410		1,410
In-year carry-forward to 2025/26	(935)	516	(419)
Plus: Carry-forward to 2025/26 agreed in advance			12,262
Carry-forward to 2025/26			11,843
DSG unusable reserve at the end of 2023/24			(14,505)
Addition to DSG unusable reserve at the end of 2024/25			-
Total of DSG unusable reserve at the end of 2024/25			(14,505)
Net DSG position at the end of 2024/25			(2,662)

29. Dedicated Schools Grant (cont'd)

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)

The DSG has a cumulative deficit of £2.7 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:

	2024/25 £000	2023/24 £000
Credited to Taxation and Non Specific Grant Income		
S31 Grant - Business Rates Retention Scheme Relief	(23,164)	(21,895)
Social Care Support Grant	(22,500)	(17,280)
Revenue Support Grant	(21,536)	(20,198)
New Homes Bonus Grant	(1,596)	(1,193)
Other Non-ringfenced grants	(3,495)	(5,512)
Capital grants - Developer Contributions (inc Section 106)	(6,413)	(22,103)
Capital grants - Right to Buy Ringfence Agreement (Ed City+Farm Lane)	(4,520)	(3,242)
Capital grants - Refugees Housing Grant	(3,480)	(720)
Capital grants - Hammersmith Bridge Grant	(2,455)	-
Capital Grants - Right to Buy Ringfence Agreement (Hartopp & Lannoy)	(1,738)	(7,289)
Capital Grants - Donated Assets	(1,713)	-
Capital grants - Public Sector Decarbonisation Scheme Grant	(1,376)	-
Capital grants - Single Homelessness Accommodation Grant	(1,307)	-
Capital grants - Other	(3,417)	(6,828)
Total	(98,710)	(106,260)
Credited to Services		
Housing & Council Tax Benefit Subsidy	(94,136)	(94,829)
Dedicated Schools Grant	(91,596)	(86,841)
Developer Contributions (inc Section 106)	(35,267)	(21,310)
Public Health Grant	(25,129)	(23,801)
Improved Better Care Fund	(10,027)	(11,227)
Post 16 (EFA 16-19) Grant	(5,632)	(5,211)
Homelessness Prevention-Flexible Homelessness Support Grant	(5,457)	(4,941)
Market sustainability and improvement fund	(4,018)	(3,574)
Pupil Premium Grant	(3,324)	(3,392)
Adult Learning	(3,231)	(3,343)
Household Support Fund Grant	(2,829)	(3,033)
Social Care Discharge Fund Grant	(2,343)	(1,406)
Unaccompanied Asylum Seeking Children (U18)	(1,873)	(1,696)
GLA Universal Free Schools Meal Programme	(1,726)	(1,250)
Teachers Pension Employer Contribution Grant	(1,600)	(169)
Disabled Facilities Grant	(1,573)	(1,271)
Unaccompanied Asylum Seeking Children Leaving Care	(1,500)	(1,491)
Core Schools Budget Grant	(1,456)	-
PFI Grants	(1,429)	(1,429)
Rough Sleeping Initiatives Grant	(1,108)	(1,210)
Substance Misuse Treatment & Recovery Grant	(1,062)	(659)
Other grants and contributions	(18,597)	(19,118)
Total	(314,913)	(291,201)

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:

	2024/25 £000	2023/24 £000
Grants and Contributions Receipts in Advance (Current)		
Homes for Ukraine Tariff Grant	(3,505)	(4,367)
Public Health Grant	(1,394)	(1,808)
Adult & Community Learning	(1,388)	(1,177)
Afghan Wrap Around Support Fund Grant	(1,091)	(1,091)
Other revenue grants	(3,551)	(6,603)
Total	(10,929)	(15,046)

	2024/25 £000	2023/24 £000
Grants and Contributions Receipts in Advance (Non-Current)		
High Needs Provision Grant	(9,629)	(9,252)
Hammersmith Bridge Grant	(5,145)	-
Right to Buy Ringfence Agreement (White City)	(4,312)	(4,312)
Affordable Homes White City Grant	(2,938)	-
Right to Buy Ringfence Agreement (Mund Street)	(1,778)	(1,778)
Developer contributions (inc. section 106)	(1,678)	(1,326)
Transport for London Grant	(1,478)	(1,193)
Public Sector Decarbonisation Scheme Grant	(1,204)	-
Other capital grants	(4,336)	(10,004)
Total	(32,498)	(27,865)

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 2024/25 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 2024/25 are set out below.

31. Related Parties (cont'd)

Name of body	2024/25				
	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	-	354	-	-	-
Citizens Advice Hammersmith and Fulham	-	711	(19)	-	-
Hammersmith and Fulham Volunteer Centre	-	106	-	-	-
Hammersmith United Charities	-	-	(11)	-	-
Lyric Theatre Hammersmith Limited	-	439	(40)	-	-
Sands End Arts and Community Centre	-	29	(28)	-	-
Urban Partnership Group	-	920	(8)	7	-
Western Riverside Waste Authority	-	9,799	-	-	-
West King Street Renewal LLP	25,000	103	(1,183)	40,925	-
Total	25,000	12,461	(1,289)	40,932	-

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	-	-	-
Citizens Advice Hammersmith and Fulham	-	686	(26)	-	-
Hammersmith and Fulham Volunteer Centre	-	125	-	-	-
Lyric Theatre Hammersmith Limited	-	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)

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.

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 are 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, 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 Director – Adult Social Care, the cost was £109k in 2024/25 (nil in 2023/24). For the post of Monitoring Officer, the cost was nil in 2024/25 (£64k in 2023/24).

32. Better Care Fund Pooled Budget

The Authority has entered into a pooled budget arrangement with The 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 (LA) 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 2024/25, the overall level of the Better Care Pooled Fund contribution has increased by £3.73m. This was primarily due to additional hospital discharge funds to the ICB and the LA which total £1.66m, inflationary increases across the board but particularly against the ICB minimum of £0.561m, increased ICB & LA investment and additional DFG funding of £1.51m.

The following table summarises the position for 2024/25:

	2024/25	2023/24
	£000's	£000's
Contributions to the Pooled Budget:		
London Borough of Hammersmith & Fulham (LBHF)	(21,520)	(19,631)
North West London Integrated Care Board (NWL ICB)	(24,141)	(22,302)
Total Contributions	(45,661)	(41,933)
Expenditure Met by the Pooled Budget:		
Costs relating to the reablement of residents	5,585	5,500
Costs relating to care provided in residential settings or in community settings	37,500	34,100
Support Services and programme management relating to the BCF	2,249	1,911
Total Expenditure	45,334	41,511
Net (surplus)/deficit arising on the pooled budget in the year	(327)	(422)
Net (surplus)/deficit split by:		
Share of the net (surplus)/deficit due to LBHF (includes capital resources)	(376)	(237)
Share of the net (surplus)/deficit due to NWL ICB	49	(185)

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 £269.3k in 2023/24. The latest audited accounts available, those relating to 2023/24, show net assets of £8,786k (£9,291k in 2022/23) and net loss on its activities in that year of £505k (net loss of £979k in

33. Interest in Companies (cont'd)

2022/23). 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 2023/24 show loss for the period amounted to £195k (loss of £174k in 2022/23).

(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) 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).

(v) West King Street Renewal LLP

West King Street Renewal (WKSRL) LLP was incorporated in March 2020 as a joint venture between the Council and A2 Dominion Developments Limited. As at 31st March 2025, the Council has £25m invested in the company as an equity investment. The outstanding loan balance of £4.8m (as at 31 March 2024) was fully repaid in 2024/25. In addition, the Council has a long-term debtor with the LLP of £40.9m 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.

WKSRL LLP's audited accounts for the 2023/24 financial year can be found below:

[WKSRL LLP Full accounts to 31 March 2024 \(Companies House\)](#)

34. Contingent Assets and Contingent Liabilities

Contingent Assets

The council does not have any material contingent assets.

Contingent Liabilities

As at 31 March 2025, 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.

The Council is aware of the Virgin Media case and will continue to assess the potential impact on the Local Government Pension Scheme (LGPS). Please see Note 5 of the Pension Fund accounts for further details.

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 2025 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 2025/26 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 £1.27 billion) would result in a reduction of £127 million (Revaluation Reserve of £18 million and a £109 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 £1.77 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 2025 is £37.1m.	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 £18m • 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 £18m • A one-year increase in life expectancy would increase the liability by approximately £45m
Financial Instruments	The Code requires the fair value of each class of financial asset and liability to be disclosed in the Notes to the Statement of Accounts to enable it to be compared to its carrying amount in the Balance Sheet. At present, only PWLB loans are valued at fair value on an annual basis. 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.	A 1% change in interest rates on the reporting date with all other variables held constant would result in a rise/fall in the fair value of the PWLB loans of £18.95 million.

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:

	2024/25	2023/24
	£000	£000
Balance at 1st April	(7,133)	(6,458)
Income	(1,543)	(1,497)
Sub total	(8,676)	(7,955)
Less:		
Expenditure and Transfers	829	822
Balance at 31 March	(7,847)	(7,133)

37. Events after the Reporting Period

The Statement of Accounts have been prepared up to 31 March 2025 and were authorised for issue by the Executive Director of Finance & Corporate Services on 30 June 2025. 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 2024/25 (the Code) supported by International Financial Reporting Standards (IFRS).

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025.

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

The Council has adopted IFRS 16 -Leases accounting standard for the financial year 2024/25.

The Council as Lessee

The Council classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. This includes arrangements with nil consideration, peppercorn or nominal payments.

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options. The lease liabilities are initially measured at the present value of lease payments, discounted using the interest rate implicit in the lease or, if this cannot be determined, by applying the Council's incremental borrowing rate.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

As permitted by the Code, the Council excludes leases:

- for low-value items that cost less than £15,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method.

The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee

38. Statement of Accounting Policies (cont'd)

- the authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

The Council as Lessor

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.

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.

38. Statement of Accounting Policies (cont'd)

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
- 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.

38. Statement of Accounting Policies (cont'd)

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.

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.

38. Statement of Accounting Policies (cont'd)

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.

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 People 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.

38. Statement of Accounting Policies (cont'd)

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.

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.

38. Statement of Accounting Policies (cont'd)

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

A contingent liability arises where:

(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 2024/25. 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

38. Statement of Accounting Policies (cont'd)

- 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.

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 rest 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. This also applies to Right-Of-Use assets identified under IFRS 16.

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.

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.

- The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) (Amendments to IAS 21)
- IFRS 17 Insurance Contracts which replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.

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 2025/26 Code also proposes changes to the measurement of non-investment assets as adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These changes include:

- setting out three revaluation processes for operational property, plant and equipment,
- requiring indexation for tangible non-investment assets and
- a requirement to value intangible assets using the historical cost approach.

The proposed changes are not expected to have a material impact on the amounts to be reported in the financial statements.

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.

