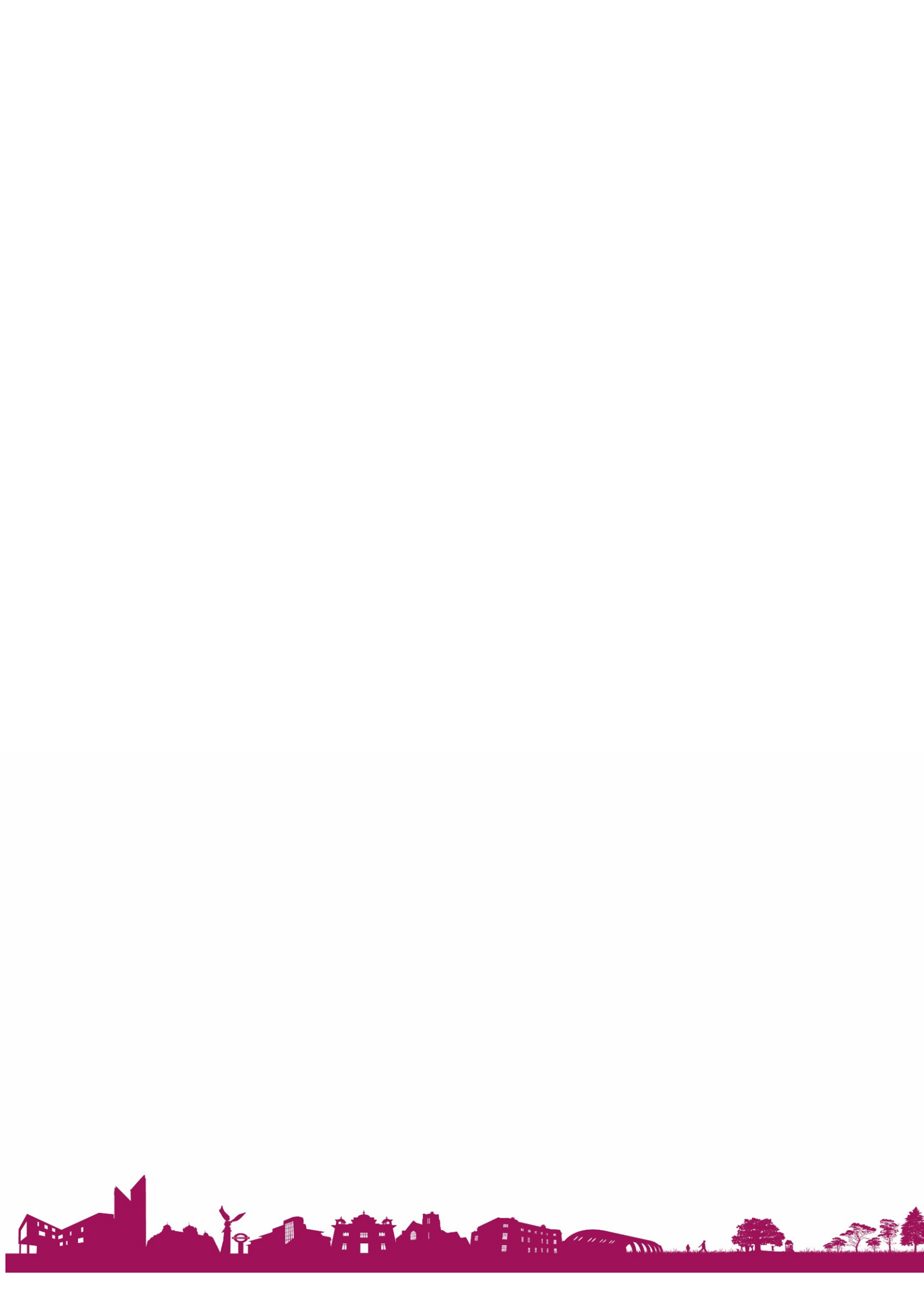


# Draft Unaudited Statement of Accounts 2023/24



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## Narrative Report

This report provides information on Redbridge Council's:

### ➤ Non-financial Strategies and Performance

- Population and geography, main strategic objectives and plans including 2023/24 performance indicators, and
- The principal risks that it faces.

### ➤ Financial Position, Performance and Strategy

- An overview of the Key Financial Statements included in the detailed Statement of Accounts.
- A review on how the Council has used its resources to achieve its desired outcomes, demonstrating value for money in the use of its resources
- The financial outlook for the council and highlights of the Medium-Term Financial Strategy

## About Redbridge

### Population and Geography

- Redbridge is an outer northeast London Borough, it is the 10th largest London borough in size with the 11<sup>th</sup> Largest Population having grown 11% between the 2011 and 2021 Census to 310,260 residents. We have areas of high deprivation where our residents are struggling to manage the rising cost of living, as well as some of the greenest too, with over 35 parks, play areas and open spaces to enjoy.
- Redbridge is the 3<sup>rd</sup> most diverse borough in London with over 100 languages spoken and 50 nationalities represented. We continue to be increasingly diverse with over 65.2% of Redbridge residents from a black and minority ethnic (BAME) background. Over 25% of our residents, and 56.8% of pupils in our schools do not speak English as their main language.
- Redbridge is also very religiously diverse - 36.83% identify as Christian, 23.3% Muslim, 11.4% Hindu, 6.2% Sikh, 3.7% Jewish and 10.8% saying that they have no religion.

### Council Management and Reporting Structure

The Council's management structure of Directorates support the Strategic Delivery Plan's priority to build a brilliant Council. The Directorate structure during the year was as follows:

- Communities which includes Housing, Civic Pride and Customer Services
- People which includes Adult Social Services, Children and Families, Education and Inclusion and Public Health
- Regeneration & Culture which includes Regeneration & Property and Leisure & Culture
- Resources which includes Finance, Information Technology and Revenue, Benefits and Transactional Centre
- Strategy which includes Policy, Equalities and Communications, Assurance, Intelligence, Insights & Change Service, Communications and Human Resources. Costs in relation to the Chief Executive are also reported under Strategy.

## Redbridge's Corporate Plan 2022-26

In 2022 the [Redbridge Plan](#) was approved by Cabinet. The Plan sets out the Council's priorities for the period up until 2026. The Council's key ambitions are tackling poverty and building a cleaner, greener, fairer, and healthier borough, as, while unleashing its untapped potential following a period of uncertainty caused by the COVID-19 pandemic.

The plan was built on engagement and research with residents; engagement with staff and partners; and engagement with elected representatives. It contains commitments from the Administration and the priorities of all the service areas across the Council. These priorities are structured into themes, namely:

- Homes and Neighbourhoods
- Clean and Green
- Safe and Healthy
- Jobs and Skills
- One Brilliant Council

Under each theme is a set of objectives, which we will work to achieve in the four-year period to make Redbridge a great place for everyone.

## Overview of Corporate Performance

The new Corporate Performance Scorecard reflects the Council's priorities as set out in the Redbridge Plan 2022-2026. The table below summarises the end of year Corporate Performance Scorecard.

	Data Only	Not Available	Red	Amber	Green
Housing & Homelessness (21)	1	3	8	5	4
Planning & Economic Growth (14)	-	5	-	4	5
Leisure, Culture & Communities (11)	1	3	-	-	7
Environment & Sustainability (22)	1	3	3	4	11
Enforcement & Community Safety (13)	1	9	-	-	2
Children, Young People & Education (14)	1	1	1	3	8
Adult Social Care & Health (14)	6	4	1	2	1
Finance, Regeneration Property (4)	-	-	-	2	2
Resources & Transformation (7)	2	1	2	2	-

\*Data only; a target has not been set, as the measure is either outside of direct control or is not considered appropriate

\* Not Available; the data is currently awaited or there is a lag in data being available

<b>Red</b>	The KPI is over 10% below target
<b>Amber</b>	The KPI is currently within 10% of the set target
<b>Green</b>	The KPI is meeting or exceeding the set target

The corporate score card contains 120 measures. Of the measures that are RAG rated 52% achieved the set target by the end of the year. 29% narrowly missed target by 10% and 19% (15) are Red, and over 10% off achieving the target. The full set of Key Performance Indicators (KPIs) for each theme including the target and outturn position are reported below.

### Housing & Homelessness - Cllr Vanisha Solanki

Ref	Indicator	Target 2023/24	2023/24 Outturn
A1	Deliver 500 council homes between 2022 and 2026 (100 per year)	105	Annual

<b>A2</b>	Deliver 1,000 affordable homes between 2022 and 2026 (200 per year)	157	Sep-24
<b>B1</b>	% of households owed a prevention duty whose homelessness is successfully prevented	40%	53.04%
<b>B2</b>	Number of Rough Sleepers (annual count of actual numbers on streets)	>27	Oct-24
<b>B3</b>	Number of households living in temporary accommodation	< 2889	3,011
<b>B4</b>	No of Families with children in Bed and Breakfast 6wks	0	165
<b>B5</b>	Eviction rate in Redbridge (per 10,000), in social or private rented	<8.7	3.8
<b>C5</b>	Proportion of Council Housing repair emergency requests completed in time	99%	100%
<b>C6</b>	Satisfaction with repairs	70%	68.30%
<b>C7</b>	Gas Safety Boiler Checks Compliant	100%	99.16%
<b>C8</b>	Satisfaction that the home is well-maintained	70%	64.70%
<b>C9</b>	Satisfaction that the landlord keeps communal areas clean and well-maintained	70%	65.00%
<b>C10</b>	Homes that do not meet the Decent Homes Standard	17%	17.50%
<b>C1</b>	Hazards resolved out of total hazards identified during Housing Health and Safety Rating System (HHSRS) inspections of rented properties (%)	95%	96%

## Planning & Economic Growth Cllr Sahdia E Warraich

Ref	Indicator	Target 2023/24	2023/24 Outturn
<b>A3</b>	Proportion MAJOR Planning applications determined within target (13wks or agreed extension of time)	90%	83.33%
<b>A4</b>	Proportion MINOR Planning applications determined within target (8wks or agreed extension of time)	75%	79.21%
<b>A5</b>	Proportion ALL Planning applications determined within target (within agreed time)	85%	91.44%
U1	No. of residents supported into work and self-employment	350	91
U2	Internal council referrals to Work Redbridge	700	158
U3	Employment Rate in Redbridge	77%	71.90%
V1	No. of Redbridge residents that engage with AEB funded training that we provide for 19+ (Aug- July)	Tbc	TBC
V2	No. of adults on roll for 'adults' skills courses' at Redbridge Institute	450	NA
V3	Borough level 2 qualification rates vs London average	78%	TBC
Y2	No. of businesses supported to grow	30	59
Y3	'How satisfied are you that Redbridge is the right place for you to be doing business?'	70%	Jul-24
W1	Annual Average Wage in Redbridge for Full Time Worker	£35,000	£36,735
Y1	No. of businesses supported to start up	30	10
X6	One year Business survival rate (annual April ONS)	89	TBC

## Leisure, Culture & Communities Cllr Namreen B Chaudhry

Ref	Indicator	Target 2023/24	2023/24 Outturn
D1	Satisfaction with local area as a place to live	>79%	Annual
E1	Local area is a place where people from different ethnic backgrounds get on well together	>71%	Annual
F1	Number of VCSEs working with Community Action Redbridge	Tbc	Annual
L1	Individual existing green spaces which were improved	30	32
L3	Create new allotment spaces and set up new pocket parks (Leisure).	1	0
L4	Create new community gardens by 2026 (Civic Pride)	3	0
L6	Create up to 160,000sqm of wild spaces between 2022 and 2026	13,300 sqm	63,000 sqm
T1	No. of Library Visits	1,200,000	1,132,898
T2	No. of Leisure Facility Attendances	905,000	892,147
T3	No. of visits to Kenneth More Theatre	40,000	39,653
O1	Prevent Training Sessions delivered to professionals across the wider Partnership inc schools	80	29

## Environment & Sustainability Cllr Jo Blackman

Ref	Indicator	Target 2023/24	2023/24 Outturn
G1	Streets Meeting Acceptable Cleanliness (%)	95%	96%
G2	Reported fly tips cleared within 24 hrs (%)	99%	Tbc
G3	Number of Volunteer Hours (Parks and Nature Conservation)	5,000	Tbc
G4	Number of Fixed Penalty Charge Notices issued for Littering	NA	7307
G5i	% of Category 1 Emergency Highway defects repaired or made safe on time (2 hrs)	98%	100%
G5ii	% Category 2 Highway defects, including potholes, paving and kerbs, repaired or made safe on time(24hrs)	98%	99%
G5iii	% Category 3 Highways defects, including potholes, paving and kerbs, repaired or made safe on time (3 days)	98%	100%
G6	Road gullies compliance with schedule of planned maintenance (%)	100%	100%
L5	Plant 20,000 trees between 2022 and 2026	600	0
H1	Reduction in LBR fleet fuel use	<5% -857435	681,212 litres
I1	Total Household Waste Arising (refuse and recycling) (tonnes)	102,535 ( < 955kg per HH)	23,875
I2	Recycling rate (%)	32%	26%
I3	Residual HH Waste per HH (kg)	640	164.88
I4	Justified Missed Collections (per 100,000 collections- i) recycling	60	41
I5	Justified Missed Collections (per 100,000 collections ii) residual waste	60	38



I5	Bulky collections within 7 days (or timeframe as requested)	100%	100%
J1	Miles of cycle routes in the borough	5	0
J2	Rollout of school streets - Locations.	7	0
K1	Days in the quarter where Particulate Emissions PM10 exceeds 76 ug/m3	<18 days per Quarter	5
K2	Days in the quarter where Particulate Emissions PM2.5 exceeds 54 ug/m3	<40 days per Quarter	1
K4	Number of Council provided publicly accessible Electric Vehicle Charging Points (EVCPs) per 100,000 Population.	120.5	20.6
L2	Number of children and young people participating in outdoor classroom education sessions	280	Tbc

## Enforcement & Community Safety Cllr Khayer M.R Chowdhury

Ref	Indicator	Target 2023/24	2023/24 Outturn
M1	Number of Burglaries	<1,382	NA
M2	Number of Vehicle Crimes	<4,322	NA
M3	Number of Robberies	<704	NA
M4	Number of Police Reported Incidents of Anti-Social Behaviour	<6470	NA
M5	Number of Knife crime Incidents with injury u25 non-DA	<47	NA
M6	Number of Violence with injury incidents	<2328	NA
M7	Fear of crime – People that think that the police do a good job in the local area (annual)	48%	TBC
M8	Engagement Hubs hours open to the public	>30h per wk	TBC
N1	Repeat MARAC rate (case panel for highest risk cases of domestic abuse.)	<28%	17.50%
N2	Number of referrals to Refuge service	850	1112
N3	Proportion feeling safer after accessing Refuge	92%	NA
N4	Number of fixed penalty notices issued for harassment of women	NA	2

## Children, Young People & Education Cllr Lloyd Jacob Duddridge

Ref	Indicator	Target 2023/24	2023/24 Outturn
P1	Proportion (%) of eligible children who received a 12 month health visiting review	35%	21%
Q6	Proportion of pupils in Year 6 being overweight or obese	39.80%	41.20% (Dec 23)
Q7	Proportion of pupils in Reception being overweight or obese	21%	18.10% (Dec 23)
S1	Rate of CPPs per 10,000 population under 18	41.4	33.6
S2	Proportion Child and Family Assessments completed within 45 days	92.00%	93.60%
S3	Repeat referrals to Children's social care (2 or more in 12-month period)	20.40%	14.00%
S4	% of Children Looked After that participated in their most recent statutory review.	100%	100%
S5	% of Children Looked After with three or more placements in the previous 12 months	5%	2.85%

W2	% of Children living in low-income Families (under 16 Years)	16.70%	16.70%
X1	% of Schools in Redbridge with Good or Outstanding Ofsted	95%	TBC
X2	Narrow the gap in expected standard in KS2 Reading, Writing Maths between those with SEN and their peers (ppts)	51.7ppts	52.0 ppts (AY 2023)
X3	Narrowing Gap between the most disadvantaged* and their peers at end of the Foundation Stage	12ppts	13.4 ppts (AY2023)
X4	% of Child Missing Education cases completed with a positive education outcome within 8 weeks.	Tbc	65.20%
X5	Proportion of Care Leavers (19-21years) in employment, education or training	70%	70.30%

### Adult Social Care & Health Cllr Mark Santos

Ref	Indicator	Target 2023/24	2023/24 Outturn
P2	Proportion (%) of the eligible population 40-74 who received an NHS Health Check in current year	15%	Due July 2024
P3	Type 2 diabetes prevalence (GP level) by material deprivation (IMD decile) (annual)	Tbc	Annual
P4	Number of new diabetics via the NHS health Checks programme by IMD score	Tbc	Annual
Q1	Proportion /pop overweight or Obese Adult (PH Measure)	Tbc	61.60%
Q2	Fit For Fun number per year going through the service	450	271
Q3	Numbers of smokers who quit at four weeks	310	57
Q4	The % of adults that successfully complete treatment for opiates in a year and who do not represent to treatment within 6 months		7.10% (2022/23 release)
Q5	The % of adults that successfully complete structured treatment for non-opiate dependence in a year and who do not represent to treatment within 6 months		32.70% (2022/23 release)
Q8	Difference in years in life expectancy amongst men (M) and women (F) between worst and best IMD Decile (MSOA based) for years 2016-2020 (last data update)		N/A
Q9	Difference in the Proportion of people aged 40-74 years who have a QRISK2 score between the top 5 most deprived and the bottom 5 least deprived GP Practices based on 2019 IMD scores.		4.13%- 3.95%)  0.0018
R1	The % of Adult Social Care clients in receipt of long-term services who are based in the community	76.50%	77.10%
R2	% of people who use services who are in receipt of Direct Payments	24%	23.00%
U4	Proportion Adult Social Care clients in paid employment (aged 18-64)	TBC	1.53%
S6	% of Contacts resulting in a New Safeguarding Enquiry	Tbc	18.50%

## Finance, Regeneration Property Cllr Kam Rai

Ref	Indicator	Target 2023/24	2023/24 Outturn
Z1	Collection rate of council tax (%)	97.25%	96.85%
Z2	Collection rates of business rates (%)	98.00%	93.50%
Z3	Time taken to process housing benefit claims (days)	7 days	2.97
Z4	Time taken to process council tax reduction claims (days)	7 days	2.94

## Resources & Transformation Cllr Helen Coomb

Ref	Indicator	Target 2023/24	2023/24 Outturn
Z5	Fols answered in Time (20 working days)	100%	83%
Z6	Members Enquires answered in Time (10 days)	100%	91%
Z7	% of Contact centre calls answered	80%	TBC
Z8	% of Customer Complaints resolved Stage 1	90%	85%
Z9	% of Customer Complaints resolved Stage 2	90%	87%
Z11	Amount of Social Value committed across Council contracts over £177k		£129,977.80
Z12	Amount of Social Value delivered across Council contracts over £177k		£9,722.44
X4	Time taken to process council tax reduction claims	8 days	5.51 days

## Key successes

In the face of unprecedented challenges posed by rising inflation, increasing demand, and reduced funding, Redbridge Council has achieved significant strides in delivering the objectives outlined in the Redbridge Plan 2022-2026. These achievements underscore our commitment to building a cleaner, greener, fairer, and healthier borough.

One of our notable successes is the timely completion of 100% of Council Housing emergency repair requests, surpassing the London average of 93%. This achievement reflects our dedication to maintaining high standards in housing services, a core priority of our corporate plan.

In our parks, we made several enhancements, including the improvement of tennis courts, the installation of non-turf cricket pitches, new benches, 'bug hotels,' and vibrant flower bed displays. These efforts align with our priority to foster Leisure, Culture, and Communities, enhancing the quality of life for our residents.

We supported 20 new start-up businesses, providing them with opportunities to test their products and gain confidence. Additionally, 59 local businesses received support to help them grow and thrive. This initiative is part of our broader goal of promoting Planning and Economic Growth.

The Neighbourhoods Engagement service now supports 24 registered community gardens, contributing to our Environment and Sustainability objectives by promoting green spaces and community involvement.

Over 63,000 square meters of wild spaces were created across our highways and cemeteries, further emphasizing our commitment to environmental sustainability. Our libraries saw over 1.1m visits, and our leisure facilities and the Kenneth Moore Theatre recorded 892,147 and 39,653 visits, respectively. These numbers reflect our ongoing efforts to enhance community engagement and cultural enrichment.

Cleanliness remains a top priority, with 97% of our streets meeting acceptable cleanliness levels, an improvement from the previous year. Volunteerism is thriving, with over 11,087 hours contributed to our parks and nature conservation efforts by the end of December 2023.

Our infrastructure services also excelled, with 100% of Category 1 Emergency Highway defects repaired or made safe within two hours of being reported. Air quality in Redbridge remained well within acceptable levels throughout the year, highlighting our dedication to a healthy living environment.

In community safety, we delivered 94 Prevent Training Sessions to professionals across various sectors, working to protect children, young people, and adults from extremist activities, including terrorism.

Health initiatives have shown positive outcomes, such as a significant reduction in the proportion of overweight or obese pupils in Reception, from 21.5% in February 2023 to 18.1% in December 2023. Additionally, 100% of Children Looked After participated in their most recent statutory review, and 93.6% of Child and Family Assessments were completed within 45 days, well above the London average of 84%.

Our efficiency in processing housing benefit and council tax reduction claims has improved dramatically, averaging just 2.95 days, far exceeding our targets. The Social Value Portal, introduced to measure social value in council contracts, has seen £0.130m committed, with expectations for this to grow as the process is further embedded.

These achievements demonstrate our relentless pursuit of excellence and our dedication to the priorities set out in the Redbridge Plan. We remain committed to building on these successes and addressing any challenges to ensure the continued betterment of our community.

The financial challenge to local government persists, with significant Government investment needed to protect the future delivery of vital services and key infrastructure projects. Redbridge Council will continue to innovate to deliver more with less, but Government support is essential to begin to cover the gulf in local government funding which has emerged over the past decade.

Redbridge Council is continuing to invest in infrastructure, deliver over 400 vital services and expand support for local people through the cost of living crisis, despite a decade of Government austerity reducing grant settlement funding to London councils by an average of 63% since 2010.

Redbridge received £182.31 less government funding per person than the London average, if this disparity were addressed Redbridge Council could provide an additional £57m worth of services for local people.

## Overview of Financial Performance

The sections below introduce some of the key features of the Council's Statement of Accounts and financial performance in 2023/24, covering revenue and capital outturn positions, borrowing and investment strategies.

### General Fund Revenue Budget

The General Fund revenue budget relates to the day to day running expenses of the services that the Council provides during the year. The General Fund outturn position against the net budget expenditure is shown below, the figures are consistent with service headings reported within the Expenditure and Funding Analysis Statement at Note 7 in the Statement of Accounts.

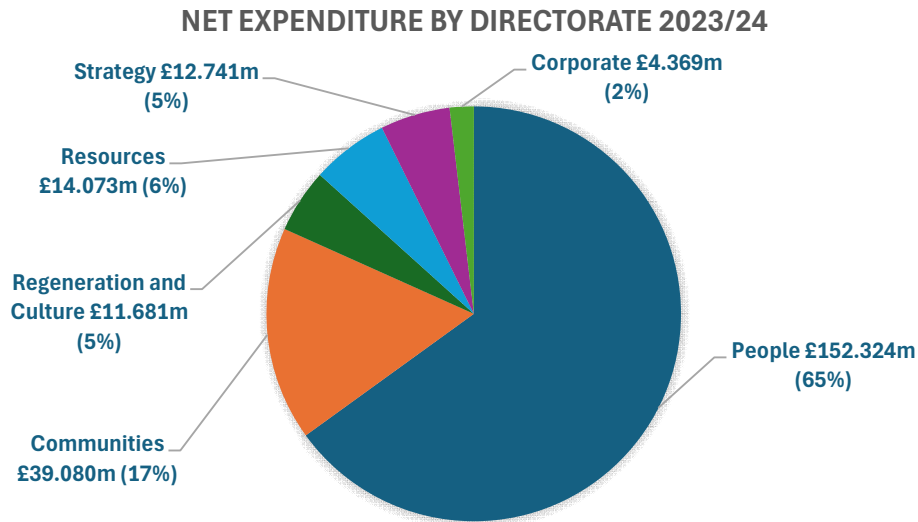
Directorate	Revised Budget as at Outturn £m	Outturn £m	Outturn Variance £m
Communities	21.435	39.080	17.645
People	129.371	152.324	22.953
Regeneration & Culture	10.515	11.681	1.166
Resources	14.685	14.073	(0.612)
Strategy	11.620	12.741	1.121
<b>Subtotal</b>	<b>187.626</b>	<b>229.899</b>	<b>42.273</b>
Corporate	30.902	4.369	(26.533)
<b>Total</b>	<b>218.528</b>	<b>234.268</b>	<b>15.740</b>
Corporate Contribution from Reserves	(4.431)	(20.171)	(15.740)
<b>Net Budget Requirement</b>	<b>214.097</b>	<b>214.097</b>	<b>-</b>

Service Directorates overspent by £42.273m, which was offset by an underspend of £26.533m on Corporate budgets leaving an overspend of £15.740m before use of reserves. The General Fund outturn position is balanced following the Corporate use of Earmarked Reserves (£4.431m planned usage plus £15.740m at year-end) a total of £20.171m.