	Business Rates	2024/25 Council Tax	Total	Business Rates	2023/24 Council Tax	Total	Notes
	£000	£000	£000	£000	£000	£000	
Income							
Council Tax	-	(120,923)	(120,923)	-	(111,884)	(111,884)	1
Council Tax Hardship Fund/S13A Funding	-	(803)	(803)	-	(753)	(753)	
Business Rates	(236,260)	-	(236,260)	(219,922)	-	(219,922)	2
Business Rate Supplement	(7,183)	-	(7,183)	(7,005)	-	(7,005)	
Transitional Protection Payment	(2,668)	-	(2,668)	(10,007)	-	(10,007)	
Total Income	(246,111)	(121,726)	(367,837)	(236,934)	(112,637)	(349,571)	
Expenditure							
<i>Precepts and Demands:</i>							
Central Government (CLG)	73,075	-	73,075	69,133	-	69,133	
LB Hammersmith & Fulham	66,432	78,825	145,257	62,848	73,180	136,028	
Greater London Authority	81,933	40,594	122,527	77,513	36,440	113,953	
<i>Business Rate Supplement</i>							
Payment to the Greater London Authority	7,170	-	7,170	6,992	-	6,992	2
Cost of collection	13	-	13	13	-	13	
<i>Charges to Collection Fund</i>							
Interest	599	-	599	-	-	-	
Write-offs of uncollectable amounts	7,245	371	7,616	120	381	501	
Increase/(Decrease) in Allowance for Doubtful Debts	(16,218)	910	(15,308)	10,053	1,564	11,617	
Increase/(Decrease) in Provision for Appeals	(2,933)	-	(2,933)	(10,569)	-	(10,569)	
Distribution/(Recovery) of prior year surplus/(deficit)	29,271	(2,258)	27,013	25,776	(1,983)	23,793	
Cost of collection	568	-	568	571	-	571	
Total Expenditure	247,155	118,442	365,597	242,450	109,582	352,032	
Movement on Fund balance	1,044	(3,284)	(2,241)	5,516	(3,055)	2,461	
(Surplus)/Deficit as at 1 April	(40,366)	(746)	(41,112)	(45,882)	2,309	(43,573)	
(Surplus)/Deficit as at 31 March	(39,322)	(4,030)	(43,352)	(40,366)	(746)	(41,112)	3

N.B. The Write-offs of uncollectable amounts and Increase/(Decrease) in Provision for Appeals are 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 2024/25 it was calculated as follows:

Band	Number of Dwellings 2024/25	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 2024/25	Band D equivalents 2023/24
A	4,148	3,079	6/9	2,053	(23)	(484)	1,546	1,318
B	6,662	5,050	7/9	3,928	(81)	(1,044)	2,803	2,504
C	14,432	12,598	8/9	11,198	(142)	(2,322)	8,735	8,339
D	25,824	23,255	1	23,255	(260)	(3,146)	19,849	19,822
E	17,134	15,736	11/9	19,233	39	(1,959)	17,313	17,118
F	11,013	10,189	13/9	14,717	183	(907)	13,993	13,796
G	12,070	11,428	15/9	19,047	313	(504)	18,856	18,071
H	2,894	2,856	18/9	5,712	(10)	(19)	5,683	5,564
Total	94,177	84,191		99,143	18	(10,385)	88,776	86,532

The 2024/25 Council Tax Base after allowing for adjustments for non-collection was 86,113 (83,936 in 2023/24).

The Council set a 2024/25 Band D charge of £915.37 (£871.86 in 2023/24), inclusive of the Adult Social Care Precept set at 3%. The GLA's Band D charge for 2024/25 was £471.40 (£434.14 in 2023/24) making a total Band D Council Tax charge for 2024/25 of £1,386.77 (£1,306.00 in 2023/24).

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 2025 was £566.1m (£562.3m as at 31 March 2024). The standard NNDR multiplier for 2024/25 was 54.6 pence (51.2 pence in 2023/24). The Small Business Rate Relief multiplier for 2024/25 was 49.9 pence (49.9 pence in 2023/24).

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.

	2024/25			2023/24		
	Business Rates	Council Tax	Total	Business Rates	Council Tax	Total
	£000	£000	£000	£000	£000	£000
LB Hammersmith and Fulham	(11,797)	(2,660)	(14,457)	(12,110)	(475)	(12,585)
Greater London Authority	(14,549)	(1,370)	(15,919)	(14,935)	(271)	(15,206)
Central Government (MHCLG)	(12,976)	-	(12,976)	(13,321)	-	(13,321)
Total	(39,322)	(4,030)	(43,352)	(40,366)	(746)	(41,112)

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

		2024/25	2023/24
	Notes	£000	£000
Income			
Dwelling Rents		(82,368)	(75,561)
Non-dwelling rents		(37)	-
Charges for services and facilities		(22,628)	(22,571)
Contributions towards expenditure		(1,618)	(751)
		(106,651)	(98,883)
Expenditure			
Repairs and maintenance and management			
Repairs and maintenance		20,009	22,089
Supervision and management		53,487	53,863
Rents, rates, taxes and other charges		1,024	1,004
Depreciation and impairment of non-current assets	6	16,164	17,176
Depreciation and impairment of non-current assets - dwelling revaluation	6	137,098	103,279
Debt management costs		148	139
Movement in the allowance for bad debts		1,787	324
		229,717	197,874
Net Cost of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement		123,066	98,991
HRA services' share of Non Distributed Costs		(340)	124
Net (Income)/Cost for HRA Services		122,726	99,115
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		(6,101)	(5,114)
Net (gains)/losses from fair value adjustments on investment properties		(6,434)	(383)
Income and expenditure in relation to investment properties		(3,326)	(3,214)
Interest payable and similar charges		15,747	13,239
Interest and investment income		(1,844)	(2,246)
Net interest on the net defined benefit liability (asset)		106	487
Capital grants and contributions		(10,006)	(12,996)
(Surplus)/deficit for the year on HRA services		110,868	88,888
<u>Movement on the HRA Statement</u>			
Balance on the HRA at the end of the previous year		(5,373)	(10,020)
(Surplus)/deficit for the year on the HRA Income and Expenditure Statement		110,868	88,888
Adjustments between accounting basis and funding basis under statute	1	(112,058)	(83,015)
Net (increase)/decrease before transfers to/(from) reserves		(1,190)	5,873
Transfers to/(from) reserves			
Earmarked Reserves*		715	(1,226)
(Increase)/decrease in year on the HRA		(475)	4,647
Balance on the HRA at the end of the current year		(5,848)	(5,373)

* 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

	2024/25 £000	2023/24* £000
Charges for depreciation of non-dwellings	(244)	(239)
Charges for depreciation of dwellings	(15,728)	(16,893)
Charges for amortisation	(193)	(44)
Reversal of Major Repairs Allowance credited to the HRA	16,164	17,176
Impairment/Revaluation gains, losses (charged to the I&E)	(137,098)	(103,279)
Revenue expenditure funded from capital under statute (REFCUS)	(183)	(93)
Movements in the market value of investment properties	6,434	-
Capital Funding	12,170	16,413
Gain or loss on sale of HRA non-current assets	5,677	4,422
Difference between any other item of income and expenditure determined in accordance with the Code and determined in accordance with statutory HRA requirements	117	-
HRA share of contributions (to)/from the Pensions Reserve	826	(478)
	(112,058)	(83,015)

*A new line was added for amortisation to improve the transparency of this note. As a result, the previous year figure is affected but the bottom-line total remains the same.

2. Housing Stock

The Council has overall responsibility for managing the housing stock. The average number of dwellings during 2024/25 was 11,941. 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 2024	11,941	67	11	12,019
Adjustment to opening balance	-	-	-	-
Additions	37	-	-	37
Transfers	(5)	-	-	(5)
Disposals	(33)	-	-	(33)
Number at 31 March 2025	11,940	67	11	12,018

3. Stock Valuation

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

	2024/25 £000	2023/24 £000
Operational Assets		
Housing Dwellings	1,266,370	1,358,108
Other Land and Buildings	7,381	8,766
Vehicles, Plant, Equipment	39	35
Intangible Assets	1,122	915
Non-Operational Assets		
Surplus Assets	8,113	7,600
Assets Under Construction	96,914	-
Investment Properties	58,354	51,789
	1,438,293	1,427,213

The open market, vacant possession fair value of houses and flats within the HRA as at 31 March 2025 was £5 billion. This compares to the balance sheet value of £1.27 billion for the Council's dwelling stock and hostels as at 31 March 2025. This is an indication of the economic and social cost of providing Council housing at less than full market rents.

4. Capital Expenditure Financing

	2024/25 £000	2023/24 £000
Borrowing	110,452	46,288
Major Repairs Reserve	16,164	17,176
Other Grants and Contributions	13,017	16,634
Capital Receipts	5,342	2,689
Total	144,975	82,787

5. Capital Receipts

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

	2024/25 £000	2023/24 £000
Dwelling & Hostels	(7,365)	(7,525)
Non-Dwellings	(1,315)	(468)
Total	(8,680)	(7,993)

6. Depreciation and Impairment

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

	2024/25 £000	2023/24 £000
Operational Assets		
Depreciation		
Dwellings	15,728	16,893
Other Land and Buildings	128	160
Vehicles, Plant, Equipment and Intangible Assets	308	123
Sub-total depreciation and impairment of non-current assets	16,164	17,176
Revaluation (Gain) / Loss - dwellings	137,098	103,279
Total	153,262	120,455

7. Rent Arrears and Allowance for Doubtful Debts

Gross rent arrears were as follows:

	2024/25 £000	2023/24 £000
Main Council Stock	7,599	6,548
Hostels	91	224
Total	7,690	6,772

Allowances for Doubtful Debts at 31 March were:

	2024/25 £000	2023/24 £000
Main Council Stock	(6,546)	(5,958)
Hostels	(94)	(223)
Total	(6,640)	(6,181)

Pension Fund Accounts

Fund Account

Net Assets Statement

Notes to the Pension Fund

FUND ACCOUNT

	Notes	2024/25		2023/24	
		£000	£000	£000	£000
Dealings with members, employers and others directly involved in the scheme					
Contributions					
From Employers	7	33,255		31,323	
From Members	7	10,768	44,023	10,303	41,626
Transfers In from other Pension Funds			8,123		8,299
Benefits					
Pensions	8	(48,851)		(44,317)	
Commutation & Lump Sum Retirement Benefits	8	(9,768)		(8,966)	
Payment in respect of tax		(45)	(58,664)	(473)	(53,756)
Payments to and on account of leavers					
Transfers Out to other Pension Funds			(6,370)		(6,980)
Refunds to members leaving service			(81)		(109)
Net Additions (Withdrawals) from dealings with members			(12,969)		(10,920)
Management expenses	9		(8,260)		(10,857)
Returns on Investments					
Investment Income	10		21,140		19,531
Other Income	10		286		-
Profit and losses on disposal of investments and changes in value of investments	12		35,670		89,367
Net Return on Investments			57,096		108,898
Net Increase (Decrease) in the net assets available for benefits during the year			35,867		87,121
Opening Net Assets of the Scheme			1,377,564		1,290,443
Closing Net Assets of the Scheme			1,413,431		1,377,564

NET ASSETS STATEMENT

	Notes	31 March 2025 £000	31 March 2024 £000
Investment Assets			
Equities	12	150	150
Pooled Property Vehicles	12	77,505	73,256
Pooled Investment Vehicles	12	1,212,013	1,183,983
Private Equity / Infrastructure	12	91,187	96,035
Cash Deposits	12	27,459	7,456
Other Investment Balances			
Investment Income Due	12	92	18
Net Investment Assets	12	1,408,406	1,360,898
Current Assets	19	4,002	3,929
Current Liabilities	20	(2,219)	(2,905)
Cash Balances (held directly by Fund)		3,242	15,642
Net assets of the Fund available to fund benefits at the period end		1,413,431	1,377,564

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 2025. 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 905 undecided leavers, who are no longer paying contributions or in receipt of benefits.

	31 March 2025	31 March 2024
Number of Active Employers	50	51
Contributing employees	4,921	5,016
Pensioners receiving benefit	6,367	6,046
Deferred members	6,335	6,243
Total members	17,623	17,305

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 2024/25 and its position at year end as at 31 March 2025. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (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 from active members are accounted for on an accruals basis in accordance with the rates specified under the Local Government Pension Scheme (LGPS) Regulations for the relevant pay period. Employer contributions are also accounted for on an accruals basis and are set in line with the rates determined by the actuary as part of the Fund's triennial actuarial funding valuation. Employer deficit funding contributions are accounted for on the due dates set out in the schedule of contributions, or on receipt if earlier

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) 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.

j) 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.

k) 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.

l) 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) 26 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).

m) 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.

n) 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. There were no such critical judgements made during 2024/25

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 LLP 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 £19m• 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 £18m• A one-year increase in life expectancy would increase the liability by approximately £47m

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 2025, the assets invested with Partners Group were valued at £37.6m (£39.7m in 2023/24).

The same applies to the Quinbrook Infrastructure investment, as at 31 March 2025, the value of the investment was £56.3m (£47.6m in 2023/24). 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 2025, these assets and their values are Darwin Alternatives (£22m), Alpha Real Capital (£74m), Man Group (£26m) and Abrdn Multi-Sector Private Credit (£52m). 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.

c) Virgin Media Case

The Fund is aware of the 'Virgin Media Ltd v NTL Pension Trustees II Ltd (and others)' case and considers that there is potential for the outcome of this case to have an impact on the Pension Fund. The case affects defined benefit schemes that provided contracted-out benefits before 6 April 2016 based on meeting the reference scheme test. Where scheme rules were amended, potentially impacting benefits accrued from 6 April 1997 to 5 April 2016, schemes needed the actuary to confirm that the reference scheme test was still being met by providing written confirmation under Section 37 of the Pension Schemes Act 1993. In the Virgin Media case, the

judge ruled that alterations to the scheme rules were void and ineffective due to the absence of this written actuarial confirmation. The case was taken to the Court of Appeal, and the original ruling was upheld in July 2024.

As a result, there may be a further liability to the Employer's share of the Pension Fund for benefits that were reduced by previous amendments, if those amendments prove invalid. The Government Actuary's Department is currently undertaking a review to confirm whether such changes occurred in Local Government Pension Schemes (LGPS). Their most recent bulletin in November 2024 states that HM Treasury does not believe the Virgin Media case expressly addresses whether confirmation is required for public service pension schemes. Their view is that the relevant amendments in the LGPS would have been made by legislation and therefore would remain valid until revoked or repealed by subsequent legislation or declared void by a court. At this point, it is therefore not possible to estimate the potential impact, if any, on Pension Fund.

On 2nd September 2025, the Government published amendments to the Pension Schemes Bill to allow the retrospective validation of amendments which may have otherwise been invalid, this followed the Court of Appeal's decision in the Virgin Media case.

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			
	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000
Administering Authority	26,471	24,609	1,212	1,121	9,159	8,694
Scheduled Bodies	4,590	4,163	-	-	1,336	1,232
Admitted Bodies	984	1,449	(2)	(19)	273	377
Total	32,045	30,221	1,210	1,102	10,768	10,303
Total Contributions			33,255	31,323	10,768	10,303

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	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000	£000	£000
Administering Authority	(43,996)	(40,186)	(6,396)	(5,915)	(923)	(909)
Scheduled Bodies	(867)	(771)	(336)	(238)	(145)	(451)
Admitted Bodies	(3,988)	(3,360)	(1,849)	(1,328)	(119)	(125)
Total	(48,851)	(44,317)	(8,581)	(7,481)	(1,187)	(1,485)
Total Lump Sum Benefits					(9,768)	(8,966)

NOTE 9. MANAGEMENT EXPENSES

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

	2024/25	2023/24
	£000	£000
Administrative costs	(1,137)	(1,329)
Investment management expenses	(6,739)	(9,184)
Oversight and governance costs	(384)	(344)
	(8,260)	(10,857)

The table below provides a breakdown of the Investment Management Expenses. The fund transitioned assets between managers in the previous year which resulted in increased transaction costs in 2023/24, and these have reduced for the current year.

	2024/25	2023/24
	£000	£000
Management fees	(5,569)	(5,580)
Performance fees	(65)	(672)
Transaction costs	(1,033)	(2,864)
Custody fees	(72)	(68)
	(6,739)	(9,184)

The table below is new for the 2024/24 financial accounts and shows the investment management fees broken down by manager this table excludes custodian fees. Please be aware that fees are grossed up – a process that adjusts reported figures so that all management fees are reflected consistently and transparently, regardless of how they are charged or reported by managers.

Investment Manager	2024/25	2023/24
	£000	£000
Legal and General	(489)	(372)
Ruffer	(1,376)	(3,149)
Morgan Stanley	(945)	(1,137)
Insight	(140)	(26)
Allspring Global	(236)	(251)
Oak Hill Advisers	(876)	(836)
Alpha Real Capital	(524)	(692)
Quinbrook	(692)	(322)
Abrdn	(403)	(439)
Partners Group	(635)	(1,181)
Man Group	(168)	(171)
Darwin Alternatives	(184)	(228)
Aviva		(157)
PIMCO		(156)
	(6,666)	(9,116)

NOTE 10. INVESTMENT INCOME

The table below shows a breakdown of investment income. To ensure consistency with the Code of Practice and alignment with the investment classifications presented in Note 12, the disclosure of investment income in Note 10 has been reorganised. The revised categories – Pooled Investment Vehicles, Pooled Property Vehicles, Private Equity/Infrastructure, Interest on Cash Deposits, and Other Investment Income (HMRC Refunds) –

provide clearer linkage to the underlying investment types and enhance comparability across the financial statements.

	2024/25 £000	2023/24 £000
Pooled Investment Vehicles	14,068	8,214
Pooled Property Vehicles	3,040	2,718
Private Equity/ Infrastructure	3,123	7,832
Interest on Cash Deposits	909	766
Other Investment Income (HMRC Refunds)	286	-
Total	21,426	19,531

NOTE 11. INVESTMENT STRATEGY

During 2024/25 the Fund's investment strategy had the following developments:

- In November 2024, the Pension Fund committee agreed a top up of 2.5% (£35m) into Quinbrook Renewable Infrastructure Fund II. The first drawdown to this commitment was made in January 2025.
- In March 2025, the Pension Fund Committee agreed to a 2% (£30m) top up into the Alpha Real Capital Income Linked Index Fund (Commercial Ground Rents). This commitment was fully funded in April 2025.
- In order to fund the new investments, the Fund received its redemption from Aviva Infrastructure in September 2024 and made a partial redemption from the LCIV Ruffer – Absolute Return Fund.

In August 2015, the Fund made a commitment to the Partners Group Direct Infrastructure fund. As at 31 March 2025 €8.3m (£6.9m) 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 2025, the Fund had £846m invested with the London CIV, which accounts for 60.1% of the fund's total assets.

The market value and proportion of investments managed by each fund manager at 31 March 2025 was as follows:

	31 March 2025		31 March 2024	
	Market Value £000	Total %	Market Value £000	Total %
Investments manager by the London CIV asset pool				
LGIM - MSCI Low Carbon (Passive)	438,128	31.1%	412,468	30.3%
Morgan Stanley - Global Equity Quality Fund	189,598	13.5%	179,216	13.2%
Ruffer - Absolute Return (Active)	154,813	11.0%	151,199	11.1%
Insight - Buy and Maintain (Short Duration)	33,056	2.3%	33,056	2.4%
Insight - Buy and Maintain (Long Duration)	30,557	2.2%	33,508	2.5%
	846,152	60.1%	809,447	59.5%
Investments managed outside of the London CIV asset pool				
Allspring Global - Buy and Maintain Bonds	138,146	9.8%	135,290	9.9%
Oak Hill Advisers - Secured Income (Active)	77,780	5.5%	73,581	5.4%
Alpha Real Capital - Ground Rents	73,877	5.2%	78,962	5.8%
Quinbrook - UK Renewable Infrastructure	56,269	4.0%	47,633	3.5%
Abrdn - Long Lease Property	51,808	3.7%	49,613	3.6%
Abrdn MSPC	51,734	3.7%	51,221	3.8%
Partners Group - Infrastructure	34,918	2.5%	33,163	2.4%
Inhouse Cash - Cash	27,551	2.0%	7,474	0.5%
Man Group - Affordable Housing	25,697	1.8%	23,643	1.7%
Darwin Alternatives - Leisure Fund	21,654	1.5%	28,995	2.1%
Partners Group - Multi Asset Private Credit	2,670	0.2%	6,487	0.5%
London CIV Ltd	150	0.0%	150	0.0%
Aviva - Private Infrastructure	-	0.0%	15,209	1.1%
Unigestion - Private Equity	-	0.0%	30	0.0%
	562,254	39.9%	551,451	40.5%
	1,408,406	100.0%	1,360,898	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 2025		31 March 2024	
	Market Value £000	Total %	Market Value £000	Total %
LGIM - MSCI Low Carbon (Passive)	438,128	31.1%	412,468	30.3%
Ruffer - Absolute Return (Active)	154,813	11.0%	151,199	11.1%
Allspring Global - Buy and Maintain Bonds	138,146	9.8%	135,290	9.9%
Oak Hill Advisers - Secured Income (Active)	77,780	5.5%	73,581	5.4%
Alpha Real Capital - Ground Rents	73,877	5.2%	78,962	5.8%
Morgan Stanley - Global Equity Quality Fund	189,598	13.5%	179,216	13.2%

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 2024/25:

Fund Manager	Value at 1 April 2024	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 2025
	£000	£000	£000	£000	£000
Equities	150	-	-	-	150
Pooled Investment Vehicles	-	-	-	-	-
<i>Pooled Investment Vehicles - Equities</i>	591,684	-	-	36,042	627,726
<i>Pooled Investment Vehicles- Bonds</i>	275,435	7,399	-	(3,295)	279,539
<i>Pooled Investment Vehicles - Other</i>	316,864	-	(11,539)	(3,103)	304,748
Pooled Property Vehicles	73,256	2,444	168	1,637	77,505
Private Equity / Infrastructure	96,035	13,892	(20,613)	4,399	91,187
Sub-total	1,353,424	23,735	(31,984)	35,680	1,380,855
Cash Deposits	7,456			(10)	27,459
Investment income due	18			-	92
Spot FX contracts	-			-	-
Totals	1,360,898	23,735	(31,984)	35,670	1,408,406

Pooled property vehicles includes long-lease property and affordable housing
Pooled Equity / Infrastructure includes infrastructure and renewable infrastructure.