The most significant areas of overspend are:

- Housing General Fund with a net overspend of £15.686m. The overspend is due to the high cost of placements in temporary accommodation, revised temporary accommodation income forecasts, and additional provision for bad debt due to the level of arrears.
- Highways, Parking and Transportation with a net overspend of £2.277m mostly due to staffing costs.
- Adult Social Care with a net overspend of £13.197m. This is due to additional demand for care packages (Older Peoples', Learning Disabilities, Physical Disabilities and Mental Health) of £11.794m, high use of agency staff and undelivered, and non-delivered savings of £1.247m.
- Children & Families with a net overspend of £7.707m. This is due to Children Looked After (CLA) placements costs (an increase in both volume and complexity of placements) and Children and Families support costs. Other significant factors include additional staffing cost and fees, contract price inflation on Service Level Agreements and Children with Disabilities support packages.
- Education & Inclusion with a net overspend of £2.217m. This is due to an overspend on staffing costs and non-delivered savings.

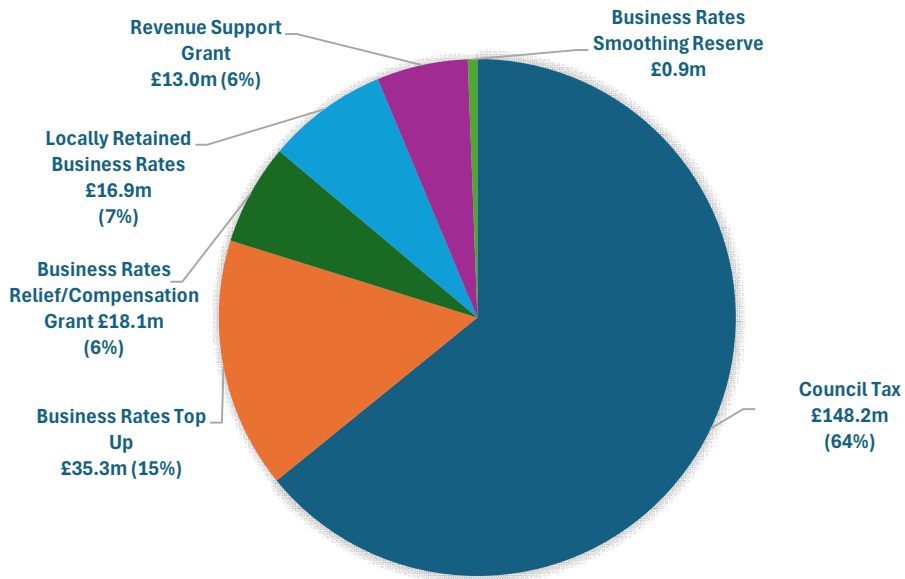
The underspend on Corporate budgets offset approximately 63% of the Service Directorate overspend. The Corporate underspend of £26.533m is primarily due to a £12.400m underspend against Contingency and Risk Provision (held centrally and not released to Directorates), £8.119m on Capital Financing Costs (mostly slippage in the Capital Programme meaning below budget borrowing costs and better returns on investments due to rising interest rates), and £4.893m on Corporate Items (various underspends including a saving related to a reduction in pension contribution rates).



The Council received income from a wide variety of sources, including Council Tax, Business Rates, Government grants, grants from other entities, fees, charges and rental Income. In most cases where this funding is specific to a service, the biggest of which is Dedicated Schools Grant (DSG) of £302.600m, it is accounted for within that service. This gives a net controllable service cost of £187.626m for 2023/24. Added to this is £30.902m of corporate items giving a total of net cost of £218.528m. After a contribution from corporate reserves of £4.431m, this left a net budget requirement of £214.097m to be funded from Business Rates (including a top-up grant) and Council Tax. These amounts are represented in the chart below. Further analysis can be found on the Expenditure and Funding Analysis Statement at Note 7 in the Statement of Accounts

The main source of funding for the 2023/24 financial year was Council Tax which makes up 64% of core funding, followed by Business Rates including Top Up Grant at 15%.

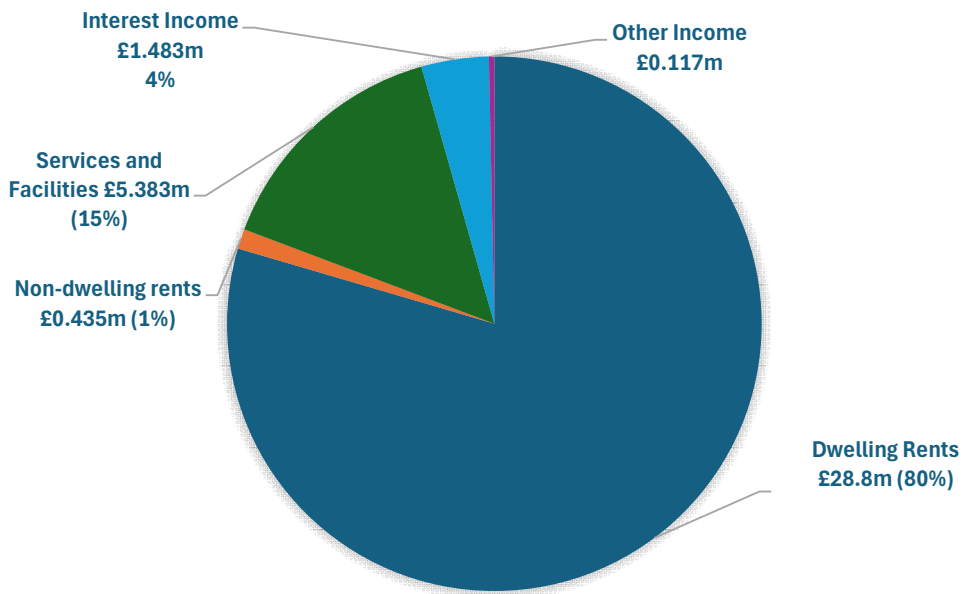
### REVENUE BUDGET FUNDING 2023/24



### Housing Revenue Account

The Housing Revenue Account (HRA) is a ring-fenced Income and Expenditure account within the Statement of Accounts, accounting for the provision for Council housing. The HRA had a surplus of £0.432m in 2023/24. This is a net position resulting from improved interest rates on HRA balances. The source of funding for the HRA is shown graphically below.

### HRA FUNDING 2023/24- £36.266M



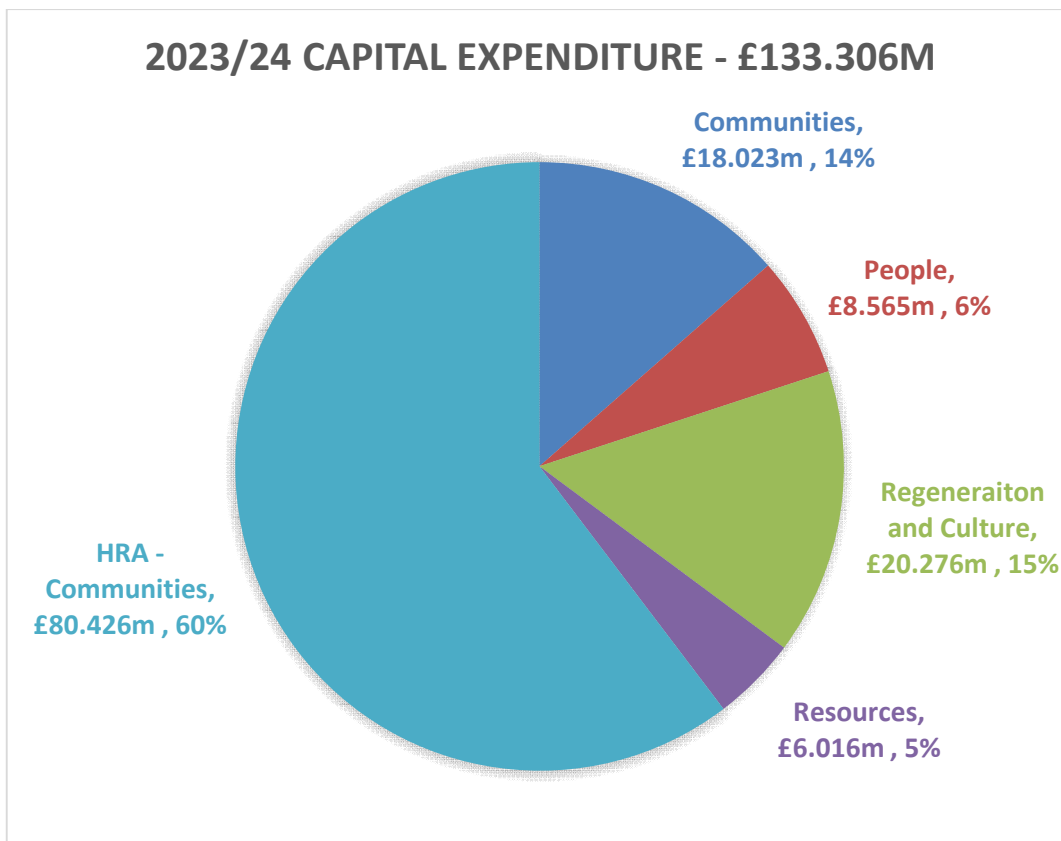
## Capital Expenditure

Capital Expenditure is defined as spending on the purchase, improvement or enhancement of fixed assets. The Capital Programme for 2023/24 approved in February 2023 was £277.523m. During the year the revised budget of £171.860m was approved by Council in February 2024 to take into account slippage. The outturn for the year, compared to budget, is £133.306m and is summarised in the chart below.

A significant area of expenditure in 2023/24 related to Communities assets (£18.023m which is 14% of the capital programme). This included the Council’s roads (£8.472m), Civic Pride assets to protect the environment and tackling the climate change emergency (£4.257m) and Temporary Accommodation for homeless residents and rough sleepers (£5.294m).

Regeneration and Culture capital expenditure was £20.276m which is 15% of the capital programme. This included Educational Services expenditure of £12.410m which was mainly for the expansion of schools to meet the statutory responsibilities of the Council to accommodate the demand for pupil places as well as capital maintenance works on schools. Leisure (£1.414m) and Regeneration (£6.452m) made up the rest of this services’ expenditure.

Social Housing (HRA) capital expenditure totalled £80.426m (60% of the total capital programme) which increased and improved the Council’s housing stock.



## Pension Liabilities

The Council has a pension deficit of £99.5m as at 31 March 2024 calculated in accordance with accounting requirements. This means that the value of pension’s liabilities exceeds the value of the fund assets by this amount. The existence of a pension liability balance is consistent with other local authorities. The Council is responsible for funding this deficit over time as the liabilities are long term in nature and represent the future



commitment to pay retirement pensions. The Pension Fund's funding level at the triennial valuation in 2022 was 99%. The Council's contribution rate in 2023/24 was 19.1%. The deficit on the local government scheme will be made good by contributions from employees and employers plus investment returns over 17 years as set out in the 2022 Triennial Valuation.

## Net Assets

The Council maintains a strong balance sheet despite the financial challenges. Redbridge's Net Worth at 31 March 2024 is £1,687m compared to £1,667m 31 March 2023. This increase is mainly due to a decrease in the Pension Fund liability, and to valuation increases on non-current assets.

### Net Assets at 31 March 2024:

Non-Current Assets (property and long-term investments and debtors) <b>£2,132m</b>	Net Current assets (debtors, inventory and cash less creditors and current liabilities) <b>£48m</b>	Long term liabilities and provisions <b>(£493m)</b>
Funded by:		
Usable Reserves <b>£212m</b>	Unusable Reserves <b>£1,475m</b>	

### Net Assets at 31 March 2023:

Non-Current Assets (property and long-term Investments and debtors) <b>£2,100m</b>	Net Current assets (debtors, inventory and cash less creditors and current liabilities) <b>£96m</b>	Long term liabilities and provisions <b>(£529m)</b>
Funded by:		
Usable Reserves <b>£241m</b>	Unusable Reserves <b>£1,426m</b>	

## Treasury Management Strategy

As at 31 March 2024, the Council had a long-term borrowing portfolio of £378.6m (£356.9m as at 31 March 2023). Whilst currently the Public Works Loans Board remains the Council's principal provider of finance, in November 2019 the Council raised £75m through the issue of the first local authority deferred RPI-linked bond. The bond proceeds were received over 24 months in line with the Council's funding needs and therefore reduced the cost of carry. The bond was issued at a premium over its £63.9m value at an effective interest rate of 1.88% based on RPI estimates at the time of borrowing.

Borrowing for the purpose of funding capital expenditure requires the Council to make a Minimum Revenue Provision (MRP) for the repayment of this borrowing. The MPR Policy Statement is incorporated in the Treasury Management Strategy.

The Council's Annual Investment Strategy also incorporated within the Treasury Management Strategy, aims to achieve optimum return on its investments whilst ensuring an appropriate level of security of its assets and liquidity. It is considered prudent to keep investment periods within permitted limits and only invest with financial institutions that meet the Council's approved creditworthiness criteria, which is regularly reviewed during the year to ensure it remains appropriate. The fair value of the Investment portfolio held by the Council has decreased from £185.3m as at 31 March 2023 to £133.5m as at 31 March 2024.

The Council prudently manages the level of reserves it holds, taking account of the risks it faces, including cuts in future government grant funding. The General Fund Balance, the Council's financial safety net has been increased by £1.7m to £23.1m as at 31 March 2024, which is 10.8% of the 2023/24 net revenue budget requirement. In addition to this balance, the Council also holds Earmarked Reserves which are set aside for specific purposes. With regard to the Council's financial stability, reserves are used to manage corporate risks; the Council has a Business Risk Reserve which has a balance of £13.5m as at 31 March 2024 as well as a Pension Reserve of £6.0m to manage the potential impact of future actuarial reviews.

## Statement of Accounts Key Financial Statements

The Statement of Accounts for 2023/24 sets out the Council's income and expenditure for the financial year ending 31 March 2024 along with a number of supplementary statements and disclosure notes. The financial statements have been prepared adhering to the CIPFA'S code of practice and the International Financial Reporting Standards. The key financial statements and disclosure notes contained in the Statement of Accounts for 2022/23 are as follow:

- **Comprehensive Income and Expenditure Statement (CIES):** This statement brings together all of the functions of the Council and reports on the Council's income and expenditure in accordance with International Financial Reporting Standards (IFRS) rather than just the amount to be funded from local taxes, rents and government grants. This difference is accounted for by a series of adjustments made in accordance with regulations. The cost of services within the Comprehensive Income and Expenditure Statement (CIES) follows the reporting structure used by the Council.
- **Movement in Reserves Statement (MiRS):** This statement provides a summary of the movement on the different reserves held by the Council over the course of the financial year. These reserves represent the Council's net worth and are divided into 'unusable', and 'usable' (i.e. those that can currently be used to fund expenditure or support local taxation).
- **Balance sheet:** This is a snapshot of the Council's financial position at year-end. It shows the balances and reserves under the Council's disposal, long term debt, net current assets and liabilities and summarises information on the non-current assets held.
- **Cash Flow Statement:** This is a summary of cash inflows and outflows arising from revenue and capital transactions with third parties.
- **Expenditure Funding Analysis Note (EFA):** The Expenditure and Funding Analysis note brings together local authority performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the General Fund (including the HRA). The Expenditure and Funding Analysis takes the net expenditure that is chargeable to taxation and rents and reconciles it to the Comprehensive Income and Expenditure Statement.
- **Other notes to the Financial Statements:** The notes provide a better understanding of the financial statements and give further detail about the items contained in the core financial statements along with details of accounting policies used by the Council.
- **Housing Revenue Account (HRA):** This account records the Council's statutory obligation to separately account for the cost of the ring-fenced landlord function in respect of the provision of Council Housing.
- **Collection Fund:** The Council is responsible for collecting Council Tax and National Non-Domestic Rates (NNDR). Council Tax is also collected and distributed on behalf of the Greater London Authority (GLA). Under the Business Rates Retention Scheme, the Council is also responsible for collection and sharing of the NNDR proceeds with Central Government and GLA.

- Pension Fund: The Pension Fund Accounts show the contributions from the Council, participating employers and employees for the purpose of paying pensions. The Fund is separately managed by the Council acting as a trustee and the accounts are not part of the Council's accounts. The Pension Fund Accounts are included here to follow proper accounting practices.

## Council Companies

There are four Council companies with which the Council has close involvement, three of which are not trading. Group accounts have not been prepared in respect of the sole trading company on the ground of materiality. These companies are:

- Redbridge Civic Services Ltd (RCS) provides waste services for the Council and is wholly owned by the Council. Due to the turnover and net assets held by the company it is not considered necessary to consolidate as they would not materially impact on the group accounts.
- Redbridge Living Limited was set up to deliver housing on Council owned land, however it has been decided that it is now more advantageous for projects originally intended to be delivered by the company to be delivered directly by the Council, therefore this company is dormant.
- Roding Homes Limited, which is intended to acquire, let and manage properties to support the Council's housing duties. Due to some potential changes to accounting rules which would impact on the financial viability of the intended operating model of the company being consulted upon, plans for this company were put on hold pending the outcome of the consultation.
- SixFive Education Ltd was created to provide educational support services. However, Cabinet on 11 May 2023 agreed to not pursue the use of a company for trading education services with schools. The company is now dormant with the most recent set of Dormant Accounts being prepared for the year ending 31 March 2023.

**Vision - Redbridge Culture and Leisure (VRCL)** provides Culture, Sport and Leisure services within the borough<sup>1</sup>. It is a charitable company limited by guarantee (registered in England and Wales, company number 6032714) and a charity registered in England and Wales (Charity Commission registration number 1122720). A Board of Trustees is responsible for the oversight of Vision's operations. Vision's Articles of Association require a minimum of six Trustees elected to the Board at any one time, and a maximum of 12. A maximum of two "Local Authority Trustees" can be nominated by the Council.

Vision's relationship with the Council is defined in a five-year Funding and Management agreement signed in May 2021- VRCL is not owned or controlled by the Council and financial statements are therefore not consolidated. Vision's main sources of income are from Direct Services Income and a Management fee from Redbridge Council. The most recent publicly available financial statements show income of £21.287m for the year ended 31 March 2023, of which £10.229m was Direct Service Income and £8.655m Management Fee.

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<sup>1</sup> More detail on the services provided by VRCL and its constitution are available at: [About Us • Vision RCL](#)

## Forward Plan 2024/25 - 2028/29

Redbridge’s net revenue budget for 2024/25 was approved on 29 February 2024 by Council and is £231.422m. The context in which the Council’s Budget is set is influenced by:

- The Council’s Corporate Strategy “The Redbridge Plan 2022 – 2026” and Strategic Priorities;
- The Council’s Financial Strategy, to ensure a stable and sustainable medium-term financial position in the context of reductions in government funding and demographic pressures;
- Central Government policies, including legislative change, which may require additional expenditure or set additional responsibilities; and
- External drivers – e.g. demand for services, inflationary pressures, change in interest rates etc.

The budget process is designed to ensure that it is priority-led so that resources are aligned with the priorities of the Redbridge Plan and Shaping our Future programme.

### Shaping our Future

As an organisation the Council needs to look at its pressures and opportunities to define a longer-term plan for the organisation. This means looking at the opportunities that new ways of working offers, or the way we work with partners and residents as well as consider demand pressures and demographic changes. By looking at these areas collectively we can create an overall more robust plan can be created and implemented.



The plan for the organisation is based around five core areas:

- A new operating model based on place. Focused on changing how we operate so that we can respond to local needs and where possible prevent issues before they become problems. This will also consider opportunities to consolidate and rationalise the Council’s estate, freeing up resources to redirect elsewhere.

- Building a better relationship with residents. Co-design services with residents and identify where they can take responsibility for their own lives. The Council knows people want to live independent healthy lives and by working with voluntary sector, businesses, and communities it can bring our collective abilities to the way people live in Redbridge.
- Maintaining and creating vibrant sustainable places. Redbridge is fortunate to have amazing open spaces and also excellent transport connections and vibrant town centres. The Council will focus on making best use of all its assets so it can improve the economic outlook as well as improve the quality of life for residents in Redbridge.
- Developing new ways of working. The Council want to be making best use of our commercial opportunities and leverage our influence to help Redbridge. The Council can achieve best value through contract management and commission to achieve outcomes. With developments in technology, the Council can be more agile and lean with simple and effective services supported through modern approaches.
- A balanced budget. This is about planning and delivering services within available resources in a sustainable way. It's about the organisation collectively managing the budget so that as pressures arise in one area, the Council is able to mitigate them, either within that area or elsewhere. It means understanding the appropriate level of risks that the Council is able and willing to take to achieve a better, more resilient budget. This might be about targeted investment now so relieve pressures in the future or may be about investing in facilities and services that allow people to live independently, whilst disinvesting in others.

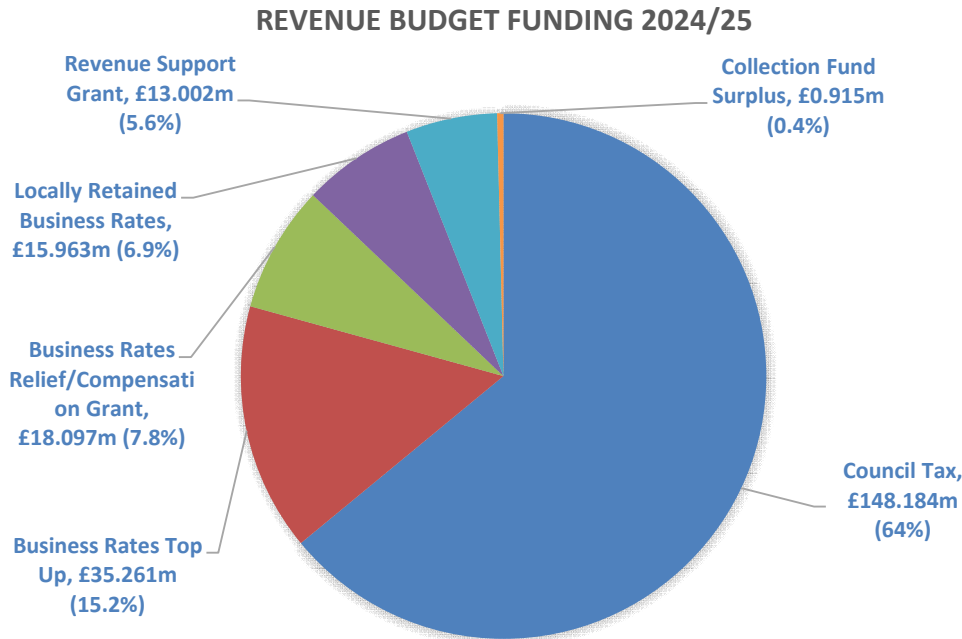
## Setting the budget

For 2024/25, the Council has increased Council Tax by the maximum allowed (before requiring a referendum) to fund the delivery of essential services for the residents of the borough. Redbridge has increased the Council Tax by 4.99% including a 2% increase used exclusively to fund the growing demand for the most vulnerable requiring adult social care.