The equivalent analysis for 2023/24 is provided below:

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					
<i>Pooled Investment Vehicles - Equities</i>	585,682		(104,379)	110,381	591,684
<i>Pooled Investment Vehicles- Bonds</i>	155,257	195,617	(86,775)	11,336	275,435
<i>Pooled Investment Vehicles - Other</i>	377,199	37,000	(76,000)	(21,335)	316,864
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

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.

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
Infrastructure funds	Partners Group – 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.
	Quinbrook Renewable Infrastructure				Downward valuations are enacted where the manager considers there is an impairment to the underlying investment

Illiquid Alternatives	Darwin Alternatives	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
	Man Group				
	Alpha Real				
	Abrdn – MSPC				
	Partners - MSPC				

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 2025			31 March 2024		
	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						
Pooled Investments - Equity funds UK and Overseas Managed Funds		782,539	-		742,883	-
Unquoted bonds and unit trusts		279,539	-		275,435	-
Pooled Long Lease Property Fund		51,808	-		49,613	-
Infrastructure funds			34,918		-	80,796
Illiquid Alternatives		-	232,051		-	204,697
Designated at fair value through profit and loss	-	-	-	0	-	-
Total Financial Assets	-	1,113,886	266,969	0	1,067,931	285,493
Financial Liabilities						
Designated at fair value through profit and loss	-	-	-	0	-	-
Total Financial Liabilities	-	-	-	0	-	-
Net Financial Assets	-	1,113,886	266,969	-	1,067,931	285,493
			1,380,855			1,353,424

NOTE 14b. TRANSFERS BETWEEN LEVELS 1 AND 2

In 2024/25 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 31/03/2024	Transfers in/out of Level 3	Purchases	Sales	Unrealised gains / (losses)	Realised gains / (losses)	Market Value as at 31/03/2025
Overseas Infrastructure	33,193	-	3	(724)	4,403	(1,957)	34,918
UK Infrastructure	62,843	-	13,889	(19,888)	7,476	(8,049)	56,271
UK Venture Capital	109,092	-	2,418	(2,526)	(6,739)	-	102,245
London LGPS CIV	150	-	-	-	-	-	150
Private Credit Funds	51,221	-	-	(2,275)	2,785	-	51,731
UK Equity Funds	28,995	-	-	-	(7,341)	-	21,654
Total	285,494	-	16,310	(25,413)	584	(10,006)	266,969

The equivalent analysis for 2023/24 is provided below:

	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 Infrastructure	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 2025 has been estimated to be accurate within the following ranges:

Description of assets	Assessed Valuation Range (+)	Assessed Valuation Range (-)	Value at 31 March 2025	Value on increase	Value on decrease
			£000	£000	£000
Partners Group - Infrastructure	12.00%	12.00%	34,918	39,108	30,728
Partners Group - Multi Asset Private Credit	8.00%	8.00%	2,670	2,884	2,456
Darwin Alternatives - Leisure Fund	8.00%	7.10%	21,654	23,386	20,117
Abrdn MSPC	2.01%	2.14%	51,734	52,774	50,627
Alpha Real Capital - Ground Rents	6.30%	5.60%	73,877	78,531	69,740
Quinbrook - UK Renewable Infrastructure	15.53%	13.30%	56,269	65,008	48,785
Man Group - Affordable Housing	9.50%	9.00%	25,697	28,138	23,384
Total			266,819	289,829	245,837

*An asset (totalling £0.150m) has been excluded from this note due to immateriality.

The equivalent analysis for 2023/24 is provided below:

Description of assets	Assessed Valuation Range (+)	Assessed Valuation Range (-)	Value at 31 March 2024	Value on increase	Value on decrease
			£000	£000	£000
Aviva - Private Infrastructure	6.90%	7.70%	15,209	16,258	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.

The distinction between a UK asset and an overseas asset is made on the basis of the currency the investment is held in for the purposes of this note.

The table below reflects two adjustments to the prior year. First, contributions receivable and benefits payable were removed from the debtors and creditors lines, respectively, as they are not financial instruments and should not have been recognised in this note. Second, 'Alpha Real Capital - Ground Rents' (£73.9m in 2025, £79.0m in 2024) was reclassified from a UK Infrastructure Fund to a UK Property Fund. These changes have been applied retrospectively to the 31 March 2024 figures shown, ensuring consistency and comparability within the table. We have decided to reclassify our investment "Alpha Real Capital - Commercial Ground Rents" from Infrastructure to Property to better reflect the underlying characteristics of the asset. While the fund provides long-term, inflation-linked income similar to infrastructure, the core exposure is to ground rents secured against commercial real estate. Given that performance is fundamentally driven by property market dynamics and tenant lease structures rather than infrastructure-related risks or cashflows, it is more appropriate to categorise this holding within the Property allocation.

	31 March 2025			31 March 2024		
	Designated at fair value through profit & loss £000	Financial assets at amortised cost £000	Financial Liabilities at amortised cost £000	Designated at fair value through profit & loss £000	Financial assets at amortised cost £000	Financial Liabilities at amortised cost £000
FINANCIAL ASSETS						
Index Linked Securities						
<i>Pooled Investment Vehicles:</i>						
UK equity funds	782,539	-	-	742,883	-	-
UK fixed income fund	256,163	-	-	259,562	-	-
UK property fund	173,036	-	-	181,213	-	-
UK infrastructure	56,269	-	-	62,843	-	-
Overseas fixed income fund	77,780	-	-	73,581	-	-
Overseas infrastructure	34,918	-	-	33,163	-	-
Overseas venture capital	-	-	-	30	-	-
London LGPS CIV	150	-	-	150	-	-
Investment income due	-	92	-	-	19	-
Cash deposits with managers	-	27,459	-	-	7,455	-
Debtors	-	876	-	-	1,033	-
Cash balances (held by fund)	-	3,242	-	-	15,642	-
	1,380,855	31,669	-	1,353,424	24,149	-
FINANCIAL LIABILITIES						
Creditors	-	-	(1,373)	-	-	(2,186)
	-	-	(1,373)	-	-	(2,186)
GRAND TOTALS	1,380,855	31,669	(1,373)	1,353,424	24,149	(2,186)
			1,411,151			1,375,387

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 2025 £000	31 March 2024 £000
Financial Assets		
Fair value through profit and loss	35,680	89,410
Loans and receivables	-	-
Financial Liabilities		
Fair value through profit and loss	(10)	(43)
	35,670	89,367

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.

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 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 8.9% higher or 8.9% lower.

Assets exposed to price risk

	Value	Price Risk	Positive increase	Negative increase
	£000		£000	£000
At 31st March 2025	1,380,705	8.98%	1,504,733	1,256,677
At 31st March 2024	1,353,274	8.50%	1,468,800	1,237,748

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 2025 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 2025	419,090	402,613	436,908
At 31st March 2024	428,565	410,599	453,104

d) Currency Risk

Currency risk represents the risk that the fair value or 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

denominated in currencies other than pounds sterling. A strengthening or weakening of sterling against the currencies in which the Fund holds investments would increase or decrease the net assets available to pay benefits.

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

The table below presents the sensitivity of the Fund's investments to changes in foreign exchange rates. At 31 March 2025, the Fund had a significant exposure to the US Dollar, with net assets of £466.5m (2024: £425.2m). Exposures to other currencies at the reporting date are not individually significant and are therefore included only within the aggregated sensitivity analysis shown in the table.

Assets exposed to currency risk

	Value £000	Currency Risk	Positive increase £000	Negative increase £000
At 31 March 2025				
US Dollar	466,541	8.35%	505,469	427,613
Other currencies	188,429	4.81%	197,534	179,403
Total	654,970	7.33%	703,003	606,937
At 31 March 2024				
US Dollar	425,168	8.26%	460,342	390,049
Other currencies	165,189	5.04%	173,436	156,887
Total	590,357	7.36%	633,778	546,936

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 19.23% of the Fund's Net Assets at 31 March 2025 (19.7% at 31 March 2024). The remaining assets can all be liquidated within days.

Manager	Portfolio	31 March 2025 £000	31 March 2024 £000
Standard Life	Property	51,808	49,613
Partners Group	Infrastructure	34,918	33,163
Partners Group	Multi Asset Credit	2,670	6,487
Unigestion	Private Equity	-	30
Darwin Alternatives	Illiquid Alternatives	21,654	28,995
Alpha Real Capital	Ground Rents	77,780	78,962
Quinbrook	Infrastructure	56,269	47,633
Man Group	Property	25,697	23,643
		270,796	268,526

NOTE 17. CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

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

	31 March 2025 £000	31 March 2024 £000
Quinbrook - UK Renewable Infrastructure	30,956	3,155
Man Group - Affordable Housing	3,772	6,189
Alpha Real Capital - Ground Rents	30,000	-
Partners Group Direct -Infrastructure Fund 2015	6,963	7,103
	71,691	16,447

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 LLP, 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 2025. The figures have been prepared by Hymans Robertson LLP, 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 2025	31 March 2024
	£m	£m
Present Value of Promised Retirement Benefits*	(1,178)	(1,355)
Fair Value of Scheme Assets (bid value)	1,413	1,378
Net Asset/(Liability)	235	23

The promised retirement benefits at 31 March 2025 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2022.

The assumptions applied by the actuary are set out below:

Financial Assumptions	31 March 2025	31 March 2024
Salary increases	3.80%	3.80%
Pension increases	2.80%	2.80%
Discount Rate	5.80%	4.80%

Demographic Assumptions

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2023 model, with a 15% weighting of 2023 (and 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 2025	31 March 2024
Retiring today	Males	21.5	21.6
	Females	24.3	24.3
Retiring in 20 years	Males	22.5	22.6
	Females	25.5	25.6

NOTE 19. CURRENT ASSETS

	31 March 2025	31 March 2024
Debtors	£000	£000
Contributions due - employers	2,351	2,153
Contributions due - employees	776	743
London Borough of Hammersmith and Fulham	49	47
Sundry Debtors	826	986
	4,002	3,929

Analysis of debtors

	31 March 2025 £000	31 March 2024 £000
Local authorities	49	47
Other entities and individuals	3,740	3,791
Central Government	213	91
	4,002	3,929

NOTE 20. CURRENT LIABILITIES**Creditors**

	31 March 2025 £000	31 March 2024 £000
Unpaid Benefits	(846)	(719)
Management Expenses	(1,096)	(1,278)
Sundry Creditors	(277)	(908)
	(2,219)	(2,905)

Analysis of Creditors

	31 March 2025 £000	31 March 2024 £000
Other entities and individuals	(2,219)	(2,905)
	(2,219)	(2,905)

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 2025 £000	31 March 2024 £000
Scottish Widows Workplace Savings		
Market Value at 31st March	820	848
Contributions during the year	(31)	(60)
Utmost Life and Pensions		
Market Value at 31st March	152	152

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 £0.921m in 2024/25 (£1.1m in 2023/24) in relation to the administration of the Fund and were

reimbursed by the Fund for the expenses. The Council made £26.5m of contributions in year (£24.6m in 2023/24).

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 £0.207m in 2024/25 (£0.206m in 2023/24) in relation to the accounting and governance of the Fund and were reimbursed for the expense.

NOTE 22A. KEY MANAGEMENT PERSONNEL

The key management personnel of the Fund are the Executive Director - Finance & Corporate Services and the Tri-Borough Director of Treasury and Pensions. Total remuneration payable to key management personnel in respect of the pension fund is set out below:

	31 March 2025	31 March 2024
	£000	£000
Short-term benefits	35	33
Post-employment Benefits	(28)	20
	7	53

NOTE 23. EXTERNAL AUDIT COSTS

The external audit fee payable to Fund's external auditors, Grant Thornton LLP, was £97,945 (£94,724 in 2023/24).

Draft Annual Governance Statement 2024/25

1.0 Introduction

Hammersmith & Fulham Council has continued to work in 2024/25 to build a stronger, safer and kinder borough. The H&F Plan (2023-26) outlines the Council's vision for the borough, and the aims and ambitions on behalf of residents, local businesses, visitors and partners.

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

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

In all of the services we provide, we are looking to advance our values and support those residents who need it most.

In November 2024, we launched the second phase of our inclusive economic growth strategy – [Upstream London](#) – to bring residents some of the best new jobs and business start-up opportunities anywhere in the world, right on their doorstep. This built on the economic strategy first launched in 2017, which sought to establish our borough as a global economic hotspot in science, technology, engineering, maths, medicines and media (STEM³) industries.

Keeping residents' safe is of paramount priority, with continued investment in groundbreaking approaches to fight local crime. This includes investing £5.4million to create London's most comprehensive CCTV network of 2,000 cameras and the Law Enforcement Team (LET), which has helped make H&F one of London's safest boroughs.

In 2024/25, we continued to place priority on supporting residents and local businesses that have faced hardship from the significant rise in everyday costs. We have brought people and organisations together through the Cost-of-Living (COL) Alliance. We have ensured immediate support is available to residents who need it through hardship and financial payments, with additional funding to prevent homelessness, reduce housing costs, tackle food poverty, and address fuel poverty.

Our response has extended the Council's long-standing 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.

As we have done in previous years, we will keep listening and working with residents to respond to local, national and international challenges which affect us all.

We want all our services to be of the highest standard, inclusive and accessible to all, whilst ensuring that our resources are used effectively, compliantly with our responsibilities, and supported by good governance.

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.

External assessment of our finances has shown that our RFE value ensures we manage our finances responsibly and compassionately, but also effectively. We have a fantastic record of keeping Council tax and charges to our residents' low.

In 2024/25, we have continued to face some highly challenging financial circumstances. Funding from central government has reduced by 54% in real terms (19% in cash terms) from £164m in 2010/11, to £132m in 2025/26. The economic impact of recent years has put further pressure on our 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 2025/26, 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.

Our organisational strategy is set in the context of major national macro-economic considerations:

- Pressures on government funding and an increase in our costs due to the effects of inflation, high interest rates, and unfunded additional burdens
- More local authorities than ever before requiring Exceptional Financial Support
- The continuing impact of the international economic trading agreements
- Climate change, global warming, and extreme weather events
- The impact of the international conflicts that are affecting world markets
- Significant increases in recent years of fuel, food, and energy costs.

We have faced pressures, like many local authorities, from additional burdens being placed on us by previous governments, 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 processes and controls that are timely, inclusive, open, honest and accountable. This includes ensuring we conduct our business in accordance with the law and that public money is properly accounted for and used effectively.

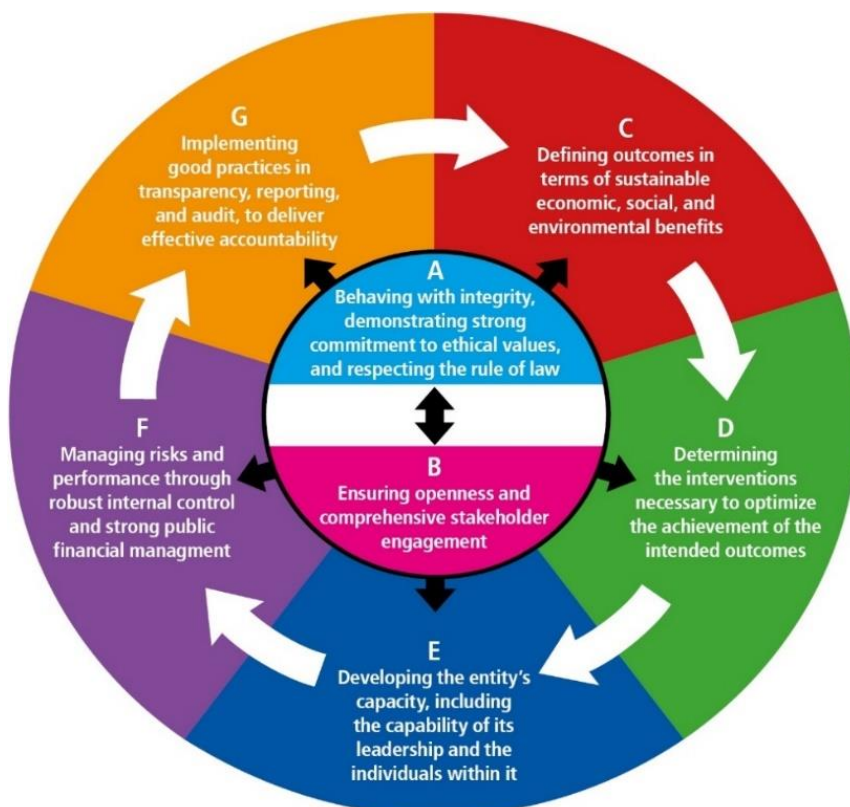
The AGS has been prepared in accordance with guidance and principles produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE), the 'Delivering Good Governance in Local Government Framework'. We welcome the recently produced addendum to the framework, which sets out recommendations and guidance on the form and function of AGSs from 2025/26 onwards. H&F is already working towards this, and intends to be fully compliant, as required, from the 2025/26 AGS.

The AGS for 2024/25 also embraces the elements of internal control required by the 'Code of Practice on Local Authority Accounting in the United Kingdom' and the CIPFA Financial Management Code (FM Code). 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 we have, for the year ended 31 March 2025, complied with our Governance Code and the requirements of the Accounts and Audit Regulations 2015. It also describes how the effectiveness of governance arrangements has been monitored and evaluated during the year and sets out any changes planned for 2025/26.

The following diagram provides a summary of 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](#)** – The Constitution describes how H&F operates, how decisions are made, our local code of corporate governance and the rules, protocols and codes of practice followed. 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, update the Constitution for agreement at Full Council.
- **Codes of Conduct** – H&F has clear policies to define standards of behaviour for Members and staff. The Member Code of Conduct was updated on 7 May 2024 and brought in line with the Local Government Association (LGA) Member Code of Conduct. H&F has a Code of Conduct for employees and a whistleblowing policy. 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 code of conduct.
- **Scrutiny and public engagement** – H&F's overview and scrutiny function consists of six Policy and Accountability Committees (PACs), covering all major service areas, and is overseen by a Policy and Oversight Board (POB), 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. Our annual budget and Medium-Term Financial Strategy (MTFS) were robustly developed through a series of officer and Councillor challenge events, including public scrutiny and review by the POB and PACs.

H&F has comprehensive arrangements for identifying and prioritising residents' needs. We aspire to be the country's leading borough for co-production, expanding co-production across Council services so that residents are fully involved from the earliest stage in shaping their services. The Co-production Matters resident group, chaired by a Cabinet Member, oversees co-production work and is complemented by scrutiny of co-production by PACs. This has included co-producing a new draft digital inclusion strategy.

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.

- **Risk management framework** – This is fundamental to H&F's system of internal control. 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. In March 2025 the Audit Committee approved the Risk Management Strategy for 2025-2028, which included a risk appetite statement. 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. A refreshed corporate risk register was reported to the Audit Committee in March 2025 with a view to focussing more on planned mitigations.

The Strategic Leadership Team (SLT) has a regular focus on corporate risks and reviews departmental risks. Thematic or programme risk registers are maintained in respect of emerging risk areas. Global geo-political and economic events have 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. Additionally, the external auditor reviews the arrangements in place for securing economy, efficiency and effectiveness in H&F's use of resources (typically known as the Value for Money, or VFM, review). Recommendations arising from the External Auditor's reviews are reported to the Audit Committee and regularly monitored by SLT, to assess the effectiveness of the process to secure improvements.
- **Internal audit** – The internal audit service provides assurance and reviews the adequacy of the Council's 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. Internal Audit's Strategy (2025-28), Charter and Mandate were approved by the Audit Committee in March 2025 and align with the Global Internal Audit Standards that came into force on 1 April 2025.
- **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. The Audit Committee undertook a review of their effectiveness, in line with CIPFA guidance, in April 2025 which is due to be reported in June 2025.

- **External inspection** - Council services are subject to statutory external inspections, through various regulatory bodies including Ofsted, the Housing Regulator, Care Quality Commission (CQC)¹, and national government. During 2024/25, the Council's adult social care services were subject to a CQC local authority assessment. This is an important part of the Council's assurance framework.
- **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), three Executive Directors and the Monitoring Officer. SLT are responsible 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. This has been done through management boards and weekly SLT meetings focussed on either business, assurance, or finance matters. SLT Assurance meetings have continued to be chaired by the Shared Services 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 department Heads of Finance.
- **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 Contract Standing Orders were updated in February 2025 to incorporate the new procurement regulations.

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 2024/25 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 the Executive and Cabinet 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. There are also monthly briefings held between the heads of finance and the Cabinet Member for Finance and Reform to ensure sufficient member oversight of key issues. 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, our RFE value is helping to drive efficiency in our services, whilst maintaining our commitment to the most vulnerable and being a compassionate and inclusive Council.

Our RFE approach looks at all areas of our work, considering different ways of delivering services and working more effectively. The Medium-Term Financial Strategy (MTFS) process sets out a strategic approach to addressing the financial challenges we face over a four-year timeline. The Finance function is guardian of the MTFS model that provides a forecast of our General Fund revenue position. This is regularly updated and presented to both officers and members, incorporating known budget pressures (including forecasts of our demand-led pressures), allowances for pay and prices inflation, and estimates of income (across central government grants and locally generated income – the major elements being Council Tax and Business Rates). As is now inevitable in local government, budget need outstrips modelled income, and addressing the budget gap is an all-year round SLT led process.