Following this increase the basic amount of Council Tax on a Band D property has increased from £1,541.61 to £1,618.47. Overall, including the GLA precept of £471.40, the total Council Tax for a Band D property will be £2,089.87.

## Revenue Budget Funding 2024/25

The Net Revenue Budget for 2024/26 is £231.422m. The main source of funding for the 2024/25 financial year is Council Tax which makes up 64% of core funding. Business Rates including Locally Retained, Top Up Grant and Relief Compensation Grant makes up approximately 30%.



### How we spend our budget

The budget includes Government grants and Council Tax, and this is used in the following ways:

- to help deliver frontline services within the Borough;
- to fund vital support services to assist in frontline service delivery; and
- to pay for the services Redbridge receives from a number of external bodies.

### Financial Risks

Economic uncertainty continues to be a major risk. In the last few years Brexit and COVID were significant drivers of this, more recently the escalation of global tensions and the Cost of Living Crisis are more significant influences. Interest rates are still high and inflation, whilst reduced from recent levels, is volatile. Additionally, long term funding for Local Government is still not confirmed, with yet another single year settlement confirmed in the 2023 Autumn Statement. Key risks in relation to the Council’s finances include:

### Interest Rates and Inflation

- Borrowing rates available to the Council from the Public Works Loans Board (PWLB) remain significantly higher than in previous years, albeit they still remain at a level that would not be considered particularly high compared to those seen in previous decades. High interest rates also have an impact on the wider economy, impacting on the level of investment and on individuals. For the Council, the impact this has on housing costs is probably most notable, with higher mortgage costs impacting residents both as a direct cost for owner occupiers with mortgages and by being passed on as rent increases by landlords to their tenants.
- The legacy of high inflation remains a risk, leaving the costs of services to residents much higher than previous. Despite the headline rate of inflation falling, it only represents a slowing of price increases, not prices becoming cheaper. Residents therefore continue to experience increased costs of living, potentially leading to greater demands on the Council.

## Funding Levels

- In the Autumn Statement of November 2023 funding for local government was confirmed for 2024/25 only, providing no certainty for future years. The Government has indicated that there will be no substantial reform to Local Government funding until 2025/26. The lack of reform in the short term has given some limited stability however it also means funding does not reflect current pressures. The possibility of significant changes to funding after this is one risk, as is uncertainty around the timing and scope of any reform. Additionally, there is further uncertainty given the general election on 4 July 2024.
- In cash terms, Redbridge has suffered a loss of resources of £81.3m since 2010, which equates to a loss of £151.3m after adjusting for inflation. Alongside this, Redbridge has one of the least generous settlements in London, receiving less per head of population than most other boroughs. This is also true of Public Health Grant, where Redbridge also receives one of the lowest allocations per head in London and around a quarter of the highest.
- Changes in legislation or new responsibilities imposed upon the Council without adequate 'new burdens' funding allocated to the Council also present a risk. Where new responsibilities are passed over to Local Government, there is a risk that these responsibilities will not be fully funded and calculated in a transparent manner. The biggest area of concern in this regard currently appears to be changes in the regulatory environment for waste collection and disposal sponsored by DEFRA and new announcements in relation to this will be monitored in detail.

## Savings

- The cumulative impact of budget savings delivered since the advent of austerity in 2010 has meant the Council has lost much of the spare capacity and it means service delivery has to be more tightly planned and controlled. In addition to this it significantly reduced the Council's ability to absorb or manage in year budget pressures or extraordinary costs that may arise as budgets have been scaled back, reduced or cut across all services.
- The capacity to deliver already approved savings continues to remain a significant risk. In 2023/24, the Council delivered £12.772m (67%) of its planned £19.102m savings, with the shortfall met by a contribution from reserves. Non-delivered 2023/24 savings of £6.330m will be carried forward to 2024/25, adding more pressure to budgets. Where savings in 2024/25 are identified as non-deliverable, compensating reductions in planned spending within services will be required. Close monitoring therefore continues via the monthly savings tracker and regular reporting to Cabinet via the Budgetary Control Report to ensure delivery of all previously agreed savings. However, without increases in funding to address the significant pressures the Council faces, the delivery of savings will become increasingly difficult.

## Climate Change

- In the UK, the Committee on Climate Change (CCC) sets legally binding science-based carbon budgets and recommends policies and actions to drive change. The CCC estimates that UK emissions will need to be reduced by at least 3% per year from now on. The Council has also declared a Climate Change Emergency, this feeds into the Redbridge Corporate Plan and is a consideration when deciding on budget proposals and assumptions.

## Demographics

- Redbridge is estimated to have a population of 310,261<sup>2</sup>. This is forecast to continue to increase with changing demographics and a growing population leading to increasing demand for Adults and Children's Social Care and pressures on temporary accommodation. A growing population also places significant pressures on other services across the Council including social infrastructure such as schools and roads.

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<sup>2</sup> [Census 2021](#)

## Financial Resilience

- In the last few years there has been an increasing number of councils have found themselves in financial difficulty that have issued Section 114 notices and many more have indicated they are struggling financially. Those that have issued Section 114 notices have demonstrated significant financial governance weaknesses exacerbated by cuts in local government funding. For over a decade local government has had to manage with a huge reduction in the amount of funding provided by central government alongside increasing demographic pressures, initially from an aging population but more recently increasingly from housing and children's services.
- It is important the Council ensures that its finances are robust and resilient so that it can continue to respond to the needs of residents. In 2023/24 the Council balanced its financial position with the use of £20.171m of reserves. Clearly use of reserves to bridge financial gaps is not sustainable and is not part of the future budget plans in the MTFS.
- Whilst the 2024/25 budget is balanced, the published MTFS forecasts budget gaps in every future year, starting with £24.537m in 2025/26. Maintaining sound financial resilience and sustainability will therefore be challenging and will require, in the absence of further funding, the Council to deliver significant further savings beyond those already assumed in the MTFS.

## Achieving a balanced 2024/25 Medium Term Financial Strategy (MTFS)

The Council's latest Medium Term Financial Strategy forecasts a total shortfall in resources over the period 2025/26 to 2028/29 of £74m, analysed in the table below. The gap reflects the cost of the Council's Strategic Priorities and the financial pressures created by the challenging environment set out above. Forecast increases in costs are not matched by anticipated core funding increases. Therefore, additional ongoing local resources and savings will be required to address gaps.

The plan assumes no increase in Council Tax and that all savings agreed by Council will be delivered in full and on time or substitutes will be found.

### MTFS 2025/26-2028/29<sup>3</sup>

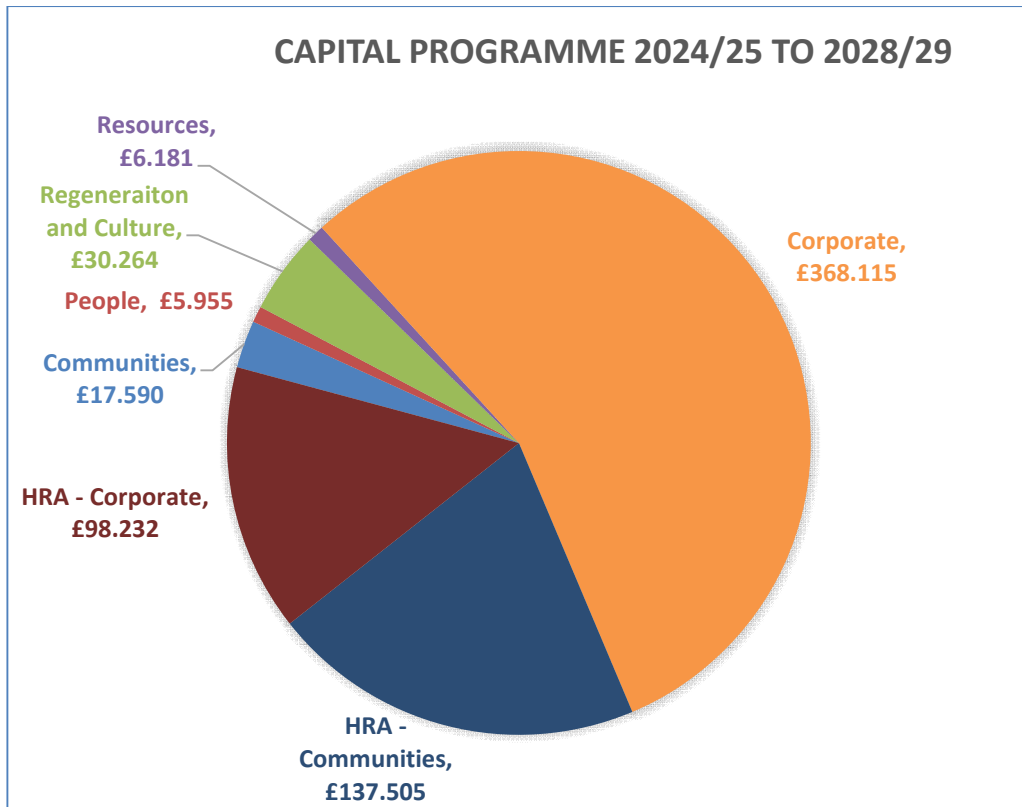
	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Net Budget Requirement	256.230	252.273	251.441	251.444
Total Income from Grants & Council Tax	(231.693)	(233.373)	(235.086)	(236.834)
<b>Budget Gap</b>	<b>24.537</b>	<b>18.900</b>	<b>16.355</b>	<b>14.610</b>

## Capital Programme 2024/25 to 2028/29

The Council's capital programme and financing for the next five years is summarised below, totalling £663.842m, which has been approved by Council in February 2024.

<sup>3</sup> Reported to Cabinet Committee on 29 February 2024





## Key Priorities

### Safe and Healthy

We are revitalising Ilford Town Centre by addressing environmental issues and tackling persistent challenges such as rough sleeping, problematic tenants, substance abuse, and anti-social behaviour. This effort is led by the Ilford Town Centre Working Group. Through the Redbridge Community Crime Commission, we are committed to implementing 48 interconnected recommendations to create safer neighbourhoods for our diverse communities. Our goals are to achieve long-term reductions in crime and enhance support for crime victims.

To improve access to leisure facilities, we are developing a new soft play centre in the south of Redbridge, a climbing centre on Ley Street, and re-building Wanstead swimming pool. We are also upgrading the existing school and leisure estate. Our new engagement hubs are being rolled out to offer a variety of services and early intervention support. Additionally, we are prioritising our commitment to becoming a UNICEF Child Friendly Borough by 2026, ensuring inclusivity for all young people.

### Clean and Green

The Council is dedicated to the continuous development of Fairlop Waters Country Park, including a new Barkingside entrance, updated signage, and a natural play space. We are enhancing pathway connectivity and accessibility with a new foot and cycle path from Barkingside to Fairlop and the boathouse area. The park will undergo rebranding, with new signage and maps at the main entrance.

Our Climate Change Action Plan has reduced the Council's carbon footprint by 33% and we are addressing broader environmental impacts over the next decade. We will enhance flood prevention, improve air quality around schools, and invest in additional electric car charging points. The Council is committed to planting thousands of trees, developing a biodiversity plan, and implementing a sustainable transport strategy.

In response to residents' concerns about waste and litter, the Council is increasing recycling efforts and intensify the fight against fly-tipping.

## Jobs & Skills

The Council has a flagship Work Redbridge programme, partnering with the Redbridge Institute to help adults find employment pathways. Collaborations with New City College and the commitment to a university campus will make Redbridge a premier place for learning. We support local businesses' growth and sustainability by refurbishing Queen Victoria House to house a new Business & Enterprise Hub, aiding both new and existing businesses.

In Summer 2024, we will launch a new Cultural Quarter in Ilford town centre, combining civic, leisure, education, and community uses. This includes Mercato Metropolitano, a sustainable community market that offers community events, innovative farming practices, circular economy models, and global cuisine, providing exciting new employment opportunities.

The Council will also develop a long-term Voluntary and Community Sector strategy to enhance collaboration and achieve more for Redbridge.

## Homes & Neighbourhoods

By 2026, we aim to deliver 500 new council homes and 1,000 affordable homes, providing modern, high-quality, affordable housing for local residents. Our landlord licensing scheme ensures fair treatment for tenants and improves housing quality across all tenures. New community hubs will be established throughout the borough, offering excellent facilities, support, and services. These hubs will be developed in partnership with local residents, tailored to address the issues that matter most in each community.

## Key Risks and Controls

The London Borough of Redbridge has a structured Framework for Risk Management that has been designed to align to the size, scale and complexity of the borough. The Risk Management Framework is embedded within the organisation to ensure risks are identified, analysed and responded to in accordance to their perceived gravity.

The Risk Management Strategy defines risks as “an uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives”. The Risk Management Strategy and Policy is reviewed annually, and the revised 2024/25 Strategy and Policy was approved by the Governance and Assurance Committee on 30 January 2024.

The Strategic Risk Register (SRR) is a live register which identifies the strategic risks the organisation is facing. The risk owners are Corporate Directors and the Chief Executive to ensure that there is responsibility and ownership for the risks. They are reviewed quarterly by the Council, Management Team and also presented for review to the Governance and Assurance Committee. The SRR has been used to inform the Corporate Director of Resources statement on the robustness of the budget and reserves. The SRR sets out the key financial risks to the Council and can be found using the committee link below.

Operational risk registers are maintained at Directorate level and Service level. Risks are escalated and de-escalated between risk registers in accordance to their severity.

The latest reported risk register is available on the Council's website: [Q4 Risk Update](#). The top 10 strategic risks as published for Quarter 4 2023/24 are summarised below.

- Reduction of available suitable and affordable housing provision for temporary and permanent housing.
- Failure to maintain a sustainable Medium Term Financial Strategy (MTFS) in an increasingly uncertain economic outlook.
- Failure of emergency planning & business continuity resilience.
- Failure to safeguard vulnerable children.
- Failure to safeguard vulnerable adults.

- Emerging or existing infectious diseases including measles and respiratory illnesses that become endemic or pandemic nationally and in the borough.
- Non-Compliance with relevant Health and Safety legislation.
- Failure to mitigate extremism through LBR prevent programmes.
- Alternative delivery models and commercialisation of Council activity.
- Inadequate security over information, data or misuse of information including potential Cyber Attack(s).
- Governance arrangements within the Council have been covered by the Annual Governance Statement that accompanies the financial statements.

## **What's next?**

The Redbridge Corporate Plan 2022-26 agreed by Council sets out the Council's ambitions for the Borough and the priority programmes to make Redbridge a great place for everybody. The Plan has a set of objectives, activities, and measures against them. This means there is a clear visible link between the Council's work and the impacts they have on Redbridge.

The Council produces an annual state of the borough report on the progress and detailed quarterly performance updates to track changes.

The Council recognises that being able to make real change it also needs to make more noise about Redbridge. This means the Council needs to be lobbying for more resources, encouraging new businesses to move here and make Redbridge a centre of education excellence including a new university campus.

The Corporate Plan provides a guide to what the Council is committed to doing and is confident that its efforts will make a real difference to the lives of people who live here and provide a positive future for our borough.

## **Conclusion**

The Statement of Accounts provides a very detailed and comprehensive picture of the Council's performance for 2023/24 as required by statute and the CIPFA Code of Practice.

A widespread understanding of the Council's financial position will become even more important in the light of the financial challenges that Redbridge faces. I hope the Members of the Council, residents of the Borough and other readers find this document useful.

I would like to thank all those in the Finance Department and throughout the Council who have helped to prepare this document.

**Maria G. Christofi, BA (Hons), FCCA, CPFA**  
**Corporate Director of Resources & Section 151 Officer**  
**5 July 2024**

## Statement of Responsibilities

### 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 (the Section 151 Officer) has responsibility for the administration of those affairs;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

### The Corporate Director of Resources (Section 151 Officer) responsibilities

The Corporate Director of Resources is responsible for the preparation of the Statement of Accounts (which includes the Pension Fund financial statements) in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ('the Code').

In preparing this Statement of Accounts, the Corporate Director of Resources has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future; and
- maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error,

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council at 31 March 2024 and of its income and expenditure for the year then ended.

**Maria G Christofi, BA (Hons), FCCA, CPFA**  
**Corporate Director of Resources & Section 151 Officer**  
**5 July 2024**

### Approval of Accounts

In accordance with the Accounts and Audit Regulations 2015, I certify that the Statement of Accounts was approved by the Governance and Assurance Committee.

**Chair of the Governance and Assurance Committee**  
**xxxxx 2024**

# **Independent Auditor's Report to the Members of the London Borough of Redbridge**

To be completed

To be completed

To be completed

To be completed



To be completed

To be completed

To be completed

To be completed

To be completed

To be completed

## 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 and rents. Authorities raise taxation and rents to cover expenditure in accordance with regulations; this can be very different in some respects from the accounting cost. The taxation position is shown in both the Movement in Reserves Statement and the Expenditure and Funding Analysis at note 7.

2022/23				2023/24			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Notes	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
105,905	(60,225)	45,680	Communities		131,335	(65,764)	65,571
543,277	(403,221)	140,056	People		580,711	(451,739)	128,972
28,920	(12,170)	16,750	Regeneration & Culture		28,893	(11,216)	17,677
130,992	(114,486)	16,506	Resources		125,724	(110,872)	14,852
20,793	(8,291)	12,502	Strategy		14,221	(2,901)	11,320
9,143	(894)	8,249	Corporate		8,813	(887)	7,926
52,176	(30,853)	21,323	Local Authority Housing (HRA)		54,193	(34,919)	19,274
<b>891,206</b>	<b>(630,140)</b>	<b>261,066</b>	<b>Cost of Services</b>		<b>943,890</b>	<b>(678,298)</b>	<b>265,592</b>
		39,647	Other operating expenditure	<b>10</b>			30,624
		11,080	Financing and investment income and expenditure	<b>11</b>			11,820
		(299,776)	Taxation and non-specific grant income	<b>12</b>			(265,387)
		<b>12,017</b>	<b>(Surplus)/Deficit on the provision of services</b>				<b>42,649</b>
		(70,618)	(Surplus)/deficit on revaluation of non-current assets	<b>30</b>			2,582
		(311,741)	Re-measurement of the net defined Benefit liability	<b>40</b>			(65,461)
		<b>(382,359)</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>(62,879)</b>
		<b>(370,342)</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>(20,230)</b>

## 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 taxation) and other unusable reserves. The statement shows how the movement in year of the Council's reserves is broken down between gains and losses incurred in accordance with generally accepted accounting practices and statutory adjustments required to return to the amounts chargeable to Council Tax or rents for the year. The net increase/decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

### 2022/23 Comparative Figures

	General Fund £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Contributions Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
<b>Balance at 31 March 2022 brought forward</b>	(135,378)	(17,539)	(15,157)	-	(41,155)	(209,229)	(1,087,123)	(1,296,352)
<b>Movement in Reserves during 2022/23</b>								
<b>Total Comprehensive (Income) and Expenditure</b>	6,565	5,452	-	-	-	12,017	(382,359)	(370,342)
Adjustment between accounting basis and funding basis under regulations (Note 8)	(8,436)	(5,697)	(4,098)	-	(25,507)	(43,738)	43,738	-
<b>Net (Increase) / Decrease</b>	(1,871)	(245)	(4,098)	-	(25,507)	(31,721)	(338,621)	(370,342)
<b>Balance at 31 March 2023 carried forward</b>	(137,249)	(17,784)	(19,255)	-	(66,662)	(240,950)	(1,425,744)	(1,666,694)
<b>2023/24</b>								
<b>Movement in Reserves during 2023/24</b>								
<b>Total Comprehensive (Income) and Expenditure</b>	41,540	1,109	-	-	-	42,649	(62,879)	(20,230)
Adjustment between accounting basis and funding basis under regulations (Note 8)	(22,930)	(1,542)	1,570	-	9,600	(13,302)	13,302	-
<b>Net (Increase) / Decrease</b>	18,610	(433)	1,570	-	9,600	29,347	(49,577)	(20,230)
<b>Balance at 31 March 2024 carried forward</b>	(118,639)	(18,217)	(17,685)	-	(57,062)	(211,603)	(1,475,321)	(1,686,924)



## Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use, 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 and repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts could only be realised 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.

<b>31 March 2023 £000</b>		<b>Notes</b>	<b>31 March 2024 £000</b>
1,840,088	Property, Plant & Equipment	13	1,909,163
89,257	Infrastructure Assets	13	89,260
139,875	Investment Property	14	101,824
10,509	Intangible Assets	15	13,023
17,723	Long Term Investments	23	17,032
2,109	Long Term Debtors	19	1,626
<b>2,099,561</b>	<b>Long Term Assets</b>		<b>2,131,928</b>
640	Assets Held for Sale	18	8,933
152,002	Short Term Investments	23	97,133
363	Inventories		362
96,597	Short Term Debtors	19	75,275
21,685	Cash and Cash Equivalents	20	24,942
<b>271,287</b>	<b>Current Assets</b>		<b>206,645</b>
(8,251)	Short Term Borrowing	23	(8,282)
(134,247)	Short Term Creditors	21	(133,970)
(2,107)	Provisions	22	(2,003)
(28,985)	Capital Grants Receipts in Advance	25	(11,748)
(1,986)	Revenue Grants Receipts in Advance	25	(3,020)
<b>(175,576)</b>	<b>Current Liabilities</b>		<b>(159,023)</b>
(6,396)	Provisions	22	(7,115)
(356,866)	Long Term Borrowing	23	(378,572)
(165,316)	Other Long-Term Liabilities	29	(106,939)
<b>(528,578)</b>	<b>Long Term Liabilities</b>		<b>(492,626)</b>
<b>1,666,694</b>	<b>Net Assets</b>		<b>1,686,924</b>
240,950	Usable Reserves	MiRS	211,603
1,425,744	Unusable Reserves	30	1,475,321
<b>1,666,694</b>	<b>Total Reserves</b>		<b>1,686,924</b>

Maria G Christofi, BA (Hons), FCCA, CPFA  
Corporate Director of Resources & Section 151 Officer  
5 July 2024

## Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during 2022/23. 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.

<b>2022/23</b> <b>£000</b>		<i>Note</i>	<b>2023/24</b> <b>£000</b>
(12,017)	Net surplus or (deficit) on the provision of services		(42,649)
71,873	Adjustments to net deficit/surplus on the provision of services for non- cash movements		98,303
(88,589)	Adjustments for items included in the net deficit/surplus on the provision of services that are investing and financing activities		(50,407)
<b>(28,733)</b>	<b>Net cash flows generated from Operating Activities</b>	<b>41a</b>	<b>5,247</b>
22,322	Investing Activities	<b>41b</b>	(23,243)
(3,204)	Financing activities	<b>41c</b>	21,253
<b>(9,614)</b>	<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>3,256</b>
31,299	Cash and cash equivalents at the beginning of the reporting period	<b>20</b>	21,685
<b>21,685</b>	<b>Cash and cash equivalents at the end of the reporting period</b>		<b>24,942</b>

## Notes to the Accounts

### 1. Statement of Accounting Policies

#### i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the Local Government Act 2003.

#### Going Concern

The Statement of Accounts has been prepared on a "going concern" basis. The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. In carrying out its assessment that this basis is appropriate management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

Local Authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis.

Outturn for 2023/24 was reported to 20 June 2024 Cabinet. The outturn showed a balanced position. Earmarked Reserves excluding grants unapplied, HRA, DSG and schools decreased by £19.414m or 26.95%.

Our most recent year-end balances include the following:

Date	General Fund £m	Housing Revenue Account (HRA) Total Reserves £m	Earmarked reserves General Fund (GF) £m
31/03/23	21.408	17.784	72.035
31/03/24	23.141	18.217	52.621

**Projected reserves position through to 31/03/26:** The table below shows projections through to March 2026. The s151 officer has reviewed the level of reserves and considers them at a prudent and appropriate level. They will continue to be kept under review at least annually as part of the budget setting process.

Date	General Fund £m	Housing Revenue Account £m	Earmarked reserves GF £m
31/03/25	23.141	18.217	52.321
31/03/26	23.141	18.000	55.918

#### Savings plans

For 2024/25, total savings to be delivered amount to £23.973m and these are expected to be delivered in line with budget.