Over the 2024/25 financial year the MTFS round for 2025/26 has taken shape and culminated in a balanced General Fund revenue budget (without use of general reserves) being presented within the annual budget report to full Council in February. However, the revised MTFS for 2026/27 onwards shows a growing financial challenge, with a £30m budget gap for 2026/27. The impact of Comprehensive Spending Review and central government-driven sector funding reform could potentially compound this challenge.

We similarly presented a balanced 2025/26 Housing Revenue Account (HRA) budget to Cabinet in February 2025. The HRA has financial challenges of its own, as is highlighted later in this document, under Significant Issues. These challenges are also acutely affecting many local authorities nationally. Our Capital Strategy outlines how the Council will invest in its assets to deliver outcomes for residents, visitors, and the wider public across General Fund and HRA.

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

The External Auditor issued an unqualified opinion on the 2023/24 accounts in November 2024, and the audit was certified as complete in December 2024. The External Auditor also issued the 2023/24 Annual Audit Report in November 2024, concluding the VFM review for that year.

Commissioning, procurement and commercial arrangements

H&F's Sourcing Strategy 2022/23 – 2026/27 defines our approach to securing resident outcomes and value for money through the commissioning and procurement of goods and services. It also details how we will secure added value through our spending power.

H&F is now operating under three procurement regimes:

- Public Contract Regulations 2015; for any framework arrangements and extensions still operating under these
- The Provider Selection Regime; for health-related contracts
- The Procurement Act 2023; for all new procurement started after 24 February 2025.

The Council has a forward plan for procurement, identifies key performance indicators to include under the performance requirements of the regulations, has enhanced conflict of interest arrangements, and revised business processes. The grip on value for money has been enhanced with a 70% reduction in the number of waivers from competition, compared to 2023/2024.²

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

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.

Business planning and performance management

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

The Council has established arrangements for the management of its objectives and optimising the achievement of intended outcomes. The H&F Plan is implemented through a wider programme of statutory delivery, policy development, business planning and change and transformation activities. 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.

To support monitoring of progress against strategic objectives, a corporate performance framework has been in place throughout 2024/25, along with departmental, service and thematic performance frameworks. Together with associated management arrangements, these enable the Council to review data on delivery progress against agreed performance objectives and intended outcomes. Areas of focus in 2025/26 include learnings from resident complaints, securing significant improvements in processing housing benefits for residents, securing improvements in housing repairs for tenants, and a focus on service areas facing demand pressures such as homelessness prevention, temporary accommodation, and adult social care services.

SLT and Cabinet Members have continued to have 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 reported to the Audit Committee in July 2024. The internal audit service achieved the top rating available against the Public Sector Internal Audit Standards.

Based upon the programme of work for 2024/25, 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

² A waiver from competition allows the award of a contract directly to a supplier without a procurement. The council standing orders require procurement, as a matter of course, to ensure value for money.

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.

The Internal Audit service operate 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 Executive 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. 2024/25 saw the development of an internal Business Intelligence search engine to aid fraud investigations through quicker access to administration data held by the Council.

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 2024/25 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 Executive Director of Finance and Corporate Services is responsible for the proper administration of H&F's financial affairs, as required by Section 151 of the Local Government Act (1972). They are responsible for ensuring 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 Executive Director of Finance and Corporate Services chairs the monthly dedicated finance board of the SLT.

The Director of Legal Services is the Monitoring Officer. They maintain and advise on compliance with the Constitution and ensures that decision making is lawful, and in line with the budget and policy framework. The Monitoring Officer also oversees the receiving and registering of Members' interests.

The Monitoring Officer is 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 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.

Effectiveness of department arrangements

Finance and Corporate Services

In 2024/25 the Finance and Corporate Services departments merged into one department. The department includes services overseeing Finance management, Procurement, Digital, Commercial, Business Intelligence, Housing Business Development, Policy and Programme Management Office, Chief Executive's Office, Legal Services, Democratic Services, People and Talent (Human Resources), Communications and Resident Services.

The Department Management Team (DMT) ensures compliance in a number of areas, including the management of our financial, digital, data, information management, human resources, project and programme management and legal, democratic and electoral strategies and processes.

In addition, the department has continued to drive improvement in our Housing Services, providing corporate oversight and guidance to ensure compliance with the Housing Ombudsman's revised Complaint Handling Code. Successful delivery of the Housing Ombudsman [recommendations](#) has been recognised by the Housing Ombudsman for good practice on complaint-handling, wherein H&F now delivers a high percentage rate of in-timescale responsiveness. Our Repairs Service has seen significant improvement and has therefore been removed from the corporate risk register. The department has worked with all other 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 leads the H&F Plan, performance management arrangements and the Council's cost-of-living response, managing 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, ensuring that our workforce can deliver excellent services to our residents whilst at the same time offering best value for money. The workforce is one of our greatest assets and the strategy sets out a clear commitment to create an inclusive, confident, capable, compliant and creative workforce. 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 Democratic 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, with co-production a continued focus.

We are proud of our successes, evidenced through our ability to win awards on the back of our apprenticeship initiatives, and learning and development programmes. To ensure a capable and creative workforce, the H&F Academy aims to develop inclusive employment pathways for our residents and care experienced leavers, alongside our internal workforce development and progression offer. The H&F Academy consists of multiple strands including our graduate programme, apprenticeships, supported internships, work experience opportunities, and our Get Ahead Programme, promoting internal staff progression and development opportunities.

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 charters and partner organisations which support our inclusive recruitment and retention strategies. We are accredited with Timewise (demonstrating that we are a fair and flexible employer) and we've pledged our commitment to be an Age Friendly Employer, recognising the value of older workers. Most recently we have submitted our application to progress to become a Disability Confident Leader (Level 3), in line with industry best practice. All of these demonstrate our continued commitment to removing barriers to recruitment. We are delighted to be partnering with Inclusion London as we continue to embed Disability, Equity and Co-production training.

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 of the future. 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'.

In 2024/25, H&F has maintained a focus on workforce planning, effectiveness, wellbeing and resilience. Workforce resilience remains strong despite the turbulence of the marketplace, and we continue to closely monitor our position. Supporting the health and wellbeing of our workforce supports retention, reduces sickness, and promotes a positive workplace that is healthier, more engaged, and productive. Our employee benefits and assistance platforms play a crucial role in supporting our workforce by enhancing overall well-being and job satisfaction, by offering a range of services, including high street and supermarket vouchers, mental health support, and financial counselling, which help employees manage personal and professional challenges.

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.

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 Key Decisions.

The Senior Information Risk Owner (also the Chief Digital Officer) is accountable for the assurance of information security. 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 2024/25. 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' forms part of 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 accessing 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 by the Council. This further increases H&F's resilience around cyber security threats by providing 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) in place to support joined-up working through the lawful sharing of personal data.

Due to the advancement and proliferation of Artificial Intelligence (AI) technologies, H&F has adopted an AI governance framework that supports the responsible and risk-based adoption of these technologies. This framework ensures that the adoption of AI within the Council is subjected to a rigorous and consistent risk assessment that aligns to current governance processes, mitigating the risks of non-compliance with data protection laws, and security and ethical standards.

H&F implemented additional technical controls and cyber security solutions in 2024/25 to further protect 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.

Business Continuity plans are in place for all services and are refreshed periodically including to consider new threats. Cyber security is mandatory for all staff, with guidance and advice available.

H&F participated in an LGA Cyber 360 peer assessment in April 2024. This provided expert guidance and feedback on the Council's cyber security preparedness, ensuring the Council is better equipped to defend against cyber threats. All recommendations from the LGA review have been implemented.

H&F procured a supplier risk management platform in 2024/25. This tool allows H&F to review the security compliance of suppliers in real-time, allowing the Council to monitor and address any degradation in compliance. Enhanced security clauses have been added to all new H&F contracts, to ensure the Council's data is protected and that appropriate security arrangements are in place across our supply chains.

In October 2024 H&F's suite of resilience documents, including Digital Services' Major Incident Plan, Cyber Security Incident Response Plan, and Disaster Recovery Plan, were audited. These were all found to offer satisfactory assurance with minor recommendations to be taken forward in 2025/26.

Housing

The Council is committed to delivering high quality housing services and achieving positive outcomes for our residents. We have made significant advancements in addressing historical issues and are embedding the improvements into day-to-day operations. The Chief Executive chairs a Housing Taskforce which has representatives from across the Council to oversee priority improvement areas.

In 2023/24, H&F was subject to an investigation by the Housing Ombudsman. They opened their wider investigation into H&F in May 2023, producing the report in February 2024. The service had already been working to make improvements in advance of the Ombudsman's findings and were able to show compliance with all their recommendations and monitoring to end in October 2024. We have embraced the Ombudsman's findings and recommendations, demonstrating our dedication to continuous improvement. The Ombudsman has now highlighted H&F as an example of best practice in terms of both responsiveness, and complaint handling.

In response to the Social Housing (Regulation) Act 2023, the service has focused on aligning its policies and procedures with the new consumer standards. This proactive approach ensures that we comply with regulatory requirements, deliver a great service, and meaningfully engage with our residents. The service has consistently delivered 100%, or close to 100%, compliance in the big six compliance areas for the past three years (Gas, Asbestos, Fire, Electrical, Water Hygiene, and Lifts) which form part of regulatory consumer standards. These compliance areas are also regularly checked by internal auditors who have reported the service with satisfactory assurance. The table below demonstrates how we keep our residents safe:

Table: Maintaining the 6 key building safety compliance areas

Safety requirement		Apr-23 (%)	Q1 23/24 (%)	Q2 23/24 (%)	Q3 23/24 (%)	Q4 23/24 (%)	Q1 24/25 (%)	Q2 24/25 (%)	Q3 24/25 (%)	Q4 24/25 (%)
Gas Safety Checks	Actual	99.9	99.9 →	99.9 →	99.9 →	99.9 →	99.9 →	99.9 →	99.9 →	100 ↑
	Target	100	100	100	100	100	100	100	100	100
Fire Safety Checks	Actual	98	98 →	98 →	98 →	98 →	98 →	99.3 ↑	99.9 ↑	99.9 →
	Target	100	100	100	100	100	100	100	100	100
Asbestos Safety Checks	Actual	100	100 →	100 →	91 ↓	95 ↑	97 ↑	99 ↑	99 →	99 →
	Target	100	100	100	100	100	100	100	100	100
Water Safety Checks	Actual	100	100 →	100 →	100 →	100 →	100 →	100 →	100 →	100 →
	Target	100	100	100	100	100	100	100	100	100
Lift Safety Checks	Actual	100	100 →	100 →	100 →	100 →	100 →	100 →	100 →	100 →
	Target	100	100	100	100	100	100	100	100	100
Electric Safety Checks*	Actual	86.9	89.0 ↑	90.2 ↑	91.1 ↑	91.4 ↑	94.4 ↑	96.6 ↑	97.2 ↑	97.5 ↑
	Target	100	100	100	100	100	100	100	100	100

* Electrical safety is 100% in line with historic standards of 10-year certification, this lower figure represents moving to industry best practice & Social Housing Act 5-year certification.