#### Cash position & liquidity

It is the Council's policy to maintain overnight and short-term cash deposits of at least £25m, held with money market funds and banks is available on a daily basis. The Council's cashflow forecasts show that cash held overnight and in short-term deposits in the region of £105m will be available at the 1 April 2024 through to 31 March 2025. For debt management purposes the Council has in place overdraft facilities with its bankers National Westminster Bank plc and can borrow short term from the money market. The Council has access to the PWLB and the money market to fund capital projects.

The borrowing position at 31 March 2024 was £386.85m and forecast to increase to £582.88m by 31 March 2025. The Council has borrowing headroom against the Capital Financing Requirement for all of these financial years: £563.59m (2023/24), £746.27 (2024/25) and £878.28m (2025/26). It would therefore have no operational or governance barriers to securing borrowing at short notice if required. The forecasting of capital financing requirements is in line with those reported in the

2024/25 treasury management strategy. Budgetary control report projections and a strategy is in place to secure all required borrowing over the medium-term.

### Overall conclusion

The Council does not consider that there is material uncertainty in respect of its ability to continue as a going concern for the period through to 31 March 2025 and therefore the accounts have been prepared on a going concern basis.

### ii. 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 contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods and services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### iii. Cash and Cash Equivalents

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

Cash equivalents are investments that having originally been invested for no longer than three months are repayable on demand or readily convertible to known amounts of cash with insignificant risk of change in value. Fixed term deposits, excluding overnight deposits, are not considered to be readily convertible since they only become 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 strategy.

### iv. 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 non-current assets during the year:

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

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

### v. 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.

**Council Tax**

- Council Tax income included in the Comprehensive Income and Expenditure Statement for the year will be the Council's share of accrued income for the year.

**Non-Domestic Rates (NDR)**

- Retained Business Rate income and top up income included in the Comprehensive Income and Expenditure Statement for the year will be the Council's share of accrued income for the year.

All of the above income will be recognised in the Comprehensive Income and Expenditure Statement within the Taxation and Non-Specific Grant Income line. However, regulations determine the amount of Council Tax and NDR that must be included in the Council's General Fund. As a billing council the difference between the Council Tax and NDR included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund shall be taken to the Collection Fund Adjustment Account and reported in the Movement of Reserves Statement. Each major preceptor's share of the accrued Council Tax and NDR income will be available from the information contained in the Collection Fund 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, impairment allowances for expected credit losses, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

**vi. Employee Benefits****▪ Benefits Payable during Employment**

Short term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as salaries, paid annual leave, paid sick leave, 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 salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements 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 in exchange for those benefits. The benefits are charged on an accruals basis to directorates within 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 restructure.

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 three separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The NHS Pension Scheme, administered by NHS Business Services Authority.
- The Local Government Pension Scheme, administered by the London Borough of Redbridge.

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

However, the arrangements for the teachers' and NHS schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. These schemes are therefore accounted for as if they are defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The People Directorate line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the Teachers' Pensions Scheme and the NHS Pension Scheme in the year.

▪ **The Local Government Pension Scheme**

The Local Government Scheme is accounted for as a defined benefit scheme.

The liabilities of the London Borough of Redbridge Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate determined by the actuary. The discount rate is based on the indicative rate of return on high quality bonds (iBoxx Sterling Corporates AA index).

The assets of the London Borough of Redbridge Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price;
- Unquoted securities – professional estimate;
- Unlisted securities – current bid price;
- Property – fair value.

The change in the net pensions liability is analysed into the following components: Services

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 as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years, debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement;
- Net Interest on the net defined benefit liability (asset), 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 line in 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 contributions and benefit payments.

Re-measurements comprising:

- 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 Statement;
- 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 charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the London Borough of Redbridge Pension Fund – 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 transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

▪ **Discretionary Benefits**

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

**vii. Events after the Reporting Period**

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

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.

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

## viii. Financial Instruments

### ▪ **Financial Liabilities**

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

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

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

### ▪ **Financial Assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are two main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss (FVPL)

The business model of the council is to hold investments to collect contractual cash flows. Financial assets are therefore classified at 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 then measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

### ▪ **Expected Credit Loss Model**

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The Code requires that all local authorities shall not recognise a loss allowance for expected credit losses on a financial asset where the other party is central government or a local authority for which relevant statutory provisions prevent default.

The expected credit loss model also applies to lease receivables and contract assets and trade receivables (debtors) held by the Council. The Council adopts the simplified approach to impairment, in accordance with the Code, and measures the loss allowance at an amount equal to lifetime expected credit losses.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased substantially since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased substantially or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets are amalgamated into the following groups to assess risk and associated loss allowances:

Group 1 – Investments at amortised cost have, in line with treasury management policy, a credit rating of A- or better. Loss allowances are assessed based on default risk.

Group 2 – Investments at Fair Value Through Profit and Loss are assessed based on market value.

Group 3 – Other assets including lease receivables, short- and long-term debtors are based on default risk using the simplified approach.

▪ **Financial Assets Measured at Fair Value through Profit or Loss**

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

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

The Council has entered into financial guarantees which are classed as financial instruments. As they are not material, no accounting arrangements have been required under IFRS9 and they will be disclosed in the relevant notes to the Accounts as appropriate.

**ix. 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.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contributions 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 (non-ring-fenced revenue grants and all capital grants and contributions) in the Comprehensive Income and Expenditure Statement.

Where capital grants and contributions 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 and Contributions Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants and Contributions Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

▪ **Business Improvement Districts**

A Business Improvement District (BID) scheme is funded by a BID levy payment made by non-domestic ratepayers. The Council acts as agent under the scheme and collects money on behalf of Ilford BID and Hainault BID. This is then paid over in monthly instalments to the BID companies.

Amounts due to and from the Bid are reported as either Debtors or Creditors in the Council's balance sheet.

The only transactions recorded in the Council's Comprehensive Income and expenditure statement in relation to the BID's, reflects the income for administering the BID levy.



▪ **Community Infrastructure Levy**

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy is charged on new builds (chargeable developments for the Council) 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 fund a number of infrastructure projects to support the development of the area.

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. CIL charges will be largely used to fund capital expenditure; however, a proportion of the charges for may be used to fund revenue expenditure if it meets the conditions set out in the CIL regulations.

▪ **Section 106 Agreements**

The Council has entered into a number of Section 106 agreements with developers. Payments due to the Council under these agreements are recognised when received, not when they become due.

**x. 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.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Intangible assets are measured initially at historic 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. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. 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. 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.

**xi Interests in Companies and Other Entities**

Interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

The Council has set up four wholly owned companies; Redbridge Living Limited, Roding Homes Limited, Redbridge Civic Services Ltd and SixFive Education Ltd. Group accounts have not been prepared on the grounds of materiality.

**xii Inventories and Long-Term Contracts**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Cost of inventories is determined using either the first in first out (FIFO) costing formula or weighted average price depending on the nature of the inventory. Work in progress is recorded in the Balance Sheet at cost.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

**xiii. 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 to facilitate the delivery of services or production of goods or is held for sale.

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

#### **xiv. Leases**

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

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

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

#### **The Council as Lessee**

##### **▪ Finance Leases**

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

Lease payments are apportioned between:

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

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

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

##### **▪ Operating Leases**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, unless another systematic basis is more representative of the benefits received by the Council.

#### **The Council as Lessor**

##### **▪ Finance Leases**

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

Lease rentals receivable are apportioned between:

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

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

The written-off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore transferred 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.

### **xv. Overheads and Support Services**

Central support costs, excluding service level agreements, are not apportioned to departments for purposes of internal management accounts or for the Statement of Accounts but are aggregated and reported as expenditure against the directorate incurring the expenditure. Statutory regulations require separate financial accounts to be maintained in respect of Schools (funded by DSG) and the HRA. Recharges to these statutory accounts are included within the internal management accounts and recognised in the CIES within net cost of services.

### **xvi. 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, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

#### **Measurement**

Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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:

- Community assets - depreciated historical cost. This is a modified form of historical cost as opening balances for highways infrastructure assets were originally recorded in the balance sheet at the amount of capital undischarged for sums borrowed as at 1 April 1994 which was deemed at that time to be a historical cost;
- Assets under construction – historical cost;
- Dwellings - current value, determined using the basis of existing use value for social housing (EUV-SH);
- Surplus assets – current value measurement base is fair value, estimated at highest and best use from a market participant's perspective (see Investment Property for further details on Fair Value Measurements);
- School buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value;

- All other assets - fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but 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.

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, 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 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).

Depreciation is calculated on the following bases:

- Dwellings – straight line allocation over the useful life of the property;
- Other buildings – straight line allocation over the useful life of the property;
- Vehicles, plant, furniture and equipment – straight line allocation over the useful life of the asset.

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

### **Component Accounting**

The Code requires that each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total asset cost is depreciated separately. A significant part of an item of Property, Plant and Equipment may have a useful life and a depreciation method that are the same as the useful life and the depreciation method of another significant part of that same item. Such parts may be grouped in determining the depreciation charge.

The following asset classes will not be considered for componentisation:

- Equipment – as considered immaterial;
- Asset classes that are not depreciated – such as land, investment property, surplus assets, community assets and assets held for sale.

Componentisation of the remaining assets within in the Council's operational portfolio is considered as follows;

- **General Fund** - The Council will only consider assets with cost or fair value above £8m for component depreciation and then will only separate components with a cost or fair value of more than 20% of the individual asset for component depreciation.
- **HRA**- The Council will only consider HRA assets with cost or fair value above £450,000 for component depreciation and then will only separate components with a cost of or fair value of more than 20% of the individual asset for component depreciation.

### ***Disposals and Non-Current Assets Held for Sale***

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services.

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

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

### ***Fair Value Measurement***

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

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

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

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

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

- **Level 1** – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date
- **Level 2** – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- **Level 3** – unobservable inputs for the asset or liability.

## xvii. Highways infrastructure assets

### *Highways infrastructure assets*

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (eg bridges), street lighting, street furniture (e.g. illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

### *Recognition*

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

### *Measurement*

Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1<sup>st</sup> April 1994, which was deemed at that time to be historical cost.

Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

### *Depreciation*

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis.

Annual depreciation is the depreciation amount allocated each year.

<b>Part of the highways network</b>	<b>Useful life</b>
Carriageways	20 years
Footways and cycle tracks	20 years
Structures (bridges, tunnels and underpasses)	100 years
Street lighting	25 years
Street furniture	15 years
Traffic management systems	10 years

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets gross cost and accumulated depreciation for infrastructure assets are not disclosed. This is because historical reporting practices and resultant information deficits mean that the asset position would not be faithfully represented to the users of the financial statements.

### *Disposals and derecognition*

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet 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. Any receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal, netted off against the carrying value of the asset at the time of disposal.

The written-off amounts of disposals are not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

Where capital expenditure is incurred to replace parts of the highways network, it is assumed (as allowed by Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (Regulation 30M)) that the assets replaced will be fully depreciated and their derecognition requires no adjustment to the carrying (or net) balance of infrastructure assets. This is because, to a material extent, infrastructure assets are replaced only when they have been fully consumed.

### **xviii. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of 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.

### **xix. Private Finance Initiative (PFI) and Similar Contracts**

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

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

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

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

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement,
- Finance cost – an interest charge of 8.16% 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).

### **xx. 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 example, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

#### ▪ **Contingent Liabilities**

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

#### ▪ **Contingent Assets**

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

### **xxi. 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. 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 so that there is no net charge against Council Tax for the expenditure.

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

### **xxii. 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.

### **xxiii. Rounding**

It is not the Council's policy to adjust for immaterial cross-casting differences between the main statements and disclosure notes.

### **xxiv. Schools**

All maintained schools in the borough are considered to be entities controlled by the Council. The Council's single entity financial statements include the income, expenditure, assets, liabilities, reserves and cashflows of maintained schools. Recognition of non-current assets used by maintained schools are determined in accordance with the relevant standards adopted in the Code. The Council has the following types of maintained schools under its control:

- Community Schools;
- Voluntary Aided Schools;
- Foundation Schools.

School's non-current assets are recognised on the Balance Sheet where the Council directly owns the assets, where the Council owns the balance of control of the assets, or where the school or the school governing body own the assets or have had rights to use the assets transferred to them.

Community Schools are owned by the Council and are therefore recognised on the Balance Sheet.

The Council's Voluntary Aided Schools are mainly owned by the respective Diocese / religious bodies, with the school or governing body having no formal right to the assets as use is through licence arrangements. These schools are therefore not recognised on the Balance Sheet.

Where the ownership of a Foundation School lies with the school or school governing body the school is recognised on the Balance Sheet.

The PFI School is recognised on the Balance Sheet as it is considered that the Council controls the asset through the PFI arrangement.

### **xxv. Value Added Tax (VAT)**

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



## 2. Accounting Standards that have been issued but not yet been Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted in the relevant year (2023/24 Code).

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would result in an impact on disclosures spanning two financial years.

Accounting changes that are introduced by the 2024/25 code are:

Accounting changes introduced by the 2024/25 code will include:

- IFRS16 Leases. The Code allows voluntary implementation of IFRS16 prior to 2024/25. The Council has decided to implement IFRS16 in 2024/25.
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020.
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022.
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022.
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023.
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023.

The introduction of IFRS16 Leases will have a material impact on the accounts.

- This accounting standard is to be applied prospectively and requires lessees to recognise assets subject to leases, as right-of-use assets on their balance sheet, and a corresponding lease liability (there are exceptions for low-value and short-term leases).
- For 2023/24 the council intends to disclose an estimate of the impact this standard will have in future years, but no entries will be made for this.

If IFRS16 Leases was introduced for 2023/24, it is estimated that lease assets and liabilities of £93.5m would be recognised.

The other accounting changes introduced by the 2024/25 Code are not anticipated to have a material impact on the accounts.

## 3. Critical Judgements in applying Accounting Policies

In applying accounting policies laid out in Note 1, the Council has had to make certain critical judgements about complex transactions or those involving uncertainty about future events. The following management judgements have the most significant effect on the financial statements. Critical estimation uncertainties are described in note 4.

### Accounting for Schools – Balance Sheet Recognition

The Council recognises school assets for Community schools and Foundation schools on its Balance Sheet. The Council has not recognised non-current assets relating to Voluntary Aided schools or Academies as it is of the opinion that these assets are not controlled by the Council.

### Accounting for Schools - Academies

When a school that is held on the Council's Balance Sheet transfers to Academy status, the Council accounts for this as a disposal for nil consideration on the date the school converts to Academy status, rather than as an impairment on the date approval to transfer to Academy status is announced.

### PFI Contract - Oak Park High School

The Council is deemed to control the services provided under the PFI contract with NU Schools to provide a secondary school, Oaks Park High School, and also to control the residual value of the school at the end of the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the school is recognised within Property, Plant and Equipment on the Council's Balance Sheet.

### Funding

The Council anticipates that the pressures on public expenditure will continue to be severe. These pressures will be mitigated by further service area and corporate savings and a limited use of reserves. Consequently, the Council is of the view that the level of uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

### Group Boundaries

The Council's interests in subsidiaries, associates and joint ventures that are within the group boundary were identified. The Council has made the judgement that the impact of the operations of the entities that fall within the group boundary are not material. The preparation of group accounts is not therefore required.

## 4. 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 considering historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2024 for which there are significant risks of material adjustment in the forthcoming financial year are as follows:

**Arrears** – At 31 March 2024, the Council had a balance of short term debtors of £121.185m. A review of significant balances, which in general are based on policies adapted to historic experience and success rates of collection, suggested that an impairment allowance for doubtful debts of £45.910m is appropriate. However, it is not certain that such an allowance would be sufficient, especially in the current economic climate. If collection rates were to deteriorate, the Council would need to review its policies on the calculation of its impairment allowance for doubtful debts.

**Calculation of the Amortised Cost of RPI-Linked Bond** - The Council accounts for its RPI-linked bond financial liability as a floating rate instrument at amortised cost. In estimating future RPI for the calculation of amortised cost, the Council uses current market projections for 5 years published by the Office for Budget Responsibility (subject to a 5% cap) and an RPI of 2.5% thereafter.

**Pensions Liability** - Estimates of the net liability to pay pensions depends on a number of complex judgements including those relating to the discount rate used, the rate at which salaries are projected to increase, the rate at which pensions are projected to increase, longevity rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The effects on the net pension's liability of changes in individual assumptions can be measured e.g. a 0.1% decrease in the discount rate would increase the net liability by £16.832m, a 0.1% increase in the salary increase rate would increase the net liability by £1.023m and a 0.1% increase in the pension increase rate would add £16.112m to the net liability. However, the assumptions interact in complex ways. As at 31 March 2024, the Council's actuaries advised that the net pension's liability had decreased by £57.580m (2022/23 – decreased by £272.513m), as a result of updating estimates to reflect current market conditions.

**Property, Plant and Equipment and Investment Property** – The requirements of the Code specify that the carrying amount of non-current assets should not differ materially from those that would be determined using the fair value at year end. To meet this requirement, asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets. The Council's valuers provide valuations annually as at 31 March for the Council's investment portfolio, and other operational portfolios on a five-year rolling programme. Valuations are provided more frequently where there is an indication of a material change in fair value.

Of the £1,787m net book value property, plant and equipment subject to valuation, the main elements are:

- £362m of council dwellings - these are valued as existing use value for social housing and are deemed to be less impacted by any material uncertainty.
- £1,376m of specialist assets valued at depreciated replacement cost. We expect these assets to have a lower risk of material misstatement, as valuations are not based on movements in the market but on the cost to the Council of replacing the service potential of the assets.
- £49m of asset valued at existing use value, existing use social housing and fair value basis. These assets have a higher risk of valuation uncertainty as a result of market movements. A 5% reduction in the valuation of these assets would result in a £2.45m reduction in value.

The Council also holds Investment Properties valued at £101.8m at 31 March 2024, which are subject to an annual fair value revaluation adjustment. A reduction in value of 5% would result in valuations being £5.09m lower than stated.

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that a one-year reduction in the useful life of buildings would increase the annual depreciation charge by 2%. If funding streams were reduced, in so far that it results in the reduction of service delivery or closure of facilities, this could result in the impairment of assets due to obsolescence. However, the Council has determined that the level of uncertainty at this time is not sufficient to indicate this course of action.

### Business Rates

In 2023/24, under the Business Rate Retention Scheme, the Council retains 30%, £16.244m (£14.438m 2022/23), of the business rates income it collects (see final paragraph below). Redbridge also receives a top-up of £33.583m (£34.047m 2022/23) from the business rates retention scheme because its business rates income is not sufficient to meet the cost of services, as assessed by the Government.

The Council has calculated that a total appeals provision of £5.110m, (£3.207m 2022/23) calculated using Valuation Office data and estimates of the likely success of remaining appeals based on reductions made to the 2017 and 2023 List valuations in Redbridge. This should be adequate to meet the losses of the remaining appeal claims. The Council's 30% share of the provision is £1.533m (comparable to £0.962m in 2022/23).

## 5. Material Items of Income and Expenditure

All material items of income and expenditure are disclosed in their respective notes throughout the accounts.

## 6. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Corporate Director of Resources on the 5 July 2024. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## 7. Expenditure and Funding Analysis

The Expenditure and Funding Analysis (EFA) 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 Directorates / Services / Departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

### Reconciliation of outturn to statutory requirements

2023/24	Outturn	Use of Reserves	Other	EFA
	£000	£000	£000	£000
<b>Directorate</b>				
Communities	39,080	629	-	39,709
People	152,324	(155)	(31,077)	121,092
Regeneration & Culture	11,681	(361)	-	11,320
Resources	14,073	(1,143)	-	12,930
Strategy	12,742	(1,466)	-	11,276
Corporate	(15,804)	21,118	3,129	8,443
HRA	(432)	0	18,164	17,743
<b>Cost of Services</b>	213,664	18,622	(9,784)	222,502
<b>Other Income and Expenditure</b>	(214,096)	(13)	9,784	(204,325)
<b>Surplus</b>	<b>(432)</b>	<b>18,609</b>	<b>-</b>	<b>18,177</b>

## Expenditure and Funding Analysis 2023/24

	Net Expenditure Chargeable to the General Fund and HRA Balance	Total Adjustments between the funding and accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000
Communities	39,709	25,862	65,571
People	121,092	7,880	128,972
Regeneration & Culture	11,320	6,357	17,677
Resources	12,930	1,922	14,852
Strategy	11,276	44	11,320
Corporate	8,443	(517)	7,926
HRA	17,743	1,542	19,274
<b>Net Cost of Services</b>	<b>222,502</b>	<b>43,090</b>	<b>265,592</b>
<b>Other (Income) and Expenditure</b>	<b>(204,325)</b>	<b>(18,620)</b>	<b>(222,945)</b>
<b>Deficit</b>	<b>18,117</b>	<b>24,470</b>	<b>42,647</b>
<b>Opening General Fund and HRA Balance</b>	<b>(155,032)</b>		
<b>Deficit on General Fund and HRA Balance in year</b>	<b>18,177</b>		
<b>Closing General Fund and HRA Balance as at 31 March 2023*</b>	<b>(136,855)</b>		

\* For a split of this balance between the General Fund and the HRA – see the Movement in Reserves Statement and note 9

## Reconciliation of outturn to statutory requirements

2022/23	Outturn	Use of Reserves	Other	EFA
Directorate	£000	£000	£000	£000
Communities	26,174	(232)	-	25,943
People	127,345	(4,038)	(10,474)	112,832
Regeneration & Culture	9,480	(1,229)	-	8,251
Resources	12,506	(2,233)	-	10,273
Strategy	11,211	672	-	11,883
Corporate	14,641	2,363	(8,784)	8,220
HRA	(279)	33	15,872	15,626
<b>Cost of Services</b>	<b>201,078</b>	<b>(4,664)</b>	<b>(3,386)</b>	<b>193,028</b>
<b>Other Income and Expenditure</b>	<b>(201,605)</b>	<b>3,076</b>	<b>3,386</b>	<b>(195,143)</b>
<b>Surplus</b>	<b>(527)</b>	<b>(1,588)</b>	<b>-</b>	<b>(2,115)</b>

## Expenditure and Funding Analysis

2022/23

	Net Expenditure Chargeable to the General Fund and HRA Balance	Total Adjustments between the funding and accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000
Communities	25,943	19,737	45,680
People	112,832	27,224	140,056
Regeneration & Culture	8,251	8,499	16,750
Resources	10,273	6,233	16,506
Strategy	11,883	618	12,501
Corporate	8,220	30	8,250
HRA	15,626	5,696	21,322
	<b>193,028</b>	<b>68,037</b>	<b>261,065</b>
<b>Net Cost of Services</b>			
<b>Other (Income) and Expenditure</b>	<b>(195,143)</b>	<b>(53,905)</b>	<b>(249,048)</b>
<b>Surplus</b>	<b>(2,115)</b>	<b>14,132</b>	<b>12,017</b>
<b>Opening General Fund and HRA Balance</b>	<b>(152,917)</b>		
<b>Surplus on General Fund and HRA Balance in year</b>	<b>(2,115)</b>		
<b>Closing General Fund and HRA Balance as at 31 March 2022 *</b>	<b>(155,032)</b>		

\* For a split of this balance between the General Fund and the HRA – see the Movement in Reserves Statement and note 9

## 7 (a) Adjustment between Accounting Basis and Funding Basis – Expenditure and Funding Analysis

2023/24

	Adjustment for capital purposes	Net charges for the Pension Fund Adjustments	Other Differences Statutory	Other Differences Non- Statutory	Total
	£000	£000	£000	£000	£000
Communities	28,483	69	(261)	(2,429)	25,862
People	8,281	692	(808)	(285)	7,880
Regeneration & Culture	6,355	41	(39)	-	6,357
Resources	2,023	122	(63)	(160)	1,922
Strategy	107	20	(83)	-	44
Corporate	268	(536)	1	(250)	(517)
HRA	1,385	211	(54)	-	1,542
<b>Net Cost of Services</b>	<b>46,902</b>	<b>619</b>	<b>(1,307)</b>	<b>(3,124)</b>	<b>43,090</b>
<b>Other (Income) and Expenditure</b>	<b>(25,441)</b>	<b>7,448</b>	<b>(3,750)</b>	<b>3,123</b>	<b>(18,620)</b>
<b>(Surplus)/Deficit</b>	<b>21,461</b>	<b>8,067</b>	<b>(5,057)</b>	<b>(1)</b>	<b>24,470</b>

2022/23

	<b>Adjustment for capital purposes</b>	<b>Net charges for the Pension Fund Adjustments</b>	<b>Other Differences Statutory</b>	<b>Other Differences Non- Statutory</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Communities	17,305	4,025	(138)	(1,455)	19,737
People	9,747	17,373	301	(197)	27,224
Regeneration & Culture	7,695	871	(67)	-	8,499
Resources	3,165	3,211	(83)	(60)	6,233
Strategy	-	517	105	(4)	618
Corporate	-	215	1	(186)	30
HRA	4,605	1,062	29	-	5,696
<b>Net Cost of Services</b>	<b>42,517</b>	<b>27,274</b>	<b>148</b>	<b>(1,902)</b>	<b>68,037</b>
<b>Other (Income) and Expenditure</b>	<b>(60,139)</b>	<b>11,954</b>	<b>(7,622)</b>	<b>1,902</b>	<b>(53,905)</b>
<b>(Surplus)/Deficit</b>	<b>(17,622)</b>	<b>39,228</b>	<b>(7,474)</b>	<b>-</b>	<b>14,132</b>

### 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 for 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 receivables in the year to those receivables 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 Pension Adjustments

Net Change for the removals of pension contributions and the addition of IAS 19 Employee Benefits Pension related Income and Expenditure:

- For services this represents the removal of the employer pension contributions made by the Council 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 CIES.