Major improvements have been secured in our Repairs Service, achieving high volumes of repairs to the quality and timeliness standards residents expect. There continues to be a focus on strengthening the performance of repairs contractors, including securing a new contractor, Wates, in 2024/25. Service performance is closely monitored through the monthly Housing Performance Board. The tables below highlight how we have been improving the timeliness and performance of our repairs service

We have, and continue to be, on a significant improvement journey. The snapshot data below demonstrates our progress on reducing works in progress, damp and mould cases, and the timeliness of our responses:

Measure	2023 Date	Number	2025 Date	Number	% change
WIP (works in progress)	01/06/2023	5,053	10/04/2025	2,540	50% reduction
WIP over 12 weeks old	01/06/2023	4,143	10/04/2025	1	99% reduction
Damp and mould cases	01/06/2023	916	10/04/2025	290	68% reduction

Baseline (June 2023)	4h Emergency	24hr Emergency	7 w/days	20 w/days
< 6 months	9	192	26	4,000
6-12 months	0	0	5	832
12-18 months	0	0	0	176
18-24 months	0	0	0	45
Total	9	192	31	5,053

10 April 2025	4h Emergency	24hr Emergency	7 w/days	20 w/days
< 3 months	16	21	115	2,387
3-6 months	0	0	0	1
6-12 months	0	0	0	0
12-18 months	0	0	0	0
18-24 months	0	0	0	0
Total	16	21	115	2,388

The Housing Service has made advancements in complaint-handling, with a more resident-focused approach and the majority of complaints responded to on time. Despite these improvements, the volume of complaints remains too high. To reduce the quantity of complaints, a complaints improvement plan has been implemented, overseen by a Complaints Improvement Board.

The past financial year has seen continued increases nationally, and across London, in the number of families facing homelessness and the number of households needing temporary accommodation (TA). H&F has faced these challenges head-on in 2024/25. We identified that we need to improve our TA service, both from a service user and financial perspective. We have established a temporary accommodation 10-Point action plan which aims to secure improvements in the service provided to residents. Progress is overseen by the Housing Taskforce.

The improvements realised across housing services are reflected in resident feedback captured in the latest Tenant Satisfaction Measures (TSM) scores. The provisional figures for 2024/25 show a 14%-point improvement in overall satisfaction and significant improvements in almost all areas. The turnaround in housing services has also been recognised by the External Auditor.

Despite these improvements, we acknowledge that there is still work required to improve our offer in the Neighbourhoods Management and Estate Services. For residents this will mean they will have a more visible presence from housing colleagues on their estates, with better delivery of caretaking and grounds maintenance contracts. Our work so far sets the foundation for further improvements, and we will continue to ensure that future work delivers great outcomes for residents.

People

In May 2024, Children's Services, Adult Social Care (ASC) and Public Health joined together to form the People's Department, under the leadership of the Executive Director of People's Services (also the DCS) and the People Leadership Team (PLT). The new leadership had provided stability, a renewed focus, and the opportunity to ensure residents have access to the support they need, to live well and age well in H&F.

The Commissioning, Transformation and Partnership functions have been brought together under a newly created Director post. The team is central to formulating savings, reforming services, and keeping costs down. They have continued to drive dynamic partnerships and secure third-party investment, with the latter including additional income for a Fostering Recruitment Hub, our Family Hubs, and the Safety Valve agreement with the Department for Education. There is now central oversight of contracts and procurement activity to ensure compliance with the Contract Standing Orders and Procurement Act. The department's [Register of Authorities](#), setting out delegation of specific decisions and functions to authorised officers in the department, was approved at Full Council in February 2025.

New People department governance structures have been established across scrutiny, accountability and oversight, alongside strengthening joint working with the Integrated Care Board and health providers. The department and Corporate Risk Registers are reviewed by the PLT on a quarterly basis. Major change projects and programmes are developed and delivered in accordance with corporate standards.

Finance and HR continue to form part of the PLT. All department key decisions and policy changes are discussed at SLT or Contracts Assurance Board - in line with the Council's governance processes - and are also sighted at the appropriate Cabinet Member's Policy Boards. There is forward planning at each level of governance.

Children's Services

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, including commissioned services to support young people to achieve independence and a programme of holiday activities which provide inclusive events for children of all abilities to be visible in their communities. We have multi-agency work in Family Hubs, including Multi-Disciplinary Teams and Family Navigators.

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. In May 2024 Children's social care was rated 'Outstanding' by Ofsted in the inspection of local authority children's services (ILACS) inspection. Our Youth Justice Service was also graded Outstanding in 2022. We have since 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 well embedded and has strengthened its membership, through the employment of an independent scrutineer. In addition, there is now representation from Education at the Partnership. This is a well engaged multi-agency partnership who ensure our children and young people are safeguarded and have focussed on responding to National Reviews and ensure that services are rigorously challenged.

Children and young people are at the heart of H&F's 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. Following the introduction of our SEND Strategy (2023-2028), and co-produced outcomes framework, we are delivering on these outcomes in partnership with community stakeholders, and providers. This is reported through the multi-agency SEND Delivery Group and Children's Health, Education and Social Care Board (CHESC). There continues to be funding pressures in relation to the High Needs Block of the Dedicated Schools Grant, which is a national challenge in the context of increasing need. Similarly, some schools are experiencing financial sustainability challenges in the context of falling rolls and are being supported by colleagues across Finance and the Education service.

Children's Services continues to deliver excellent services in the context of rising and increasingly complex need, market fragility, the cost-of-living, and the national economic position. These challenges will continue to pose risks to meeting the needs of children, young people and their families within the financial constraints. We have continued to respond dynamically to these risks and have well developed systems to monitor and manage them.

Adult Social Care and Public Health

In 2024, ASC services were inspected by the Care Quality Commission (CQC). The CQC judgement was that the services require improvement in how well they are meeting their duties under Part 1 of the Care Act 2014. Ahead of, and in parallel with, the CQC inspection, the new leadership of ASC has undertaken a robust professional assessment of services. The findings identified the need for focus in relation to performance insight, resident outcomes, strategic commissioning, and operational backlogs. The Executive Director of People's Services has established a new Transformation and Assurance Board, responsible for overseeing a major transformation programme. The Board includes representation from across the Council, with joint corporate workstream sponsorship. The priorities and subsequent workstreams are aligned to fulfil the Council's statutory duties and drive high-performing and quality-focused services in support of good outcomes for residents.

The ASC Performance and Learning Board has been reestablished, overseeing operational system performance, and quality assurance, including establishing programmes of audits and thematic reviews to support continuous improvement. This is being supported by advancements in reporting and insight from business intelligence data. The new ASC leadership have made improvements to safeguarding processes and the Local Safeguarding Partnership continues to have strong partner membership.

Co-production is at the heart of ASC, with a significant amount of engagement and consultation undertaken with stakeholders. The new Director of ASC and the new Director of Commissioning, Transformation and Partnerships have

focused on re-brokering and reestablishing these relationships, to ensure appropriate strategic oversight that drives delivery and improvements in services for our residents.

Our partnerships with the Integrated Care Board (ICB) and health providers continues to be dynamic and evolving in the context of significant changes within the ICB. The introduction of a new Managing Director of H&F Place Partnerships has supported the development of shared priorities, including access to health and care services and mental health, and a review and refinement of governance arrangements, strengthening our collaboration with Health partners.

The Social Care MTFS is subject to review and challenge by PLT and the Cabinet Member, with monthly budget meetings to provide oversight of all savings targets and spend. There continue to be funding pressures in the context of increasing acuity of need which is reflective of the national picture. We continue to proactively request NHS Continuing Healthcare (CHC) assessments for those residents with complex health needs, where health funding packages of care and support – or joint funded packages – are appropriate.

The Director of Public Health (DPH) is a member of the PLT. The DPH is a member of the North-West London DPH group, which meets weekly, and the Association of DPH London group which convenes every two weeks. The DPH is responsible for all statutory public health functions, including the publication of a health and wellbeing strategy (published in 2024) and the Joint Strategic Needs Assessment (JSNA), and plays an active role on Council boards and committees including the Safeguarding Adults Board, Local Safeguarding Children's Partnership and Community Safety Partnership. The DPH is also the Senior Responsible Officer (SRO) and Chair of the LBHF Combating Drugs partnership. The DPH is externally appraised by the Department of Health and was revalidated by the General Medical Council in 2024.

The Public Health team under the leadership of the DPH is responsible for health protection, health promotion, healthcare public health, mental health promotion, suicide prevention, public health services and provision of expert advice to the NHS. The team undergoes professional development e.g. for nurse members, as well as Master's training to ensure that our work is done by appropriately qualified individuals.

The team are fully aligned with the new Procurement Act and have a rigorous workplan, risk management approach, and contract monitoring schedule, meeting with clinicians and providers frequently in order to identify any issues and act on them.

Place

The new Place Department was formed during 2024/25, bringing together services relating to Planning, economy, the corporate landlord, property development, waste, parks, highways, public protection, transport, climate change, and parking. The Place Department also has four new areas of focus: our Public Realm division, our Climate Transport & Parking division, our Planning & Property division, and Economic Development & Regeneration.

The Place Department has embedded strong governance through establishing boards, including 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 commitment to continued ruthless financial efficiency.

Performance monitoring is reported at the Department Leadership Team (DLT), Finance, and Performance monthly meetings, including updates against 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.

Public Realm

Public Realm continues to work strategically to reduce crime and anti-social behaviour across the borough by actively managing various areas including Violence Against Women and Girls (VAWG), Modern Slavery, Hate Crime, and the development of Public Space Protection Orders (PSPO). The team collaborates with partners including the Metropolitan Police, British Transport Police, and the London Fire Brigade to provide crime prevention advice, victim support, and manage crime hotspots. Colleagues regularly engage with residents to address local concerns, and to provide reassurance to the community after serious incidents.

The Council operates one of the largest CCTV networks in the country. 2024/25 also saw H&F providing CCTV services to Westminster City Council. Our Law Enforcement Team (LET) has now been established for four years and continues to provide a reassuring on-street presence, in addition to enforcement of offences such as fly tipping, and breach of PSPO, to provide a safer and more pleasant public realm.

Public Realm plays a vital part in assisting economic growth by ensuring the borough's streets and open spaces are well maintained and strategically improved. To support this, we secured funding from Transport for London and the Department for Transport for road improvements that enabled resurfacing of Shepherds Bush Green and Fulham Road. Flood risk management schemes continue to be implemented to reduce the impact of future flooding events. The annual Parks Satisfaction Survey found a significant improvement in resident satisfaction due to better management (cleanliness, maintenance, and overall quality), as H&F's 21 Green Flag Awards were retained.

As part of the Council’s objective to actively enhance the borough's cultural landscape, numerous events were delivered, including the Askew Road Arts Festival (September 2024), which celebrated local history through the creativity of local artists. The strategy to develop H&F’s culture was encapsulated in a co-produced Cultural Strategy (launched in late 2023) which resulted in the borough hosting its first-ever H&F Cultural Forum in October 2024, bringing together cultural organisations and residents to shape the delivery of our Cultural Strategy.