### Other Statutory Adjustments

Other differences 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 NDR 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.

### Other Non-Statutory Adjustments

Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement:

- For Financing and investment income and expenditure the other non-statutory adjustments column recognises adjustments to service segments, e.g. for interest income and expenditure and for rental and expenses incurred on investment properties.

## 7 (b) Expenditure and Income Analysed by Category

2022/23 Total £000	Expenditure/(Income)	2023/24 Total £000
	<b>Expenditure</b>	
368,075	Employee Benefits Expenses	361,733
466,738	Other Services Expenses	480,195
64,502	Depreciation, Amortisation, Impairment	64,885
22,880	Interest and Financing Payments	16,990
19,651	Precept and Levies	19,917
19,996	Loss on the disposal of assets	10,983
<b>961,842</b>	<b>Total Expenditure</b>	<b>954,703</b>
	<b>Income</b>	
(129,690)	Fees, Charges and Other Service Income	(104,817)
(12,656)	Interest and Investment Income	(7,813)
(182,298)	Income from Council Tax and Non-Domestic Rates	(188,981)
(625,181)	Government Grants and Contribution	(610,443)
<b>(949,825)</b>	<b>Total Income</b>	<b>(912,054)</b>
<b>12,017</b>	<b>(Surplus)/Deficit on the Provision of Services</b>	<b>42,649</b>

## 8. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

**General Fund Balance** – The General Fund is a statutory fund into which all the receipts of a Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (excluding HRA services), or the deficit of resources that the Council is required to recover, at the end of the financial year.

**Housing Revenue Account (HRA) Balance** – The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for Local Authority Council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function.

**Major Repairs Reserve** – The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at year end.

**Capital Receipts Reserve** – The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at year end.

**Capital Grants Unapplied** – The Capital Grants Unapplied Account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

**Unusable Reserves** – Non-cash backed reserves that are used to record unrealised gains and losses, and other adjustment accounts to absorb the difference between the outcome of applying proper accounting practices and the requirements of statutory arrangements for funding expenditure.

2023/24

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Charges for depreciation and impairment of non-current assets	(27,122)	(5,843)	-	-	-	32,965
Revaluation Gains/ (losses) on Property, Plant and Equipment	(7,142)	(22,588)	-	-	-	29,730
Movements in the market value of Investment Properties	(6,470)	-	-	-	-	6,470
Amortisation of intangible assets	(2,190)	-	-	-	-	2,190
Capital Grants and Contributions applied	-	-	-	-	56,359	(56,359)
Revenue expenditure funded from capital under statute	(7,831)	-	-	-	-	7,831
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	(11,514)	(3,117)	-	-	-	14,631
Statutory provision for the financing of capital investment	12,143	-	-	-	-	(12,143)
Capital expenditure charged in year to the General Fund and HRA Balances	3,919	594	-	-	-	(4,513)
Capital Grants and Contributions Unapplied credited to the Comprehensive Income and Expenditure Statement	26,359	20,400	-	-	(46,759)	-
Transfer of cash sale proceeds credited as part of gains/losses on disposal to the Comprehensive Income and Expenditure Statement	268	3,380	(3,648)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	5,164	-	-	(5,164)
Contribution from the Capital Receipts Reserve towards administrative costs on non-current asset disposals	-	(54)	54	-	-	-
Transfer from deferred capital receipts reserve upon receipt of cash	-	-	-	-	-	-
Transfer of Capital Receipts	-	-	-	-	-	-
Reversal of Major Repairs Allowance	-	5,843	-	(5,843)	-	-
Use of Major Repairs Reserve to finance new capital expenditure	-	-	-	5,843	-	(5,843)
Financial Instruments – revaluation of pooled investments	(691)	-	-	-	-	691
Financial Instrument – accumulated gains on assets sold as part of Other Investment Income	-	-	-	-	-	-
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements.	220	-	-	-	-	(220)
Amount by which Council Tax and non-domestic rate income credited/debited to the CIES is different from Council Tax and non-domestic rate income calculated for the year in accordance with statutory requirements	3,537	-	-	-	-	(3,537)
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(33,784)	(879)	-	-	-	34,663
Employer's pension contributions and direct payments to pensioners payable in year	26,114	668	-	-	-	(26,782)
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	(1,254)	(54)	-	-	-	(1,308)
<b>Total Adjustments</b>	<b>(22,930)</b>	<b>(1,542)</b>	<b>1,570</b>	<b>-</b>	<b>9,600</b>	<b>13,302</b>



## 2022/23- Comparative Figures

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Charges for depreciation and impairment of non-current assets	(28,661)	(5,453)	-	-	-	34,144
Revaluation losses on Property, Plant and Equipment	(1,869)	(24,590)	-	-	-	22,721
Movements in the market value of Investment Properties	5,086	-	-	-	-	(5,086)
Amortisation of intangible assets	(2,214)	-	-	-	-	2,214
Capital Grants and Contributions applied	-	-	-	-	53,802	(53,802)
Revenue expenditure funded from capital under statute	(4,811)	-	-	-	-	4,811
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	(20,561)	(8,875)	-	-	-	29,276
Statutory provision for the financing of capital investment	12,951	-	-	-	-	(12,951)
Capital expenditure charged in year to the General Fund and HRA Balances	1,615	728	-	-	-	(2,343)
Capital Grants and Contributions Unapplied credited to the Comprehensive Income and Expenditure Statement	60,205	19,104	-	-	(79,309)	-
Transfer of cash sale proceeds credited as part of gains/losses on disposal to the Comprehensive Income and Expenditure Statement	247	9,033	(9,280)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	5,018	-	-	(5,018)
Contribution from the Capital Receipts Reserve to finance the payments to the Government's capital receipts pool	-	-	-	-	-	-
Capital receipts received in respect of repayment of grants, advances and distributions	-	-	-	-	-	-
Contribution from the Capital Receipts Reserve towards administrative costs on non-current asset disposals	-	(165)	165	-	-	-
Transfer from deferred capital receipts reserve upon receipt of cash	-	-	(1)	-	-	1
Transfer of Capital Receipts	-	-	-	-	-	-
Reversal of Major Repairs Allowance	-	5,453	-	(5,453)	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	5,453	-	(5,453)
Financial Instruments – revaluation of pooled investments	(3,499)	-	-	-	-	3,499
Financial Instrument – accumulated gains on assets sold as part of Other Investment Income	-	-	-	-	-	-
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements.	43	-	-	-	-	(43)
Amount by which Council Tax and non-domestic rate income credited/debited to the CIES is different from Council Tax and non-domestic rate income calculated for the year in accordance with statutory requirements	7,579	-	-	-	-	(7,579)
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(66,174)	(1,841)	-	-	-	68,015
Employer's pension contributions and direct payments to pensioners payable in year	28,008	779	-	-	-	(28,787)
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	(119)	(30)	-	-	-	149
<b>Total Adjustments</b>	<b>(8,436)</b>	<b>(5,697)</b>	<b>(4,098)</b>	<b>-</b>	<b>(25,507)</b>	<b>43,738</b>

## 9. Transfers to/from Reserves and Balances

The note sets out the amounts set aside from General Fund and HRA balances and the movement on these balances. The General Fund balance is a sum held centrally for unavoidable cost increases and other unforeseen items and spending pressures and therefore acts as the Council's financial safety net. Earmarked reserves are set aside to provide financing for future expenditure plans. HRA balances and reserves are ring-fenced and are not available to the General Fund.

	Balance at 31 March 2022 £000	Net Transfers £000	Balance at 31 March 2023 £000	Net Transfers £000	Balance at 31 March 2024 £000
<b>General Fund:</b>					
General Fund Balance	21,160	248	21,408	1,733	23,141
<b>Total</b>	<b>21,160</b>	<b>248</b>	<b>21,408</b>	<b>1,733</b>	<b>23,141</b>
<b>Earmarked Reserves</b>					
Business Risk Reserve	21,161	249	21,410	(7,939)	13,471
Insurance Fund Reserve	11,483	(763)	10,720	(249)	10,474
Business Rates Smoothing Reserve	10,124	(4,952)	5,172	(1,254)	3,918
Operational Risk Reserve	7,699	(1,725)	5,974	(5,974)	-
Pension Fund Reserve	6,000	-	6,000	-	6,000
Invest to Save Reserve	897	1,000	1,897	(1,808)	89
Treasury Smoothing Reserve	2,750	750	3,500	-	3,500
Commercial Income Smoothing Reserve	2,601	-	2,601	(2,601)	-
Transformation Reserve	2,322	(325)	1,997	(1,700)	297
Governance Reserve	2,000	-	2,000	-	2,000
Capital Reserve	1,074	(1)	1,073	-	1,073
Other Corporate Reserves	7,270	(1,373)	5,897	(1,646)	4,251
Service Directorate Reserves	3,382	412	3,794	3,754	7,548
Schools Balances	27,576	(1,633)	25,943	1,077	27,020
Dedicated Schools Grant	1,868	6,055	7,923	(651)	7,272
<b>Total</b>	<b>108,207</b>	<b>(2,306)</b>	<b>105,901</b>	<b>(18,988)</b>	<b>86,913</b>
Revenue Grants and Contributions Unapplied	6,011	3,928	9,939	(1,355)	8,584
<b>Total</b>	<b>135,378</b>	<b>1,870</b>	<b>137,248</b>	<b>(18,610)</b>	<b>118,638</b>
<b>Housing Revenue Account</b>					
HRA Balance	6,752	278	7,030	433	7,463
<b>Total</b>	<b>6,752</b>	<b>278</b>	<b>7,030</b>	<b>433</b>	<b>7,463</b>
<b>HRA Earmarked Reserves</b>					
	10,787	(33)	10,754	-	10,754
<b>Total</b>	<b>17,539</b>	<b>245</b>	<b>17,784</b>	<b>433</b>	<b>18,217</b>
<b>Total General Fund and HRA Reserves and Balances</b>	<b>152,917</b>	<b>2,115</b>	<b>155,032</b>	<b>(18,177)</b>	<b>136,855</b>

### Purpose of Earmarked Reserves and Balances

The **Business Risk Reserve** is intended to cover unforeseen future events which have adverse financial consequences.

The **Insurance Fund Reserve** is resources set aside to provide for unquantified insurance claims that may be settled in the future.

The **Business Rates Smoothing Reserve** has been set up as a one-off short term resource to meet reductions in income and funding shortfalls resulting from the increasing demand for local services.

The **Operational Risk Reserve** was established to mitigate short term risks, including where there is potential that one-off growth will be required in services but not allocated to that service in the budget.

The **Pension Fund Reserve** has been established to meet future employer contributions.

The **Minor Corporate Reserve** has been established to fund minor one-off corporate initiatives.

The **Treasury Smoothing Reserve** has been established to allow for the fluctuation of returns on treasury investments between years.

The **Commercial Income Smoothing Reserve** was established to allow for the fluctuation of investment returns between years.

The **Transformation Reserve** has been established to contribute to costs of future transformation programmes.

The **Governance Reserve** has been established to fund projects around governance.

The **Capital Reserve** has been established to fund spend relating to capital projects

**Other Corporate Reserves** comprise a number of smaller reserves to finance corporate initiatives.

**Service Directorate Reserves** comprise a number of earmarked reserves to finance service area plans.

**School Balances** are resources delegated to schools that will be used to fund future expenditure.

The **Dedicated Schools Grant Reserve** is a ring-fenced reserve that can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2018.

## 10. Other Operating Expenditure

2022/23 £000		2023/24 £000
19,651	Levies	19,641
19,996	(Gains)/Losses on the disposal of non-current assets	10,983
<b>39,647</b>	<b>Total</b>	<b>30,624</b>

## 11. Financing and Investment Income and Expenditure

2022/23 £000		2023/24 £000
10,591	Interest payable and similar charges	10,030
12,288	Net interest on the net defined benefit liability	7,448
(5,814)	Interest receivable and similar income	(9,735)
(12,051)	Income and expenditure in relation to investment properties and changes in their fair value	82
3,499	(Gains)-losses on pooled investments	691
2,567	Impairment allowances	3,304
<b>11,080</b>	<b>Total</b>	<b>11,820</b>

## 12. Taxation and Non-Specific Grant Income

2022/23 £000		2023/24 £000
(132,537)	Council Tax Income	(140,230)
(49,762)	Non- domestic rates income and expenditure	(48,751)
(38,168)	Non-ring-fenced government grants	(29,647)
(79,309)	Capital grants and contributions	(46,759)
<b>(299,776)</b>	<b>Total</b>	<b>(265,387)</b>

## 13. Property, Plant and Equipment

### Movements in 2023/24

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant and Equipment	PFI Assets included in property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>								
<b>At 1 April 2023</b>	<b>339,012</b>	<b>1,396,073</b>	<b>38,769</b>	<b>11,857</b>	<b>28,952</b>	<b>52,687</b>	<b>1,867,350</b>	<b>48,185</b>
Adjustments	-	4	-	-	-	-	4	-
Additions	22,533	24,598	1,416	-	1,015	65,411	114,973	52
Revaluation increases / (decreases) recognised in the Revaluation Reserve	5,045	(29,079)	-	-	5,686	(1,737)	(20,085)	(7,206)
Revaluation increases / (decreases) recognised in the Surplus (Deficit) on the provision of services	(23,554)	(9,648)	-	-	495	(206)	(32,913)	-
Derecognition- Disposals	-	-	(1,591)	-	(11,012)	(11)	(12,614)	-
Reclassification	18,956	(3,918)	-	4,634	23,550	(21,010)	22,212	-
<b>At 31 March 2024</b>	<b>361,992</b>	<b>1,378,030</b>	<b>38,594</b>	<b>16,491</b>	<b>48,686</b>	<b>95,134</b>	<b>1,938,926</b>	<b>41,031</b>
<b>Accumulated Depreciation and Impairment</b>								
<b>At 1 April 2023</b>	<b>-</b>	<b>2,450</b>	<b>17,578</b>	<b>7,234</b>	<b>-</b>	<b>-</b>	<b>27,262</b>	<b>-</b>
Depreciation charge	5,744	14,563	3,615	325	42	-	24,289	964
Depreciation written out to the Revaluation Reserve	(4,315)	(13,176)	-	-	(26)	-	(17,517)	(964)
Depreciation written out to the Surplus (Deficit) on the provision of services	(1,172)	(2,000)	-	-	(11)	-	(3,184)	-
Derecognition- Disposals	-	-	(1,089)	-	-	-	(1,089)	-
Other movements	5	(63)	-	46	13	-	1	-
<b>At 31 March 2024</b>	<b>262</b>	<b>1,774</b>	<b>20,104</b>	<b>7,605</b>	<b>18</b>	<b>-</b>	<b>29,762</b>	<b>-</b>
<b>At 31 March 2024</b>	<b>361,730</b>	<b>1,376,256</b>	<b>18,490</b>	<b>8,886</b>	<b>48,668</b>	<b>95,134</b>	<b>1,909,163</b>	<b>41,031</b>
<b>At 31 March 2023</b>	<b>339,012</b>	<b>1,393,623</b>	<b>21,191</b>	<b>4,623</b>	<b>28,952</b>	<b>52,687</b>	<b>1,840,088</b>	<b>48,185</b>

**Comparative figures  
2022/23**

	<b>Council Dwellings</b>	<b>Other Land and Buildings</b>	<b>Vehicles, Plant, Furniture and Equipment</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>Assets under Construction</b>	<b>Total Property, Plant and Equipment</b>	<b>PFI Assets included in property, Plant and Equipment</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost or Valuation</b>								
<b>At 1 April 2022</b>	<b>328,770</b>	<b>1,361,499</b>	<b>32,695</b>	<b>8,749</b>	<b>19,028</b>	<b>32,994</b>	<b>1,783,735</b>	<b>42,287</b>
Additions	-	(16)	-	-	-	-	(16)	-
Revaluation increases / (decreases) recognised in the Revaluation Reserve	34,258	16,350	7,227	1,818	188	24,682	84,523	300
Revaluation increases / (decreases) recognised in the Surplus (Deficit) on the provision of services	5,081	41,304	-	-	7,639	-	54,024	5,598
Derecognition- Disposals	(25,533)	1,109	-	-	243	-	(24,181)	-
Reclassification	-	(21,030)	(1,153)	-	-	-	(22,183)	-
Other Movements	(3,564)	(3,143)	-	1,290	1,854	(4,989)	(8,552)	-
<b>At 31 March 2023</b>	<b>339,012</b>	<b>1,396,073</b>	<b>38,769</b>	<b>11,857</b>	<b>28,952</b>	<b>52,687</b>	<b>1,867,350</b>	<b>48,185</b>
<b>Accumulated Depreciation and Impairment</b>								
<b>At 1 April 2022</b>	<b>5</b>	<b>2,338</b>	<b>14,014</b>	<b>6,687</b>	<b>1</b>	<b>-</b>	<b>23,045</b>	<b>-</b>
Depreciation charge	5,373	13,116	4,733	547	62	-	23,831	846
Depreciation written out to the Revaluation Reserve	(4,430)	(12,089)	-	-	(76)	-	(16,595)	(846)
Depreciation written out to the Surplus (Deficit) on the provision of services	(943)	(520)	-	-	-	-	(1,463)	-
Derecognition- Disposals	(5)	(382)	(1,169)	-	-	-	(1,556)	-
Other movements	-	(13)	-	-	13	-	-	-
<b>At 31 March 2023</b>	<b>-</b>	<b>2,450</b>	<b>17,578</b>	<b>7,234</b>	<b>-</b>	<b>-</b>	<b>27,262</b>	<b>-</b>
<b>At 31 March 2023</b>	<b>339,012</b>	<b>1,393,623</b>	<b>21,191</b>	<b>4,623</b>	<b>28,952</b>	<b>52,687</b>	<b>1,840,088</b>	<b>48,185</b>
<b>At 31 March 2022</b>	<b>328,765</b>	<b>1,359,161</b>	<b>18,681</b>	<b>2,062</b>	<b>19,027</b>	<b>32,994</b>	<b>1,760,690</b>	<b>42,287</b>

**Fair Value Measurement of Surplus Assets**

Details of surplus assets and information about the fair value hierarchy as at 31 March 2024, are as follows:

<b>Recurring Fair Value measurement use</b>	<b>Quoted price for similar assets in active market</b>
<b>31 March 2024</b>	<b>Level 2</b>
	<b>£000</b>
Surplus Buildings	4,904
Surplus Land	43,782
<b>Total</b>	<b>48,686</b>

March 2023 - Comparative Figures:

<b>Recurring Fair Value measurement use</b>	<b>Quoted price for similar assets in active market</b>
<b>31 March 2023</b>	<b>Level 2</b>
	<b>£000</b>
Surplus Buildings	3,575
Surplus Land	25,377
<b>Total</b>	<b>28,952</b>

**Highways Network Infrastructure Assets**

	<b>2022/23</b>	<b>2023/24</b>
	<b>Infrastructure Assets</b>	<b>Infrastructure Assets</b>
	<b>£000</b>	<b>£000</b>
<b>Net Book Value</b>		
<b>At 1 April 2023</b>	<b>93,594</b>	<b>89,257</b>
Additions and Enhancement	5,727	8,679
Derecognition - Other	218	-
Depreciation	(10,281)	(8,676)
<b>At 31 March 2024</b>	<b>89,257</b>	<b>89,260</b>

**Depreciation**

Depreciation is calculated using the straight-line method over the useful lives as follows:

- Buildings (excluding Council dwellings) – maximum 70 years
- Council dwellings - 52 years.
- Community assets: maximum period of 35 years
- Vehicles, plant, furniture and equipment: - between 5 and 16 years.
- Infrastructure assets: - maximum period of 60 years

**Capital Commitments**

As at 31 March 2024, the Council was committed to a number of capital projects amounting to £8.801m. Similar commitments at 31 March 2023 were £118.883m. Schemes due to be completed in the next three years are shown below:

	<b>2023/24</b>	
	<b>£000</b>	<b>Year of completion</b>
<b>Regeneration</b>		
Schools – Wanstead High School	6.506	2024/25
Wanstead Swimming Pool	5.323	2024/25
<b>Housing HRA</b>		
Housing Development Programme – Loxford Lane	42.816	2025/26
Affordable Housing	30.798	2025/26

**Revaluations**

Freehold and Leasehold properties, which comprise the Council's property portfolio, are valued on a five-year rolling basis by in house valuers. Valuations have been undertaken in accordance with the RICS Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors, except those not considered by the valuer to be necessary for the purposes of the valuation. Plant and Machinery that are normally associated with a building, such as lifts, have been reflected in the valuation.

At 31 March 2024 a review is undertaken to ensure that property values are materially correct. This resulted in a decrease

revaluation of £22.973m in net revaluation reserves. These are detailed in Note 13 (movement in PPE) under revaluation gains & losses as at 31 March 2024 and recognised in Surplus/ Deficit on provision of services.

Properties regarded by the Council as operational or pending future operational use are valued on a Fair Value Existing Use Value basis. Where these methods could not be utilised, due to a lack of suitable market evidence or if the property was of a specialised nature, then a Depreciated Replacement Cost basis of valuation was adopted, in accordance with the relevant professional guidance applicable as at the valuation date.

In accordance with IFRS13 valuation of non-operational (surplus) assets and investment properties were based on Fair value and categorised as either level 1 inputs, level 2 inputs or level 3 inputs. Properties regarded by the Council as being either Community Assets or Infrastructure Assets have not been valued as part of this Asset Valuation exercise.

Valuations are carried out by London Borough of Redbridge's in-house chartered surveyors and valuers, and Wilks Head & Eve LLP, Chartered Surveyors and Town Planners. The basis for valuation is set out in the statement of accounting policies.

Year	Portfolio	Assets Revalued	Notes
2023-24	Housing Revenue Account	Houses, flats, community centres, garages and development sites	
	Investment Properties	Shops, offices, storage, agricultural and gravel workings	Annual Update
	Surplus Assets	Empty Buildings and vacant sites	Annual Update
	Housing General Fund	Out of Borough housing	
	Children's Services	Schools, school lodges, playing fields, children's centres and nurseries	
	Adults' Services	Day Centres and a group home	
	Libraries	Libraries	
2022-23	Housing Revenue Account	Houses, flats, community centres, garages and development sites	Annual Desktop Update
	Investment Properties	Shops, offices, storage, agricultural and gravel workings	Updated annually
	Surplus Assets	Empty Buildings and vacant sites	Updated annually
	Housing General Fund	Out of Borough housing	
	Children's Services	Schools, school lodges, playing fields, children's centres and nurseries	
	Adults' Services	Day Centres and a group home	
	Libraries	Libraries	
2021-22	Housing Revenue Account	Houses, flats, community centres, garages and development sites	Annual Desktop Update
	Investment Properties	Shops, offices, storage, agricultural and gravel workings	Updated annually
	Surplus Assets	Empty Buildings and vacant sites	Updated annually
	Housing General Fund	Out of Borough housing	
	Leisure and Culture	Allotments, sports grounds, pavilions, some park buildings, community and youth centres, public conveniences, and theatre	
	Libraries	Libraries	Desktop valuation
	Children's Services - Schools	Primary, Secondary and Special schools	Desktop valuation
	Adults' Services	Day Centres and a group home	Desktop valuation
	Cleansing Service	Public conveniences, recycling centre and miscellaneous properties	
	Community Safety	Cemeteries	
	Facilities Management	Offices and depot	
2020-21	Housing Revenue Account	Houses, flats, community centres, garages and development sites	Full Revaluation
	Investment Properties	Shops, offices, storage, agricultural and gravel workings	Updated annually
	Surplus Assets	Empty Buildings and vacant sites	Updated annually
	Housing General Fund	Hostels and non-stock housing	
	Leisure and Culture (Vision leased)	All leisure properties leased to Vision – Redbridge, Culture and Leisure	Other leisure properties to be valued in next cycle
	Libraries	Libraries	
2019-20	Children's Services - Schools	Miscellaneous PPE	Other children's services properties to be valued in next cycle
	Housing Revenue Account	Houses, flats, community centres, garages and development sites	Annual Desktop Update
2019-20	Investment Properties	Shops, offices, storage, agricultural and gravel workings	Updated annually

Surplus Assets	Empty Buildings and vacant sites	Updated annually
Non-Operational PPE Assets	Miscellaneous Properties not held as investment	

## 14. Investment Property

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

	2022/23 £000	2023/24 £000
Rental income from investment property	7,822	6,757
Direct operating expenses arising from investment property	(857)	(369)
<b>Net gain</b>	<b>6,965</b>	<b>6,388</b>

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 repairs, maintenance or enhancement.

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

	2022/23 £000	2023/24 £000
<b>Balance at start of the year</b>	<b>134,901</b>	<b>139,875</b>
Enhancement	38	2,029
Net gain/(loss) from fair value adjustments	5,086	(6,470)
Derecognitions	(149)	-
<b>Other movements:</b>		
Transfer to PPE	-	(33,610)
<b>Balance at end of the year</b>	<b>139,875</b>	<b>101,824</b>

### Fair Value Measurement of Investment Properties

Details of the investment properties and information on the fair value hierarchy as at 31 March 2024 are as follows:

Fair Value measurement use 31 March 2024	Quoted price for similar assets in active market Level 2 £000
Land & Farms	11,290
Office Units	18,597
Commercial Units	71,937
<b>Total</b>	<b>101,824</b>

March 2023 - Comparative Figures:

Fair Value measurement use 31 March 2023	Quoted price for similar assets in active market Level 2 £000
Land & Farms	39,422
Office Units	18,994
Commercial Units	81,459
<b>Total</b>	<b>139,875</b>



## 15. Intangible Assets

The Council accounts for its intangible assets to the extent that they are not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant, and Equipment. The intangible assets are purchased software licences and Cloud Computing services.

All intangible assets are given a finite useful life, based on assessments of the period that the software or Cloud Computing services are expected to be of use to the Council. The useful life assigned to intangible assets used by the Council is between five and ten years.

The carrying amount of intangible assets is amortised on a straight-line basis.

	2022/23	2023/24
	£000	£000
<b>Balance at start of year:</b>		
Gross cost amounts	9,410	16,091
Accumulated amortisation	(3,369)	(5,582)
<b>Net carrying amount at start of year</b>	<b>6,041</b>	<b>10,509</b>
<b>Additions:</b>		
Purchases	6,497	4,705
Other disposals	-	-
Amortisation for the period	(2,214)	(2,191)
Reclassification	184	-
Other changes - amortisation	-	-
<b>Net carrying amount at end of year</b>	<b>10,509</b>	<b>13,023</b>
<b>Comprising:</b>		
Gross cost amounts	16,091	20,796
Accumulated amortisation	(5,582)	(7,773)
<b>Total</b>	<b>10,509</b>	<b>13,023</b>

## 16. Impairment Losses

During 2023/24 the Council has had no impairment losses (£0 in 2022/23).

Revaluation losses on operational properties and changes in the fair value of investment properties have been disclosed elsewhere in the accounts (Note 13: Property, Plant and Equipment, Note 14: Investment Property and in the Movement in Reserves Statement).

## 17. Private Finance Initiative

### Oaks Park High School – Scheme Details

2023/24 was the twenty second year of a 30-year PFI contract for the construction, maintenance and operation of Oaks Park Secondary School.

On 4 July 2001, the Council contracted with NU Schools for Redbridge Limited to provide a secondary school, Oaks Park High School, under a Private Finance Initiative.

Under the terms of the PFI, the Council has leased a vacant site at Barley Mow to the PFI contractor for the period of the contract – 30 years. The school reverts to the Council at the end of the period.

Under the PFI contract, the Council pays an agreed charge, which has been accounted for as outlined in the Council's Accounting Policies. At the time the contract was signed the total estimated contract payments were £65.9m to the end of the contract in January 2032. Actual payments will depend on the service provided.

The Government provides a grant of approximately £52.028m over the life of the contract. The key financial details of the scheme are detailed below: -

	<b>£000</b>
Total Scheme Capital Expenditure	15,999
Current residual asset value as at 31 March 2024	41,031
Residual asset value as at 31 March 2023	48,185

Estimated asset life 35 years

### Property Plant and Equipment

The building used to provide services at the school is recognised on the Council's Balance Sheet. Movements in its value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment in Note 13.

### Payments

The Council makes an agreed payment each year which is increased 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. Payments remaining to be made under the PFI contract as at 31 March 2024 (excluding any estimation of inflation and availability / performance deductions) are as follows:

	<b>Services Charges £000</b>	<b>Principal Repayments £000</b>	<b>Interest Payments £000</b>	<b>Total £000</b>
Repayable within 1 year	1,383	797	645	2826
Repayable in 2 to 5 years	5,533	3,924	1,845	11,303
Repayable in 6 to 8 years	4,150	3,542	424	8,116
<b>Total</b>	<b>11,066</b>	<b>8,263</b>	<b>2,915</b>	<b>22,245</b>

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 the contractor for capital expenditure incurred is as follows:

	<b>2022/23 £000</b>	<b>2023/24 £000</b>
Balance outstanding at start of the year	9,675	8,998
Payments during the year	(677)	(735)
<b>Balance outstanding at year-end</b>	<b>8,998</b>	<b>8,263</b>

## 18. Assets held for sale

	<b>31 March 2023 £000</b>	<b>31 March 2024 £000</b>
<b>Property Plant &amp; Equipment:</b>		
<b>Brought forward balance</b>	<b>990</b>	<b>640</b>
Assets classified as held for sale	8,369	11,399
Asset sold in year	(8,719)	(3,106)
<b>Balance at the end of the year</b>	<b>640</b>	<b>8,933</b>

## 19. Debtors

31 March 2023 £000		31 March 2024 £000
1,581	<b>Long Term</b>	1,566
60	Leased Asset – Britannia Car Park	60
468	Mortgages	468
<b>2,109</b>	Historic Social Care Adaptation Loans	<b>2,094</b>
		<b>2,094</b>
<b>2,109</b>	<b>Less Impairment allowance for doubtful debts</b>	<b>1,626</b>
	Historic Social Care Adaptation Loans	(468)
	<b>Total</b>	<b>1,626</b>
		<b>1,626</b>
31 March 2023 £000		31 March 2024 £000
4,477	<b>Other</b>	5,518
5,678	Central Government Bodies	1,838
933	NHS bodies	1,866
	Public corporations and trading funds	1,866
	Other Debtors:	
17,285	Council Taxpayers	19,266
4,096	NDR Payers	5,295
2,827	Court Costs	3,107
15,391	Housing Tenants	16,541
6,978	Housing Benefit Recoveries	6,467
5,326	VAT	4,556
6,579	Payment in Advance	9,904
69,518	Other Entities & Individual	46,827
<b>139,087</b>	<b>Total Other</b>	<b>121,185</b>
(17,269)	<b>Less – Impairment allowance for doubtful debts</b>	(21,033)
(14,661)	Housing including Housing Benefits	(16,337)
(3,402)	Council Tax	(4,133)
(7,158)	NDR	(4,407)
<b>(42,490)</b>	Other	<b>(45,910)</b>
<b>96,597</b>	<b>Total Impairment allowance for doubtful debts</b>	<b>75,275</b>
	<b>Total</b>	<b>75,275</b>

### Local Taxation Debtors

The past due but not impaired amount for local taxation (Council Tax and Non-Domestic rates can be analysed by age as follows:

31 March 2023 £000		31 March 2024 £000
2,040	Council Tax - up to 1 year	2,714
584	Council Tax – more than 1 year	215
<b>2,624</b>	<b>Total Council Tax</b>	<b>2,929</b>
586	NDR – up to 1 year	813
108	NDR – more than 1 year	349
<b>694</b>	<b>Total NDR</b>	<b>1,162</b>

## 20. Cash and Cash Equivalents

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

31 March 2023 £000		31 March 2024 £000
15,550	Short Term Deposits	22,441
1,067	Bank Balance – L B Redbridge Pool	1,271
5,068	Bank Balance – External Accounts	1,260
<b>21,685</b>	<b>Total Cash and Cash Equivalents</b>	<b>24,942</b>

External Accounts are separate bank accounts held by schools that are not part of the Council's pooled banking arrangements.

## 21. Creditors

31 March 2023 £000		31 March 2024 £000
14,169	Central Government Bodies	5,825
4,688	Other Local Authorities inc GLA	4,577
1,985	NHS Bodies	741
	Other Creditors:	
6,172	Capital Creditors	8,309
7,282	Trade Creditors	13,181
2,611	Housing Prepayments	3,020
14,883	Income & Receipts Received in Advance	11,039
18,470	Housing inc B&B	11,109
6,492	Council Tax	8,788
57,495	Other Entities and Individuals	67,381
<b>134,247</b>	<b>Total</b>	<b>133,970</b>

## 22. Provisions

### Short-term

	Insurance Provision £000	Audit Fees Provision £000	Redundancy and Early Retirement Provision £000	Other Provisions £000	Total £000
<b>Balance 1 April 2023</b>	<b>1,384</b>	<b>417</b>	<b>72</b>	<b>234</b>	<b>2,107</b>
Increase (Decrease) Provision made in 2023/24	391	-	92	74	<b>557</b>
Amounts used in 2023/24	(485)	-	(53)	(123)	<b>(661)</b>
<b>Balance at 31 March 2024</b>	<b>1,290</b>	<b>417</b>	<b>111</b>	<b>185</b>	<b>2,003</b>

### Long-term

	Insurance Provision £000	NDR Appeals Provision £000	Social Care Provision £000	Total £000
<b>Balance 1 April 2023</b>	<b>5,009</b>	<b>962</b>	<b>425</b>	<b>6,396</b>
Increase (Decrease) Provision in 2023/24	148	1,309	-	<b>1,457</b>
Amounts used in 2023/24	-	(738)	-	<b>(738)</b>
<b>Balance at 31 March 2024</b>	<b>5,157</b>	<b>1,533</b>	<b>425</b>	<b>7,115</b>

### Purpose:

**Insurance Provision:** The Council's insurance programme is designed to protect the interests of Redbridge through a structured Risk Management Framework. The programme consists of elements of retained risk (self-insurance) with the remainder of risks transferred through insurance policies to an insurance provider. The level of the provision is based on a report received from an independent actuary.

**Redundancy and Early Retirement Provision:** This provision has been established to meet agreed commitments relating to employee redundancy and retirements.

**Audit Fees Provision:** The Council has made provision for prior years audit fees which are under negotiation with the Public Sector Audit Appointments Ltd.

**Provision for Business Rates Appeals:** The Council has set aside a provision for its share of any potential liabilities as a result of Business Rate payers' appeals against rateable valuations. The provision includes an amount for appeals lodged to date but yet to be determined by the Valuation Office Agency (VOA). The Council cannot be certain as to when the appeals will be resolved because the timing of resettlement depends on the VOA.

**Social Care Provision:** Provision has been made for the change in charging policy for Adult Social Care and service charges for Mental Health Supported Living.

## 23. Financial Instruments

### Financial Assets:

31 March 2023			31 March 2024	
Non-Current	Current		Non-Current	Current
£000	£000		£000	£000
-	21,685	Cash and Cash Equivalents at amortised costs	-	24,942
-	<b>21,685</b>	<b>Total Cash and Cash Equivalents</b>	-	<b>24,942</b>
-	151,777	Investments at Amortised Cost	-	96,883
17,723	225	Fair Value through Profit and Loss	17,032	250
<b>17,723</b>	<b>152,002</b>	<b>Total Investments</b>	<b>17,032</b>	<b>97,133</b>
2,109	30,627	Debtors – amortised cost	1,626	50,066
<b>2,109</b>	<b>30,627</b>	<b>Total Debtors</b>	<b>1,626</b>	<b>50,066</b>
<b>19,832</b>	<b>204,314</b>	<b>Total Financial assets</b>	<b>18,658</b>	<b>172,141</b>
-	65,971	<b>Non-Financial assets - Debtors</b>	-	25,209
<b>19,832</b>	<b>270,285</b>	<b>Total</b>	<b>18,658</b>	<b>197,350</b>

### Financial Liabilities:

31 March 2023			31 March 2024	
Non-Current	Current		Non-Current	Current
£000	£000		£000	£000
(250,696)	(6,289)	PWLB at amortised cost	(292,684)	(6,573)
(106,170)	(1,962)	Market Loans and Bonds at amortised cost	(85,889)	(1,709)
<b>(356,866)</b>	<b>(8,251)</b>	<b>Total Amortised Cost</b>	<b>(378,573)</b>	<b>(8,282)</b>
<b>(356,866)</b>	<b>(8,251)</b>	<b>Total Borrowings</b>	<b>(378,573)</b>	<b>(8,282)</b>
(8,263)	(104,224)	Creditors and other liabilities at amortised cost	(7,466)	(91,685)
<b>(8,263)</b>	<b>(104,224)</b>	<b>Total Creditors</b>	<b>(7,466)</b>	<b>(91,685)</b>
<b>(365,129)</b>	<b>(112,475)</b>	<b>Total Financial Liabilities</b>	<b>(386,039)</b>	<b>(99,967)</b>
(163,449)	(63,101)	<b>Non-Financial Liabilities – Creditors and other liabilities</b>	(106,558)	(59,056)
<b>(528,578)</b>	<b>(175,576)</b>	<b>Total</b>	<b>(429,627)</b>	<b>(159,023)</b>

### Categories of Financial Instruments

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

**Financial Assets – Fair Value Through Profit & Loss**

The Council has an initial investment of £20.000m within the Local Authorities Property Fund with CCLA. At balance sheet date, this investment is valued at fair value which is based on the bid price. At 31 March 2024 the fair value of the Local Authorities Property Fund with CCLA was £17.032m. The difference between the initial carrying value and the fair value of £2.968m does not impact the General Fund. It is instead posted to the Pooled Investment Revaluation Reserve.

<b>Recurring Fair Value Measurements</b>	<b>Input level in fair value hierarchy</b>	<b>Valuation technique used to measure fair value</b>	<b>31 March 2023 Fair value £'000</b>	<b>31 March 2024 Fair value £'000</b>
Local Authorities Property Fund with CCLA	Level 2	Inputs other than quoted prices that are observable for the financial asset	17,723	17,032
<b>Total</b>			<b>17,723</b>	<b>17,032</b>

**Financial Liabilities – Bonds at Amortised Cost**

In November 2019 the Council issued a £75m bond to fund capital expenditure. The bond was issued at a premium of £11,161k and is repayable over 48 years. Bond repayments are index-linked to RPI. The effective interest rate (EIR) for the bond is therefore reassessed every year. The EIR for 2023-24 is 2.11%. The amortised cost value of the bond at 31 March 2024 is £77.4m.

**Financial Liabilities - Lender Option Borrower Option (LOBO) Loans**

The Council had two fixed rate LOBOs with a combined fair value of £20.2m in 2022-23. Both loans were repaid in 2023-24 after the lenders exercised their options.

**Income, Expense, Gains and Losses**

The income and expense recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

<b>31 March 2023 £000</b>		<b>31 March 2024 £000</b>
10,591	Interest Expenses – measured amortised cost	10,030
<b>10,591</b>	<b>Total Expenses in Deficit/Surplus on the Provision of Services</b>	<b>10,030</b>
(5,814)	Interest Income for financial assets measured at amortised cost	(9,733)
<b>(5,814)</b>	<b>Total Income in Deficit/Surplus on the Provision of Services</b>	<b>(9,733)</b>
3,499	Losses /(gains) on revaluation for financial assets measured at FVPL	692
<b>3,499</b>	<b>(Gains)Losses on financial assets measured at fair value through profit and loss in Deficit/Surplus on the Provision of Services</b>	<b>692</b>
<b>8,276</b>	<b>Net Expense for the year</b>	<b>989</b>

**Fair Values of Financial Assets and Financial Liabilities**

The fair value of Public Works loan Board (PWLB) loans is calculated using the new loan rate published by the PWLB on 31 March 2024. For the non-PWLB loans the fair value is calculated using the new loan rate based on market evidence on 31 March 2024. This involves using Level 2 inputs.

- Estimated ranged of interest rates at 31 March 2024 of 4.78% to 5.59% for loans were available from the PWLB.
- 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 carrying values of cash, investments held at amortised cost, short- and long-term debtors and creditors are assumed to be a fair approximation of their fair value.

The fair value of borrowing is lower than the carrying amount because the Council's loan portfolio includes fixed rate loans where the interest rate payable is lower than the new loan rate. This is a notional gain, based on economic conditions as at 31 March 2024, compared to the value of the loan portfolio on the open market.

31 March 2023			31 March 2024	
Carrying amount	Fair Value		Carrying amount	Fair Value
£000	£000		£000	£000
(256,985)	(195,822)	Financial Liabilities at amortised cost – PWLB Loan	(299,257)	(228,708)
(108,132)	(105,041)	Financial Liabilities at amortised cost - Market Loans and temporary borrowing	(87,598)	(85,540)
(104,224)	(104,224)	Short Term Creditors	(92,885)	(91,685)
(8,263)	(8,263)	Long Term Creditors	(7,466)	(7,466)
<b>(477,604)</b>	<b>(413,350)</b>	<b>Total Financial Liabilities</b>	<b>(487,206)</b>	<b>(413,399)</b>
21,685	21,685	Cash and Cash Equivalents	24,942	24,942
151,777	151,777	Investments held at amortised costs	96,883	96,883
17,948	17,948	Fair Value through Profit and Loss	17,282	17,282
30,627	30,627	Short Term Debtors	48,227	50,066
2,109	2,109	Long Term Debtors	1,626	1,626
<b>224,146</b>	<b>224,146</b>	<b>Total Financial Assets</b>	<b>188,960</b>	<b>190,799</b>

The fair value of bonds within the Financial Liabilities are at amortised cost and is a reasonable approximation of the carrying value of £77.4m. This is because bonds are index-linked to RPI. Cash flows are therefore based on market rates.

The fair value of PWLB loans at amortised cost using the premature repayment rate at 31 March 2024 is £220.1m (£220.1m at 31 March 2023) and for market loans and bonds at amortised cost it is £109.4m (£109.4m at 31 March 2023).

#### Transfers between Levels of the Fair Value Hierarchy

There have been no transfers between input levels during the year.

#### Changes in the Valuation Technique

There has been no change in the valuation technique used during the year for financial instruments.

#### Fair value hierarchy for financial assets and financial liabilities that are not measured at their fair value

31 March 2023		31 March 2024
Other significant observable inputs Level 2		Other significant observable inputs Level 2
£000		£000
(256,985)	Financial liabilities at amortised cost - PWLB loan	(299,257)
(108,132)	Financial liabilities at amortised cost - Market loans and Bonds	(87,598)
(8,263)	PFI liability	(7,466)
(104,224)	Other financial liabilities at amortised cost	(91,685)
<b>(477,604)</b>	<b>Total financial liabilities at amortised cost</b>	<b>(486,006)</b>
206,198	Financial assets held at amortised costs	173,647
<b>206,198</b>	<b>Total financial assets at amortised cost</b>	<b>173,647</b>

#### Collateral

The Council holds legal charges on property to cover the costs of adult social care for clients who pay for their own care and where payment has been deferred to a later date.

31 March 2023		31 March 2024
£000		£000
<b>1,341</b>	Social Care – High Dependency Accommodation	<b>1,764</b>

## 24. Nature and Extent of Risks arising from Financial Instruments

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

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

The Council's overall treasury risk management strategy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management, in this context, is carried out by a central treasury team, under policies approved by the Council in the Annual Treasury Management Strategy. The Council provides written principles for treasury risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

### Overall Procedures for Managing Risk

The Finance Service implements those policies prescribed in the Strategy. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMP's). The TMP's are a requirement of the Code of Practice and are reviewed periodically.

The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- by formally adopting and following the requirements of the Code of Practice;
- by approving annually in advance Prudential Indicators for the following three years limiting:
  - the Council's overall borrowing;
  - maximum and minimum debt repayment profile;
  - maximum annual exposure to investments maturing beyond a year.

The Treasury Management Strategy for the forthcoming year sets out criteria for both investing and selecting investment counterparties in compliance with government guidance. The Strategy's objective is to prioritise the security and liquidity of the Council's investments over the investment yield. Prior to being approved by Full Council, the strategy is scrutinised by the Council's Governance and Assurance Committee. Performance is reported bi-annually to Council.

### Credit Risk

Credit risk arises from deposits with banks, financial institutions, as well as credit exposure to the Council's customers. This risk is minimised by the Annual Investment Strategy, which is within the Treasury Management Strategy, and is available on the Council's website.

### Credit risk arising from deposits with Banks and Financial Institutions

The Treasury Management Strategy requires the Council to maintain a counterparty list that follows the criteria set out in the TMPs. Creditworthiness is assessed by the use of credit ratings provided by Fitch Ratings, Moody's and Standard and Poor's to assess an institution's long and short-term financial strength. Information provided by Brokers, Advisers and other financial and economic reports is also used. Individual institutions are monitored against the Council's creditworthiness criteria. A maximum sum to be invested with each financial institution category is imposed.

Any counterparty whose ratings fall to the extent that they no longer meet the credit criteria is immediately removed from the lending list.

Only highly rated counterparties may be included on the lending list:

- The Council's Banker and UK Part Nationalised Banks;
- UK Building Societies with assets in excess of £3bn;
- Money Market Funds;



- UK Government (Debt Management Office and Gilts);
- Enhanced Cash Funds;
- Equity/Bond/Multi Asset Funds;
- Non-UK Government and Supranational Institutions;
- Other Local Authorities, Parish Councils, Community Councils and
- Property Funds.

The Council's maximum exposure to credit risk in relation to its investments in banks, building societies and Property Funds can be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits; there was no evidence at 31 March 2024 that this was likely to materialise.

In addition, the diversification of investments also provides additional security. The maximum percentages of the investment portfolio, which may be invested in each class of assets, are detailed:

#### Asset Class Percentages:

Type of Asset	% of Total Investment as set by 2023/24 Treasury Management Strategy	% of Total Investment as at 31 March 2024
	%	%
UK Government	100	-
Local Authorities	85	18
Banks - Specified	80	22
Money Market Funds - Specified	50	17
Enhanced Cash Funds	15	-
Building Societies - Specified	45	-
Total Unspecified Investments	50	-
Overseas Banks - Specified	50	30
Non-UK Government and Supranational Bonds	30	-
Corporate Bonds	15	-
Property Funds	25	13

The asset class percentages are well within the limits prescribed in the Council's Treasury Management Strategy for 2023/24.

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 of its counterparties in relation to deposits.

#### Credit Risk arising from the Council's exposure to other assets

Credit risk can arise from the Council's exposure to other debtors. This excludes monies from government and public institutions and from local taxation. Payments for services are either required in advance or due at the time the service is provided.

Write off of debtors is subject to Council procedures.