Climate Change, Transport & Parking

Significant challenges remain in the ambition for the borough to be net zero by 2030, with our corporate assets the main priority. Climate adaptation is a growing concern as we need to build the required infrastructure to deal with the changing climate.

Reducing fuel poverty for residents and enabling cheaper, greener ways of warming and lighting homes has seen considerable uptake in 2024/25. We have engaged and met with hundreds of H&F residents who are struggling to pay fuel bills. In doing so, we have delivered energy efficient materials, to be fitted at home, to increase insulation and reduce bills.

We aim to embed co-production across all services, having achieved notable success with ongoing work on the King Street Public Realm scheme – representing a collaborative achievement across multiple services. In 2024/25, H&F launched the second tranche of 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.

Reimagining the public realm is a key driver for projects with neighbourhood improvements, cycle lanes, and safety schemes all featuring high on our capital works agenda. Extensive consultation was carried out to ensure co-production - with great success - in area neighbourhood improvement schemes such as the South Fulham Clean Air Neighbourhoods, Cycle safety projects in Rivercourt Road and Weltje Road, the College Park neighbourhood improvement, Wormholt traffic reduction scheme, whilst School Street Plus measures have now been launched with some of our schools. The C34 Cycle way is also due for construction in 2025/26, along Wood Lane, to bring safer cycling to that route.

Changes in parking behaviours and an increase in fraud saw parking income fall significantly in 2024/25. This put significant strain on other parts of the budget, with a focus on mitigating these risks for 2025/26.

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.

Significant issues for 2024/25

Table 1: Progress against significant issues 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
The bridge stabilisation works were completed in March 2025, removing the immediate threat of collapse, and opened to pedestrians and cyclists on 17th April 2025. The bridge remains sub-standard however, and it is managed under assessment to ensure safe conditions of operation. Further works are required to fully strengthen key elements of the bridge to secure its long-term use.
The Outline Business Case for full strengthening works was submitted to Department for Transport (DfT) under the previous Government but it was not considered by its investment board. The new Government has chosen to take a fresh look at the challenge to repair the bridge and is considering all options. This may include a phased repair over this Parliament, rather than funding a full refurbishment, which would safeguard it for use by pedestrians and cyclists.
Securing assurance for residents on the quality and value for money of housing repairs
The Housing Service has been on an improvement journey to drastically improve its repairs service, ensuring high quality repairs are delivered first time to residents.
The Repairs Team now consistently delivers a high-quality service to residents, completing high volumes of repairs, both emergency and routine, within quality and timeliness standards. This high-quality performance, alongside embedding a new repairs contractor, has been actively monitored through performance reporting and at the Chief Executive-led Housing Taskforce.
The Housing Service is committed to sustaining the improvements in the year ahead.

<p>Securing assurance on delivery of the Civic Campus Programme</p> <p>The site steelwork incident (May 2022) remains under investigation and the HSE report is still awaited. The construction contract was revised in December 2024 and now provides high programme and cost certainty, as well as an improved relationship with the contractor. Three of the four new-build blocks are complete with the last block due at the end of August 2025.</p> <p>Robust governance is in place for the overall programme and is delivered in accordance with H&F's Programme Management Office standards.</p> <p>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.</p> <p>2024/25 saw the recommencement of the Member Oversight Board, to inform and involve Members, and the Assurance Board, chaired by the Shared Services Director of Audit, Fraud, Risk and Insurance. A Commercial Board has been established to drive site activation and lettings.</p> <p>Clear governance arrangements remain 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.</p>
<p>Funding for Schools Funding for pupils with high needs is provided through Dedicated Schools Grant (DSG) from government</p> <p>The final Safety Valve payment was received in Q3 2024/25, reflecting full receipt of the £20.5m of Safety Valve Funding following satisfactory delivery of the Phase 3 transformation programme.</p> <p>The High Needs Block remains under pressure from placement demand, increased complexity of need, and cost inflation.</p> <p>Transformation workstreams have been identified as part of the Safety Valve arrangements to move High Needs expenditure to a sustainable position once again, with further scoping work for potential opportunities and benefits in Q1, 2025/26.</p>
<p>Housing Revenue Account – Financial Sustainability</p> <p>The HRA continues to face a challenging operating environment with ongoing national, economic, and regulatory pressures. However, the management action and effective financial management in place has ensured that the forecast pressures for 2024/25 have been fully mitigated through the use of contingencies and earmarked reserves. Further, the focus on performance improvement and financial management has enabled the setting of a balanced budget with no deficit for 2025/26.</p> <p>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 continue to 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.</p>

Table 2: Significant issues identified for 2025/26

<p>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> <p>The DfT has provided funding for the permanent repair of the bridge hanger system and this work will be progressed in 2025/26. The plans to repair other aspects of the bridge will be dependent on the decision taken by DfT as part of the Government's Spending Review process, to be concluded by Q2.</p> <p>The Council will continue to engage with DfT and TfL on the longer-term repair of the bridge, and to ensure the Council only pays its fair share of the repairs.</p> <p>The strategy for repair of the bridge will continue to be overseen by an internal Management Board, and through regular stakeholder meetings involving DfT and TfL. This will continue during 2025/26, though the extent this proves necessary will depend on the agreed funding arrangements for further repairs.</p> <p>Without further significant repair, the bridge will receive essential annual maintenance and continue to be monitored for safe operation. If defects are found that need to be repaired to maintain access for non-motorised traffic, they will be reviewed and a decision made.</p>

Securing assurance on delivery of the Civic Campus Programme

Construction works are progressing well, with sectional handovers of the Civic Campus building due between July and December 2025. The set up of the building by the Council including ICT, fit-out, and furniture installation will follow on to allow staggered public opening of services in early 2026. This will allow the Council to vacate and rationalise existing accommodation.

The relationship with the contractor is greatly improved in terms of performance and co-operation. There will be further fit out works undertaken by the tenant (once a tenant is selected) of the restaurant in the new Hammersmith SkyPark. There is a significant focus on marketing and activation of the site as well as agreement of operational plans, including consideration of the future relationship with the LLP.

The programme is closely monitored and directed by the Executive Board on a weekly basis. Additional resources are both in place and being secured to ensure all workstreams are progressed, to achieve as early an opening as possible. Communications will recommence both internally and externally ahead of opening.

Housing Revenue Account – Financial Sustainability

The continued focus on performance improvement and financial management has enabled the setting of a balanced budget with no deficit for 2025/26. This includes the delivery of £5.3m of planned savings, of which £4.0m is already implemented, and the remaining £1.3m being finalised. Also, the approved budget includes a contingency provision of £1.1m to provide funding for potential additional demands and pressures and the general reserve (which protects the HRA from any unexpected events) has been provisionally increased to £5.9m, further strengthening the financial resilience of the HRA.

The HRA continues to face a challenging operating environment with ongoing national, economic, and regulatory pressures. 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 continue to be rigorously managed, and mitigations implemented to ensure the long-term sustainability of services and financial resilience. Minimum general balances will be maintained through the coming year, and onwards.

Assuring quality and financial sustainability of Temporary Accommodation

Collectively, London's councils are expected to face a £500m deficit this year, with rising TA costs meaning that London boroughs were forced to overspend on their homelessness budgets by at least £330m in 2024/25 – a 60% increase on their original homelessness budget plans.

H&F is facing these challenges head-on. Service improvements to assure the quality and financial sustainability of temporary accommodation is being guided by a 10-Point action plan which aims to secure improvements of the quality, and the financial sustainability, of the service. Elements of this plan include:

- Making use of Homelessness Reduction Act flexibilities, to discharge duties through the private rented sector
- Reducing existing homelessness assessment backlogs
- Reviewing our data systems and processes to ensure accurate performance management information
- Reducing the need for Temporary Accommodation, by increasing the number of households rehoused into settled accommodation

Progress will be overseen by the Housing Taskforce, SLT Assurance, and the Cabinet Member for Housing and Homelessness.

Securing reduction in the number of housing complaints

The Housing Service has made significant progress in improving complaint handling, adopting a more resident-focused approach and responding to the majority of complaints within required timeframes. These improvements reflect the council's commitment to transparency, accountability, and service excellence.

However, the introduction of the Housing Ombudsman's Complaint Handling Code has led to a notable increase in the number of complaints being recorded. The Code has raised residents' awareness of their rights and clarified what constitutes a complaint, encouraging more residents to come forward. While this is a positive step in terms of empowering residents and promoting a culture of openness, it has also contributed to sustained high complaint volumes.

This remains a challenge despite the council's proactive efforts. Additionally, the increased scrutiny and expectations introduced by the regulatory environment mean that even minor service failures are more likely to be escalated as formal complaints.

To address this, the council has implemented a comprehensive Complaints Improvement Plan aimed at reducing complaint volumes through strategic initiatives and targeted actions, underpinned by increased monitoring of complaints, and root cause analysis. Some of the actions being taken include:

-
- Embedding new processes to improve management oversight of cases
 - Training staff on effective case handling and record keeping
 - Developing technical solutions to track cases more efficiently
 - Establishing new procedures for missed repairs appointments
 - Enhancing the complaints webpage to ensure residents' general enquiries can be answered before escalating to formal complaints.

Progress will be monitored through the Housing Performance Board, with oversight from the Complaints Improvement Board and regular reporting to the Chief Executive's Service Improvement Board for Tenants.

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. These will continue to be monitored to ensure that they remain effective and legally compliant throughout 2025/26 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 Legal Services), ‘Director of Children’s Services’ (DCS) (Executive Director of People’s Services), ‘Director of Adult Social Services’ (DASS) (Director of ASC) and ‘Section 151 Officer’ (Executive Director of Finance and Corporate Services) 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 (POB) oversees H&F’s overview and scrutiny function. In 2024/25 this was delivered through six Policy and Accountability Committees (PACs), covering all of our major service areas. The PACs in 2024/25 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 POB includes an Administration Chair, 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 representative on the Children and Education PAC is 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 5 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

The Audit Committee approved the Council’s Risk Management Strategy (2025-28), in March 2025. 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. The auditor issued an unqualified opinion on the 2023/24 accounts in November 2024 and certified the completion of the audit in December 2024.

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 approved the Internal Audit Strategy (2025-28) in March 2025, which aligns with the Global Internal Audit Standards which came into force, on 1 April 2025. 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 commenced inspections of local authorities in 2024/25.

SLT and management assurance

The SLT is chaired by the Chief Executive and includes the three Executive Directors responsible for the three 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 2024/25

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 	<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: Ministry of Housing, Communities and Local Government (MHCLG) (33%), The London Borough of Hammersmith and Fulham (30%) and the Greater London Authority (37%).

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 MHCLG; 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.

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 2024/25 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-OF-USE (ROU) ASSETS

Assets identified under IFRS 16 Leases in which the Council engaged into contracts to lease-in the relevant assets specified in the lease agreement. Once the lease is confirmed as a Finance Lease, the Council will calculate the Finance Lease Liability which will be recognised on the Balance Sheet against the Right-Of-Use asset leased-in. Right-Of-Use assets should subsequently be measured on the same basis as the underlying asset would be valued if it were owned by the authority.

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 MHCLG 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.