The Council's long-term debtors are mainly in relation to a lease agreement. The expected credit loss allowance for lease receivables is negligible therefore having no impact on the carrying value

#### Other debtors

Payments for services are either required in advance or due at the time the service is provided. Other debtors of £24,542k (£19,802k in 22/23) is the largest component of the financial instrument debtor balance of £48,227k (£30,627k in 22/23). The remaining balance is made up of other debtors and accruals totalling £23,685k (£10,82k in 22/23). Other debtors are analysed by age as follows:

Aged Debtors Analysis	31 March 2023 £000	31 March 2024 £000
Up to and including three months	10,115	12,767
Over three and up to six months	2,526	4,318
Six months to one year	3,645	3,694
Over one year	7,592	8,170
<b>Total</b>	<b>23,878</b>	<b>28,949</b>
Less: Impairment	(4,076)	(4,407)
<b>Total Other Debtors After Impairment</b>	<b>19,802</b>	<b>24,542</b>

### Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of Prudential Indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management model, as required by the Code of Practice. This seeks to ensure that cash is available when it is needed.

The Council has ready access to the Public Works Loans Board (PWLB). The PWLB provides access to longer-term funds, therefore there is no significant risk that the Council will be unable to raise finance to meet its commitments. As at 31 March 2024 77% (70% as at 31 March 2023) of the Council's loans outstanding were with the PWLB and 23% provided by the Money Markets.

Through the Local Government Finance Act 1992, the Council is required to set a balanced budget, which ensures sufficient monies are raised to cover annual expenditure. The Council has set and reviewed during the financial year, a prudent budget and sought to set an affordable Council Tax for its residents. Therefore, there is no significant risk that the Council will be unable to raise finance to meet its commitments.

The Council manages its day-to-day liquidity position through the monitoring of Prudential Indicators, associated strategies and practices and cash flow management procedures.

### Refinancing Risk

The Council's approved Treasury and Investment strategies are set to avoid the risk of refinancing on unfavourable terms. The central treasury team address the operational risks within approved parameters. These include:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or rescheduling existing debt;
- Monitoring the maturity of investments to ensure that there is sufficient liquidity available for the Council's day-to-day cash flow needs (this is set at £25m in the Treasury Management Strategy), and the spread of long term investments provides stability of maturities and returns in relation to long term cash flow needs; and
- On a short-term basis internal balances are available to be used for finance should market interest rates be unfavourable at the time of refinancing.

The maturity analysis for borrowing is as follows:

<b>Renewal Period</b>	<b>Loans Outstanding as at 31 March 2024 £000</b>	<b>Interest outstanding as at 31 March 2024 £000</b>	<b>Limit of projected Fixed Rate Borrowing %</b>	<b>% of Total Borrowing 31 March 2024 %</b>
Less than one year	6,047	11,147	30	2
Between one and two years	2,985	10,966	45	1
Between two and five years	67,420	28,614	60	17
Between five and ten years	41,275	38,067	80	11
More than 10 years	268,566	110,870	100	69
<b>Total</b>	<b>386,293</b>	<b>199,664</b>		<b>100</b>

<b>Renewal Period</b>	<b>Loans Outstanding as at 31 March 2023 £000</b>	<b>Interest outstanding as at 31 March 2023 £000</b>	<b>Limit of projected Fixed Rate Borrowing %</b>	<b>% of Total Borrowing 31 March 2023 %</b>
Less than one year	6,617	9,843	30	2
Between one and two	5,936	9,721	45	2
Between two and five	15,522	28,244	60	4
Between five and ten	34,653	43,131	80	9
More than 10 years	302,389	128,890	100	83
<b>Total</b>	<b>365,117</b>	<b>219,829</b>		<b>100</b>

Bonds are included based on the projected change in amortised cost each year. The balance less than one year includes interest accruals. Maturity analysis in respect of the PFI arrangement is in Note 17.

### Market Risk - Interest Rate Risk

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

- Borrowing at variable rates – the interest expense charged to the Surplus / Deficit on the provision of services will rise.
- Borrowings at fixed rates – the fair value of the liabilities will fall.
- Investments at variable rates – the interest income credited to the Surplus / Deficit on the Provision of Services will rise.
- Investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus and 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 will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have quoted market prices will be reflected in Other Comprehensive Income and Expenditure.

The Council has a number of strategies for managing interest rate risk. Its policy allows for a maximum of 50% of its borrowings to be held if appropriate in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans may be repaid early to limit exposure to losses.

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

According to this assessment strategy, as at 31 March 2024, if interest rates had been 1% higher with all other variables held constant, the financial effect would have been:

### Impact of 1% increase in interest rates

	<b>£000</b>
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	21,058

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

Changes in interest rates in-year have no material effect on Surplus or Deficit on the Provision of Services as both loans and investments are generally taken out at fixed rates and for fixed terms.

### Impact on the bond of a 1% increase in RPI over Office of Budget Responsibility projections

The amortised cost of the bond is based on projections of RPI for the next 5 years. RPI is assumed to be 2.5% per year thereafter. The impact on Comprehensive Income and Expenditure in 24/25 of a 1% increase in RPI above the rates currently projected for the next 5 years is £140k.

## 25. Grant Income

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

	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
<b>Credited to Taxation and Non-Specific Grant Income</b>		
Recognised Capital Grants and contributions	79,309	46,738
Council Tax Income	132,537	140,230
NDR	49,762	48,751
NDR S.31 Compensation Grant	11,151	15,203
Revenue Support Grant	10,783	12,195
Social Care & Winter Pressures	10,443	-
New Homes Bonus Grant	1,126	75
Other Revenue Grants	4,665	2,195
<b>Total</b>	<b>299,776</b>	<b>265,387</b>
<b>Credited to Services</b>		
Department of Work & Pensions	107,621	103,191
Department of Health Social Care & ICB	46,856	42,568
Department for Education	315,767	331,423
Department for Levelling Up, Housing & Communities	-	21,356
COVID-19 Service Grants	3,365	-
Other Miscellaneous Grants	34,094	35,533
<b>Total</b>	<b>507,703</b>	<b>534,071</b>

Where a grant has yet to be used to finance Revenue or Capital Expenditure, it is either posted to the Revenue or Capital Unapplied Reserve.

	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
<b>Revenue Grants and Contributions Unapplied</b>		
Children's Services Grant	3,322	3,293
Safer Communities Grant	518	406
Department of Health Grants	150	30
Department for Levelling Up, Housing and Communities	3,570	571
Department of Work & Pensions	-	1,404
Other Revenue Grants & Contributions	1,395	1,999
<b>Total</b>	<b>8,955</b>	<b>7,703</b>
Section 106	984	781
<b>Total</b>	<b>9,939</b>	<b>8,584</b>

The Council has received grants and contributions 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 as follows:

	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
<b>Revenue Grants - Receipts in Advance</b>		
Work & Health and Lean East Programmes Grants	540	1,422
Other Miscellaneous Grants	1,447	1,598
<b>Total</b>	<b>1,986</b>	<b>3,020</b>
<b>Capital Grants - Receipts in Advance</b>		
Greater London Authority Grants	27,958	11,748
Department for Levelling Up, Housing & Communities	1,027	-
<b>Total</b>	<b>28,985</b>	<b>11,748</b>

	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
<b>Capital Grants and Contributions</b>		
Housing Grant	829	9
Education Funding Agency	42,996	32,090
Greater London Authority	475	1,117
Department for Levelling Up, Housing and Communities	8,813	8,030
Other miscellaneous	442	1,005
<b>Total</b>	<b>53,555</b>	<b>42,251</b>
Section 106	7,178	4,492
Community Infrastructure Levy	3,818	9,975
Other Capital Contributions	2,111	343
<b>Total</b>	<b>66,662</b>	<b>57,061</b>

## 26. Disclosure of Deployment of Dedicated Schools Grant in 2023/24

The Dedicated Schools Grant (DSG) Grant has been deployed in accordance with regulations made under Sections 45A, 45AA, 47, 47ZA, 47A, 48, 49 and 138(7) of, and paragraph 2B of Schedule 14 to, the School Standards and Framework Act 1998, and Section 24(3) of the Education Act 2002. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2018. 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 deployment of DSG receivable for 2023/24 are as follows:

	<b>Central Expenditure</b>	<b>Individual Schools Budget (ISB)</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Final DSG for 2023/24 before academy and high needs recoupment			370.796
Academy and high needs figure recouped for 2023/24			86.181
<b>Total DSG after academy and high needs Recoupment for 2023/24</b>			<b>284.615</b>
Plus: Brought forward from 2022/23			7.923
Less: Carry-forward to 2024/25 agreed in advance			-
<b>Agreed initial budgeted distribution in 2023/24</b>			<b>292.538</b>
In-year adjustments		0.628	0.628
<b>Final budget distribution for 2023/24</b>	<b>15.375</b>	<b>277.791</b>	<b>293.166</b>
Less: Actual central expenditure	15.512	-	15.512
Less: Actual ISB deployed to schools	-	270.383	270.383
Plus: Local authority contribution for 2023/24			-
In-year Carry forward to 2024/25	<b>(0.136)</b>	<b>7.408</b>	<b>7.272</b>
Plus: Carry-forward to 2024/25 agreed in advance			
Carry-forward to 2024/25			<b>7.272</b>
DSG unusable reserve at the end of 2022/23			
Addition to DSG unusable reserve at the end of 2023/24			
Total of DSG unusable reserve at the end of 2023/24			
<b>Net DSG position at the end of 2023/24</b>	<b>-</b>	<b>-</b>	<b>7.272</b>

## 27. Leases

### The Council as Lessee

#### Operating Leases

In June 2016 the Council entered in a 30-year lease agreement for an estate of houses in Canterbury for use as temporary accommodation for homeless households or to prevent homelessness. The lease contains a break clause which can be exercised after the first year by the Council and after 15 years by the Lessor. The Council, in October 2017, entered into another similar lease covering an estate of houses in Uxbridge. These lease agreements have been treated as operating leases.

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

	<b>31 March 2023</b>	<b>31 March 2024</b>
	<b>£000</b>	<b>£000</b>
Not later than one year	2,616	2,616
Later than one year and not later than five years	10,464	10,464
Later than five years	9,501	6,885
<b>Total</b>	<b>22,581</b>	<b>19,965</b>

The expenditure charged to the relevant service area in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	<b>31 March 2023</b>	<b>31 March 2024</b>
	<b>£000</b>	<b>£000</b>
Minimum lease payments	2,519	2,616
<b>Total</b>	<b>2,519</b>	<b>2,616</b>

None of the assets acquired under operating leases are sub-let. In addition, there were no contingent rents attached to the contracts.

### The Council as Lessor

#### Finance Leases

The Council entered into a contract with Britannia Parking Limited for the lease of a multi storey car park at Clements Road, Ilford for a period of 125 years, from April 2002. The car park will be both managed and operated by Britannia Parking Limited. The rent is increased annually by applying a formula based upon the annual RPI index.

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

	<b>31 March 2023</b>	<b>31 March 2024</b>
	<b>£000</b>	<b>£000</b>
<b>Finance lease debtor (net present value of minimum lease payments):</b>		
Current	97	97
Non-current	1,224	1,197
Unearned finance income	8,528	8,446
Unguaranteed residual value of property	259	271
<b>Gross investment in the lease</b>	<b>10,108</b>	<b>10,011</b>

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

	Minimum Lease Payments		Finance Lease Payments	
	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000
Not later than one year	15	15	97	97
Later than one year and not later than five years	61	61	389	389
Later than five years	1,246	1,218	9,622	9,525
<b>Total</b>	<b>1,322</b>	<b>1,294</b>	<b>10,108</b>	<b>10,011</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as future price indices. In 2023/24, contingent rents of £117k were receivable by the Council (£97k in 2022/23).

## 28. 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 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 Requirements (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.

	2022/23 £000	2023/24 £000
<b>Opening Capital Financing Requirement</b>	<b>462,836</b>	<b>484,865</b>
<b>Capital Investment</b>		
Property, Plant and Equipment	84,523	114,973
Infrastructure Assets	5,727	8,679
Investment Property	38	2,029
Intangible Assets	6,497	4,705
Assets held for Sale	-	-
Revenue Expenditure Funded from Capital under Statute	4,811	7,831
	<b>101,596</b>	<b>138,217</b>
<b>Sources of Finance</b>		
Capital Receipts	(5,018)	(5,164)
Government grants and other contributions	(53,802)	(56,359)
Capital expenditure charged against the General Fund and HRA reserves and balances	(2,343)	(4,514)
Contributions from MRR	(5,453)	(5,843)
MRP	(12,951)	(12,143)
	<b>(79,567)</b>	<b>(84,023)</b>
<b>Closing Capital Financing Requirement</b>	<b>484,865</b>	<b>539,059</b>
<b>Explanation of movements in year</b>		
Increase in underlying need to borrow unsupported by government financial assistance	22,029	54,194
<b>Increase/(decrease) in capital financial requirement</b>	<b>22,029</b>	<b>54,194</b>

## 29. Other Long-Term Liabilities

31 March 2023 £000		Notes	31 March 2024 £000
(157,050)	Pension Fund Liability	40	(99,470)
(8,263)	PFI Liability	17	(7,466)
(3)	Other		(3)
<b>(165,316)</b>	<b>Total Other Long-Term Liabilities</b>		<b>(106,939)</b>

## 30. Unusable Reserves

31 March 2023 £000		31 March 2024 £000
1,105,291	Revaluation Reserve	1,082,318
490,701	Capital Adjustment Account	501,297
(157,050)	Pensions Reserve	(99,470)
(7,794)	Accumulated Absences Account	(6,486)
(1,868)	Collection Fund Adjustment Account	1,669
(2,277)	Pooled Investment Revaluation Reserve	(2,968)
(1,321)	Financial Instruments Adjustment Account	(1,101)
62	Deferred Capital Receipts	62
<b>1,425,744</b>	<b>Total Unusable Reserves</b>	<b>1,475,321</b>

### 30 (a) Revaluation Reserve

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

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

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

2022/23 £000		2023/24 £000
<b>1,063,505</b>	<b>Balance at 1 April</b>	<b>1,105,291</b>
105,310	Upwards revaluation of assets	67,659
(34,692)	Downward revaluation of assets and impairment losses not charged to Surplus on the Provision of Services	(70,241)
<b>70,619</b>	<b>Deficit on revaluation of non-current assets not posted to the Deficit on the Provision of Services</b>	<b>(2,582)</b>
(8,823)	Difference between fair value depreciation and historical cost depreciation	(8,869)
(5,818)	Accumulated gains on assets sold or scrapped	(11,522)
(14,191)	Adjusting amounts written out to the Capital Adjustment Account	-
<b>1,105,291</b>	<b>Balance at 31 March</b>	<b>1,082,318</b>



### 30 (b) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing difference arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisitions, 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.

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.

<b>2022/23</b>		<b>2023/24</b>
<b>£000</b>		<b>£000</b>
<b>470,352</b>	<b>Balance at 1 April</b>	<b>490,701</b>
	<b>Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>	
(34,114)	Charges for depreciation and impairment of non-current assets	(32,965)
(22,721)	Revaluation losses on Property, Plant and Equipment	(29,730)
(2,214)	Amortisation of intangible assets	(2,190)
(4,811)	Revenue expenditure funded from capital under statute	(7,831)
(29,276)	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	(14,631)
<b>(93,136)</b>		<b>(87,347)</b>
28,832	Adjusting amounts written out of the Revaluation Reserve	20,391
<b>(64,304)</b>	<b>Written out of the cost of non-current assets consumed in the year</b>	<b>(66,956)</b>
	<b>Capital financing applied in the year:</b>	
5,018	Use of the Capital Receipts Reserve to finance new capital expenditure	5,164
5,453	Use of the Major Repairs Reserve to finance new capital expenditure	5,843
53,802	Application of grants to capital financing from the Capital Grants and Contributions Unapplied Account	56,359
12,951	Statutory provisions for the financing of capital investment charged against the General Fund	12,143
2,343	Capital expenditure charged against the General Fund and HRA balances	4,513
<b>79,567</b>		<b>84,022</b>
5,086	Movements in the market value of Investment properties debited or credited to the Comprehensive Income and Expenditure Statement	(6,470)
<b>490,701</b>	<b>Balance at 31 March</b>	<b>501,297</b>

### 30 (c) Pension 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 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 pay 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 ensue that funding will have been set aside by the time the benefits come to be paid.

<b>2022/23</b> <b>£000</b>		<b>2023/24</b> <b>£000</b>
(429,683)	<b>Balance at 1 April</b>	(157,050)
311,741	Actuarial (losses)/gains on pensions assets and liabilities	65,461
(68,015)	Reversal of items relating to retirement benefits debited or credited to the Surplus on the Provision of Services in the Comprehensive Income and Expenditure Statement	(34,663)
28,787	Employer's pensions contributions and direct payments to pensioners payable in the year	26,782
<b>(157,050)</b>	<b>Balance at 31 March</b>	<b>(99,470)</b>

### 30 (d) Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise in the General Fund Balance from accruing for compensated absence earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March 2024. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

<b>2022/23</b> <b>£000</b>		<b>2023/24</b> <b>£000</b>
<b>(7,645)</b>	<b>Balance at 1 April</b>	<b>(7,794)</b>
7,645	Settlement or cancellation of accrual made at the end of the preceding year	7,794
(7,794)	Amounts accrued at the end of the current year	(6,486)
(149)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,308
<b>(7,794)</b>	<b>Balance at 31 March</b>	<b>(6,486)</b>

### 30 (e) Collection Fund Adjustment Account

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

<b>2022/23</b> <b>£000</b>		<b>2023/24</b> <b>£000</b>
<b>(9,447)</b>	<b>Balance at 1 April</b>	<b>(1,868)</b>
7,579	Amount by which Council Tax and non-domestic rate income credited to the Comprehensive and Expenditure Statement is different from Council Tax and non-domestic rate income calculated for the year in accordance with statutory requirements	3,537
<b>(1,868)</b>	<b>Balance at 31 March</b>	<b>1,669</b>

### 30 (f) Pooled Investment Revaluation Reserve

The Pooled Investment Revaluation Reserve contains the gains and losses arising from the change in value of the council's investments that are measured at fair value through profit and loss.

2022/23 £000		2023/24 £000
<u>1,222</u>	<b>Balance at 1 April</b>	<u>(2,277)</u>
	- Revaluation of transferred investments charged to the Surplus / Deficit on the Provision of Services	
(3,498)	Revaluation of Financial Instruments held at Fair Value through Profit and Loss subject to MHCLG Statutory Over-Ride*	(691)
<u>(2,277)</u>	<b>Balance at 31 March</b>	<u>(2,968)</u>

\* Central Government introduced a statutory over-ride to protect the General Fund Balance from any fluctuations in fair value movements in pooled investment funds. In the Council's case this relates to its investment in the Charities, Churches and Local Authorities (CCLA) Property Fund. This over-ride was due to come to an end on the 31 March 2023, but has now been extended for a further two years after which, unless extended again, will mean that fair value movements will impact on the General Fund Balance.

### 30 (g) Financial Instrument Adjustment Account

The Financial Instrument Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenditure relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The council uses the account to manage premiums paid and discounts received on the early redemption of loans. Premiums are debited and discounts are credited to the Comprehensive Income and Expenditure Statement when they are incurred but reserved out of the General Fund Balance to the account in the Movement in Reserves Statement. Over time, the net expense is posted back to the General Fund balance in accordance with statutory arrangements for spreading the burden on Council Taxpayers.

2022/23 £000		2023/24 £000
<u>(1,364)</u>	<b>Balance at 1 April</b>	<u>(1,321)</u>
	- Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	-
32	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	32
11	Interest adjustment on staggered rate loans incurred in the year and charged to the Comprehensive Income and Expenditure Statement	188
<u>43</u>	<b>Amount by which finance costs charged to the comprehensive income and expenditure statement is different from finance costs chargeable in the year in accordance with statutory requirements</b>	<u>220</u>
<u>(1,321)</u>	<b>Balance at 31 March</b>	<u>(1,101)</u>

### 30 (h) Deferred Capital Receipts Reserve

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

## 31. Termination Benefits

The Council agreed to terminate the contracts of a number of employees in 2023/24, incurring liabilities of £0.374m (£0.238m in 2022/23). There was a total of 13 redundancies in 2023/24 (33 in 2022/23).

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies is set out in the table below. Of these redundancies 4 related to officers and 9 related to school staff (10 officers and 23 schools in 2022/23).

Exit Package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23 £000	2023/24 £000
£0 - £20,000	-	2	30	3	30	5	142	31
£20,001 - £40,000	-	2	2	3	2	5	53	133
£40,001 - £60,000	-	2	1	-	1	2	43	118
£60,001 - £80,000	-	-	-	1	-	1	-	92
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>6</b>	<b>33</b>	<b>7</b>	<b>33</b>	<b>13</b>	<b>238</b>	<b>374</b>

## 32. Officers' Remuneration

The following table sets out the remuneration paid to the Council's senior employees:

		Note	Salary incl.	Pension	Total
			honorarium	Contribution	
			£	£	£
<b>Chief Executive</b>	2023/24		191,187	36,517	227,704
<b>(C. Symonds)</b>	2022/23		158,403	35,007	193,410
<b>Corporate Director of Resources</b>	2023/24	<b>2</b>	165,531	31,616	197,147
	2022/23	<b>2</b>	160,089	35,380	195,469
<b>Corporate Director of Strategy</b>	2023/24		152,304	29,090	181,394
	2022/23		144,938	32,031	176,969
<b>Corporate Director of Culture &amp; Regeneration</b>	2023/24		152,304	29,090	181,394
	2022/23		132,470	29,276	161,746
<b>Corporate Director of Communities</b>	2023/24	<b>3</b>	38,062	7,270	45,331
	2022/23	<b>3</b>	140,495	31,049	171,544
<b>Corporate Director of People</b>	2023/24	<b>1</b>	176,075	33,630	209,705
	2022/23	<b>1</b>	153,803	33,990	187,794
<b>Operational Director of Assurance</b>	2023/24		110,001	21,010	131,011
	2022/23		98,533	21,776	120,309
<b>Director of Public Health</b>	2023/24		126,603	18,206	144,809
	2022/23		122,321	17,313	139,634

1. The Corporate Director of People received an honorarium payment of £16,899 with regards to Acting Chief Executive Officer.
2. The Corporate Director of Resources receives an honorarium payment of £10,935 in 2023/24 (£10,275 in 2022/23) with regards to the work undertaken on behalf of East London Waste Authority which is included within the salary.
3. The Corporate Director Communities left in June 2023 and the post has been subsequently covered by an Interim at a cost of £199,290.

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 was:

2022/23				Earning Band	2023/24			
Officers	Teachers	VA Schools	Total		Officers	Teachers	VA Schools	Total
137	199	24	360	£50,000 - £54,999	188	248	22	458
115	109	16	240	£55,000 - £59,999	136	50	23	209
55	63	11	129	£60,000 - £64,999	85	46	17	148
37	26	6	69	£65,000 - £69,999	48	47	6	101
22	25	2	49	£70,000 - £74,999	32	34	4	70
13	13	3	29	£75,000 - £79,999	14	22	1	37
17	20	-	37	£80,000 - £84,999	16	13	5	34
9	9	2	20	£85,000 - £89,999	20	20	2	42
6	6	2	14	£90,000 - £94,999	4	16	-	20
1	5	3	9	£95,000 - £99,999	9	9	3	21
4	5	-	9	£100,000 - £104,999	1	5	2	8
3	3	-	6	£105,000 - £109,999	4	-	-	4
4	5	-	9	£110,000 - £114,999	2	3	-	5
3	1	-	4	£115,000 - £119,999	4	3	-	7
1	2	-	3	£120,000 - £124,999	2	2	-	4
-	-	-	-	£125,000 - £134,999	-	1	-	1
-	3	-	3	£135,000 - £139,999	-	-	-	-
-	-	-	-	£140,000 - £144,999	-	1	-	1
-	-	-	-	£145,000 - £149,999	-	1	-	1
-	1	-	1	£155,000 - £159,999	-	1	-	1
-	1	-	1	£160,000 - £164,999	-	1	-	1
-	-	1	1	£190,000 - £194,999	-	1	1	1
<b>427</b>		<b>70</b>	<b>994</b>	<b>Total</b>	<b>565</b>	<b>524</b>	<b>86</b>	<b>1,175</b>

Remuneration includes gross salary, bonuses, expense allowances, compensation for loss of employment, and any other emoluments. This table excludes those officers listed in the previous table.

### 33. Members' Allowances

The Council has regards to the recommendations of the Independent Remuneration Panel (IRP) for London convened by London Councils. However, Redbridge has not increased the levels paid for Members Allowances since 2010. Instead, Redbridge Council reduced the levels set for all Special Responsibility Allowances (SRAs) in 2014. Consequently, Redbridge allowances are currently set at levels significantly below that of the Independent Remuneration Panel's recommendations.

The Council paid the following amounts in respect of Members of the Council during the financial year which includes on-costs.

	2022/23 £000	2023/24 £000
Allowances	892	927
<b>Total</b>	<b>892</b>	<b>927</b>

Allowances paid in 2022/23 was slightly lower than the current year. This was as a result of changes following the election in May 2022.

### 34. Related Parties

This disclosure note has been prepared using the Council's Register of Members' Declarations of Interest in addition to a specific declaration obtained in respect of related party transactions from Members and Chief Officers. The Council is required to disclose material transactions with related parties – bodies and individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of those transactions allows readers to assess the extent to which the Council may have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. In this context, related parties include:

- Central Government
- Elected Members of the Council
- Directors and Chief Officers of the Council
- Other Public Bodies
- Entities controlled or significantly influenced by the Council

- **Central Government**

Central Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, housing benefits). Grants receipts outstanding at 31 March 2024 are shown in Note 25.

- **Elected Members of the Council**

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2023/24 is shown in Note 33.

During 2023/24 works and services to the value of £0.238m were commissioned from a company in which one Member had an interest. The contracts were entered into in full compliance with the Council's standing orders.

The Members' Register of Interests is available on the Council's web site ([www.redbridge.gov.uk](http://www.redbridge.gov.uk)).

- **Directors and Chief Officers of the Council**

Senior Officers have not disclosed any material transactions with related parties.

- **Other Public Bodies**

**East London Waste Authority**

**Nature of Business and Relationship with the Council**

The East London Waste Authority (ELWA) is a statutory body responsible for the disposal of waste in the London Boroughs of Barking and Dagenham, Havering, Newham and Redbridge.

**Financial Performance**

The levy payments paid by the Council to ELWA amounted to £19.168m (£18.949m in 2022/23).

**Related Party Officers/Members**

Two members of the Council are Board Members of ELWA: Councillor J. Blackman and Councillor G Williams.

**Vision Redbridge Culture and Leisure**

**Nature of Business and Relationship with the Council**

Vision Redbridge Culture & Leisure (VRCL) is a Leisure Trust which was incorporated as a company limited by guarantee under the Companies Act on 19 December 2007 and registered as a charity on 11 February 2008. Originally set up to manage the Council's leisure centres, in 2011/12 VRCL's remit was widened to incorporate responsibility for the management of the services previously managed in-house by the Culture, Sport & Community Leisure service area.

**Financial Performance**

The Council made payments of £9.319m in 2023/24 (£8.624m in 2022/23) to VRCL for the management of these services.

**Related Party Officers/Members**

One member of the Council is a Board Members at VRCL: Councillor Z Hussain.

- **Entities Controlled or Significantly Influenced by the Council**

The Council has the following interest in organisations listed below:

**Redbridge Civic Services Ltd**

Redbridge Civic Services Ltd was established as a wholly owned company in February 2019, to provide Waste Management Services.

**Financial Performance**

In July 2019 the Council entered into a five-year contract with this company and during 2023/24 made payments of £6.245m (£5.870m in 2022/23).

**Related Party Officers**

There are no officers listed as a Director of this company.

**Redbridge Living Limited**

In October 2018, the Council set up a wholly owned company called 'Redbridge Living Limited'. The company was not operational during 2019/20, 2020/21, 2021/22, 2022/23 nor 2023/24.

**Roding Homes Limited**

In June 2019, the Council set up a wholly owned company called "Roding Homes Limited". The company was not operational during 2019/20, 2020/21, 2021/22, 2022/23 nor 2023/24.

**SixFive Education Ltd**

In August 2019, the Council set up a wholly owned company called "SixFive Education Ltd". This company was not operational during 2019/20, 2020/21, 2021/22, 2022/23 not 2023/24.

**Other**

During the financial year, the Council charged the Pension Fund £0.535m for expenses incurred administering the Pension Fund (£0.450m in 2022/23) and £0.122m for expenses incurred for investment services (£0.122m in 2022/23).

**35. External Audit Costs**

The Council has incurred the following costs in relation to the audit of the Statement of Accounts:

	<b>2022/23</b> <b>£000</b>	<b>2023/24</b> <b>£000</b>
Fees payable to Ernst & Young LLP (EY) with regard to external audit services carried out by the appointed auditor for prior years.		8
Fees payable to Ernst & Young LLP (EY) with regard to external audit services carried out by the appointed auditor for the year.	135	385
<b>Total</b>	<b>135</b>	<b>393</b>

**36. Internal Trading Operations**

With the abolition of Compulsory Competitive Tendering from January 2000, a number of former Direct Service Organisations have continued to operate internal trading accounts. Any surpluses or deficits arising from trading account activities are transferred to the General Fund.

		<b>2022/23</b> <b>£000</b>	<b>2022/23</b> <b>£000</b>	<b>2023/24</b> <b>£000</b>	<b>2023/24</b> <b>£000</b>
<b>Transport</b>	Turnover	7,757		8,420	
	Expenditure	(8,433)		(7,651)	
	Surplus		676		769
<b>Total</b>			<b>676</b>		<b>769</b>

**37. Pooled Budgets**

The Council is involved with two pooled arrangements as set out below:

**Better Care Fund**

The Better Care Fund (BCF) commenced on 01 April 2015 as a pooled fund between the local authority and the Clinical Commissioning Group (CCG) with the purpose of supporting integrated health and social care and promoting joint planning of care provision in the local health area. From 1 July 2022, as a result of the Health and Care Act 2022, Integrated Care Boards (ICB's) replaced the CCG's.

There is a national requirement to operate a pooled budget. Resources previously given to local authorities via the S256 arrangement or direct to the Integrated Care Board are now transferred from NHS England to the local ICB and then to the pooled fund.

The London Borough of Redbridge is the host partner for the Better Care Fund pooled fund under a section 75 agreement with the ICB.

<b>2022/23</b> <b>Pooled Budget</b> <b>£000</b>		<b>2023/24</b> <b>Pooled Budget</b> <b>£000</b>
8,537	London Borough of Redbridge	9,005
2,429	Disabled Facilities	2,641
13,586	NEL ICB (formally Redbridge CCG)	14,302
<b>24,552</b>		<b>25,948</b>

**Equipment Pooled Fund**

The Council entered into a pooled budget arrangement with various local authority and NHS partners in 2018/19. The primary purpose of this arrangement is to manage and control the sourcing, delivery, fitting, return and refurbishment of community equipment, adaptations and aids to daily living in service users' homes as part of an integrated community equipment service.

The agreement in place stipulates that partners will contribute to the 'pool' on the basis of their assumed activity levels.

Where a partner has paid more into the pool than has been spent, the partner can either choose to carry their 'surplus' forward for use in the next financial year, or to have their 'surplus' repaid. Where there is a shortfall in the contributions made by a partner, they are required to redress this position.

The contributions and expenses of the Pool for 2023/24 were as follows:

	<b>Contributions</b>	<b>Expenditure</b>	<b>Net (Surplus)/Deficit</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Local Authorities</b>			
London Borough of Redbridge	(1,374)	1,374	-
London Borough of Havering	(995)	995	-
<b>Clinical Commissioning Groups</b>			
Redbridge	(695)	695	-
Havering	(744)	744	-
Barking and Dagenham	(558)	558	-
<b>NHS Trusts</b>			
North East London NHS Foundation Trust	(657)	657	-
Barking, Havering and Redbridge University Hospital NHS Trust	(94)	94	-
<b>Total</b>	<b>(5,118)</b>	<b>5,118</b>	<b>-</b>

## 38. Other Funds

The Council administers the affairs of some elderly residents and children in care, sometimes by named officers, and holds various deposits. The total value of these funds as at 31 March 2024 was £0.753m (£0.974m as at 31 March 2023).

## 39. Pension Schemes Accounted for as a Defined Contribution Scheme

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

The Scheme is a multi-employer defined benefit scheme. 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. Valuations of the notional fund are undertaken every four years.

The scheme has in excess of 3,700 participating employers and consequently the Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for as a defined contribution scheme.

In 2023/24, contributions amounting to £22.425 were paid by the Council to the Teachers' Pension Scheme in respect of teachers' retirement benefits, representing 23.68% of pensionable pay. This sum includes the contributions for March 2023 which were paid in April. The figures for 2022/23 were £23.337m and 23.68%.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 40.

The Council is not liable to the scheme for any other entities' obligations under the plan.

### NHS Staff Pension Scheme

In 2013/14, former NHS employees transferred to the Council. These employees have maintained their membership in the NHS Pension Scheme. The Scheme provides these staff 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 an unfunded defined benefit scheme. As with the Teacher's Pension Scheme, the Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purpose of this Statement of Accounts, it is therefore accounted for as a defined contribution scheme.



In 2023/24, the Council paid £0.028m to the NHS Pension Scheme in respect of former NHS staff retirement benefits, representing 20.68% of pensionable pay. The figures for 2022/23 were £0.026m and 20.68%. There were no contributions remaining payable at the year end.

## 40. Defined Benefit Pension Scheme

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

The Council participates in two post-employment arrangements:

- The Local Government Pension Scheme, administered locally by the London Borough of Redbridge – this is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated by the Council to meet actual pension payments as they eventually fall due.

The London Borough of Redbridge Pension Scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pension Fund Committee of the London Borough of Redbridge. Policy is determined in accordance with the Pension Fund Regulations. The investment managers of the fund are appointed by the Committee which consists of five Members.

The principal risks to the Council are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

### Transaction Relating to Post-Employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against Council Tax is based on the cash payable in the year, so the actuarial cost of post-employment/retirement benefit 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:

	<b>Local Government Pension Scheme</b>	
	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
<b>Comprehensive Income and Expenditure Statement</b>		
<b>Cost of Services:</b>		
Current Service Cost	55,511	27,751
Past Service Costs	216	52
Effect of Settlements	-	(588)
<b>Financial and Investment Income and Expenditure</b>		
Net interest expense	12,288	7,448
<b>Total Post-Employment Benefits charged to the Deficit on the provision of Services</b>	<b>68,015</b>	<b>34,663</b>
<b>Re-measurement of the net defined benefit liability</b>		
Return on assets excluding amounts included in net interest	(82,117)	48,255
Actuarial (losses)/gains arising from changes in financial assumptions	8,052	8,567
Actuarial (losses)/gains arising from changes in demographic assumptions	8,951	4,869
Other experience and actuarial adjustments	(78,052)	(32,762)
<b>Total Post Employment Benefit charged to Other Comprehensive Income and Expenditure Statement</b>	<b>(143,166)</b>	<b>28,929</b>

**Movement in Reserve Statement:**

Reversal of net charges made to the Deficit on the provision of Services for post-employment benefits in accordance with the code	(39,228)	(7,881)
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**Actual amount charged against the General Fund Balance for pensions in the year:**

Employer's contributions payable to scheme	26,880	24,793
Employer's discretionary contributions payable	1,907	1,989
Retirement benefits payable to pensioners	(35,859)	(44,864)
Discretionary benefits payable to pensioners	(1,907)	(1,989)

**Pensions Assets and Liabilities recognised in the Balance Sheet**

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

	2022/23 £000	2023/24 £000
Present value of the defined benefit obligation	(997,970)	(1,015,647)
Fair value of assets in the Local Government Pension Scheme	840,920	916,177
<b>Net liability arising from defined benefit obligation</b>	<b>(157,050)</b>	<b>(99,470)</b>

**Reconciliation of the movements in the fair value of the scheme**

	2022/23 £000	2023/24 £000
<b>Opening Balance at 1 April</b>	<b>901,002</b>	<b>840,920</b>
Interest Income	24,295	39,606
	(83,450)	
Re-measurement gain/(loss)		48,255
Contributions by Employer	26,880	24,843
Contributions by scheme participants	8,052	8,567
Effect of Settlements	-	(1,150)
Benefits paid	(35,859)	(44,864)
<b>Closing Fair Value of scheme assets</b>	<b>840,920</b>	<b>916,177</b>

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

	Local Government Pension Scheme	
	2022/23 £000	2023/24 £000
<b>Opening Balance at 1 April</b>	<b>1,330,565</b>	<b>997,970</b>
Current Service Cost	55,511	27,751
Interest Cost	36,247	47,054
Contributions by scheme participants	8,052	8,567
Re-measurement (gains)/losses		
- change in demographic assumptions	(8,951)	(4,869)
- change in financial assumptions	(463,956)	(45,049)
- change in other assumptions	78,052	32,762
Past Services Cost	216	(1,686)
Benefits paid	(35,859)	(44,864)
Discretionary Benefits	(1,907)	(1,989)
<b>Closing Balance at 31 March</b>	<b>997,970</b>	<b>1,015,647</b>

**The Local Government Pension Scheme's Asset Comprised**

	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
<b>Property</b>		
UK Property Unit Trusts	70,759	60,880
<b>Investment Funds and Unit Trusts</b>		
Equities	505,218	538,191
Bonds	76,679	204,349
Infrastructure	25,016	51,808
Other	159,949	55,869
<b>Sub-total</b>	<b>837,620</b>	<b>911,097</b>
<b>Cash and Cash Equivalents</b>		
Cash	3,300	5,080
<b>Total Assets</b>	<b>840,920</b>	<b>916,177</b>

**Basis for Estimating Assets and Liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits Liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates for the London Borough of Redbridge Pension Fund being based on the latest full valuation of the scheme as at 1 April 2022.

The significant assumptions used by the actuary have been as follows:

	<b>Local Government Pension Scheme</b>	
	<b>2022/23</b>	<b>2023/24</b>
<b>Mortality assumptions</b>		
<b>Longevity at 65 for current pensioners:</b>		
Men	21.4 years	21.3 years
Women	24.2 years	24.0 years
<b>Longevity at 65 for future pensioners:</b>		
Men	22.3 years	22.1 years
Women	25.7 years	25.5 years
Rate of inflation	3.00%	2.80%
Rate of increase in salaries	3.00%	2.80%
Rate of increase in pensions	3.00%	2.80%
Rate for discounting scheme liabilities	4.75%	4.80%
Take up of option to convert some annual pension into retirement lump sum	50%	53%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The approach taken in preparing the sensitivity analysis is consistent with that adopted in the previous period.

	<b>Impact on the Defined Benefit Obligation in the Scheme</b>	
	<b>Increase in Assumption</b>	<b>Decrease in Assumption</b>
	<b>£000</b>	<b>£000</b>
Longevity (increase or decrease by 1 year)	40,626	(40,626)
Rate of increase in salaries (increase or decrease by 0.1%)	1,023	(1,023)
Rate of increase in pension (increase or decrease by 0.1%)	16,112	(16,112)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(16,832)	16,832

## Impact on the Council's Cashflows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. At the last valuation the Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 17 years. The triennial valuation was completed as at 31 March 2022.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Service Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public services scheme may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The total amount of contributions expected to be paid to the LGPS by the Council in the year to 31 March 2025 is £24.653 million.

## 41. Notes to the Cashflow Statement

### (a) Cash Flow Statement – Operating Activities

The (deficit) on the provision of services has been adjusted for the following non-cash movements.

2022/23 £000		2023/24 £000
<b>(12,017)</b>	<b>The cash flows for operating activities include the following items</b>	<b>(42,649)</b>
	Net (Deficit)/Surplus on the provision of services	
	<b>Adjust net deficit/surplus on the provision of services for non-cash movements</b>	
34,144	Depreciation	32,965
22,721	Impairment and downward valuations	29,730
2,214	Amortisation	2,190
(20,978)	Increase/(decrease) in creditors	(15,865)
(30,375)	(Increase)/decrease in debtors	21,805
(77)	Increase in inventories	1
39,228	Movement in pension liability	7,881
29,276	Carrying amount of non-current assets sold or derecognised	14,631
(4,251)	Other non-cash items	4,965
<b>71,873</b>		<b>98,303</b>
	<b>Adjust for items included in net deficit/surplus on the provision of services that are investing or financing activities</b>	
(79,309)	Capital Grants	(46,759)
(9,280)	Proceeds from the sale of property, plant and equipment	(3,648)
<b>(88,589)</b>		<b>(50,407)</b>
<b>(28,733)</b>	<b>Net cash flows generated from operating activities</b>	<b>5,247</b>

The cash flows for operating activities include the following items:

2022/23 £000		2023/24 £000
3,882	Interest Received	9,809
(12,027)	Interest Paid	(11,251)

**(b) Cash Flow Statement – Investing Activities**

2022/23 £000		2023/24 £000
(98,694)	Purchase of property, plant and equipment, investment property and intangible assets	(129,755)
9,280	Proceeds from the sale of property, plant, equipment, investment property and intangible assets	3,648
32,427	Proceeds / (Purchases) from short term and long-term investments	56,105
79,309	Capital Grants	46,759
<b>22,322</b>	<b>Net cash flows from investing activities</b>	<b>(23,243)</b>

**(c) Cash Flow Statement – Financing Activities**

2022/23 £000		2023/24 £000
0	Cash receipts from short term and long-term borrowing	48,000
(677)	Cash (payments)/receipts for the reduction of outstanding liabilities relating to finance leases on balance sheet PFI contracts	(735)
(2,527)	Repayments of short term and long-term borrowing	(26,013)
<b>(3,204)</b>	<b>Net cash flows from financing activities</b>	<b>21,253</b>

**(d) Reconciliation of Liabilities arising from Financing Activities**

	2023/24 1 April £000	Financing Cashflows £000	Reclassification/ Movements £000	2023/24 31 March £000
Long Term borrowings	356,866	0	21,707	378,573
Short Term borrowings	8,251	(5,374)	5,405	8,282
Lease Liabilities	3	-	-	3
On Balance Sheet PFI	8,998	(735)	-	8,263
<b>Total Liabilities from financing activities</b>	<b>374,118</b>	<b>(6,109)</b>	<b>27,112</b>	<b>395,121</b>

Comparative Table for LBR Cash Flow

	2022/23 1 April £000	Financing Cashflows £000	Reclassification/ Movements £000	2022/23 31 March £000
Long Term borrowings	362,903	-	(6,037)	356,866
Short Term borrowings	5,195	(2,527)	5,583	8,251
Lease Liabilities	3	-	-	3
On Balance Sheet PFI	9,675	(677)	-	8,998
<b>Total Liabilities from financing activities</b>	<b>377,776</b>	<b>(3,204)</b>	<b>(454)</b>	<b>374,118</b>

## Supplementary Statements

### Housing Revenue Account Income and Expenditure Statement

The Housing Revenue Account (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 in the HRA Statement.

<b>2022/23</b>		Notes	<b>2023/24</b>
<b>£000</b>			<b>£000</b>
	<b>Expenditure</b>		
8,332	Repairs and Maintenance		9,595
12,978	Supervision and Management		15,125
763	Rents, Rates, Taxes and Other Charges		864
30,043	Depreciation and impairment of fixed assets	5	28,431
60	Discretionary Housing Benefit		177
<b>52,176</b>	<b>Total Expenditure</b>		<b>54,192</b>
	<b>Income</b>		
(26,494)	Dwelling Rents		(28,848)
(407)	Non-Dwelling Rents		(435)
(3,919)	Charges for Services and Facilities		(5,442)
(33)	Contributions towards expenditure		(194)
-	Repayment of capital grants/advances		-
<b>(30,853)</b>	<b>Total Income</b>		<b>(34,919)</b>
<b>21,323</b>	<b>Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement</b>		<b>19,273</b>
	HRA services share of Corporate and Democratic core		-
<b>21,323</b>	<b>Net Expenditure on HRA Services</b>		<b>19,273</b>
	<b>HRA Share of the Operating Income and Expenditure included in the Comprehensive Income and Expenditure Statement:</b>		
(318)	Gain on sale of HRA non-current assets		(263)
3,231	Interest payable and similar charges		3,619
(679)	Interest and investment income		(1,487)
665	Impairment Allowance		181
334	Pensions interest cost and expected return on pension assets		186
(19,104)	Capital grants and contributions receivable		(20,400)
<b>5,452</b>	<b>Surplus or (Deficit) for the year on HRA services</b>		<b>1,109</b>

**Movement on the Housing Revenue Account Statement**

<b>2022/23</b> <b>£000</b>		<b>2023/24</b> <b>£000</b>
<b>(6,752)</b>	<b>Balance on the HRA at the end of the previous year</b>	<b>(7,030)</b>
5,452	Surplus or (Deficit) for the year on the HRA Income and Expenditure Statement	1,109
(5,697)	Adjustment between accounting basis and funding basis under statute	(1,542)
<b>(245)</b>	<b>Net decrease before transfers to or from reserves</b>	<b>(433)</b>
(33)	Transfers to reserves	-
(278)	Increase in year on the HRA	(433)
<b>(7,030)</b>	<b>Balance on the HRA at the end of the current year</b>	<b>(7,463)</b>

**Note to the Movement on the HRA Statement**

<b>2022/23</b> <b>£000</b>		<i>Notes</i>	<b>2023/24</b> <b>£000</b>
	<b>Adjustments between accounting basis and funding basis under regulations</b>		
(30,043)	Depreciation and impairment on Fixed Assets	5	(28,431)
318	Gain on sale of HRA non-current assets		263
(1,062)	HRA share of contributions to or from the Pension Reserve		(211)
-	(impairment) / write back of fixed assets		-
(165)	Capital Receipts cost of sales		(54)
728	Capital expenditure funded by the HRA		594
19,104	Capital Grants and contributions receivable		20,400
(30)	Accumulated absences accrual		54
5,453	Posting of HRA resources from revenue to the Major Repairs Reserve		5,843
<b>(5,697)</b>			<b>(1,542)</b>
	<b>Transfers (from) / to reserves</b>		
33	Movement on earmarked reserves	7	-
<b>33</b>			<b>-</b>

## Notes to the Housing Revenue Account

### 1. Rent Income

Gross rent income is the total rent income due after allowance is made for void properties. During the year an average of 0.44% of rent was lost because of properties that were vacant (1.31% in 2022/23). The average rent for social housing stock (social and affordable housing) was £127.16 per week in 2023/24 (£117.90 per week in 2022/23).

### 2. Housing Stock

The Council is responsible for managing a Housing Revenue Account stock of 4,532 properties at 31 March 2024 (4,497 at 31 March 2023). An analysis is shown below. The Council is also a freeholder of 2,521 leased properties.

<b>31 March 2023</b>		<b>31 March 2024</b>
<b>Number</b>		<b>Number</b>
1,613	General Needs	1,607
1,412	- One or fewer Bedrooms	1,435
1,346	- Two Bedrooms	1,364
126	- Three or more Bedrooms	126
<b>4,497</b>	Sheltered Housing Units	<b>4,532</b>
	<b>Total</b>	

### 3. Rent Arrears

<b>31 March 2023</b>		<b>31 March 2024</b>
<b>£000</b>		<b>£000</b>
2,072	Arrears due from	2,030
469	- Current tenants	532
<b>2,541</b>	- Former tenants	<b>2,562</b>
	<b>Total</b>	
9.46%	Total as a % of gross debt	8.84%

### 4. Balance Sheet Value of HRA Assets

<b>31 March 2023</b>		<b>31 March 2024</b>
<b>£000</b>		<b>£000</b>
339,012	Dwellings	361,730
42,097	Other Land and Buildings	12,368
<b>381,109</b>	<b>Total</b>	<b>374,098</b>

The vacant possession value of dwellings within the HRA as at 1 April 2024 was £1,448m (£1,357m as at 1 April 2023). The difference of £1,086m between the vacant possession value and the Balance Sheet value of dwellings (£362m) within the HRA represents the economic cost of providing Council housing at less than open market value.



## 5. Depreciation and Impairment charges

Depreciation charges shown below reflect the economic consumption of HRA assets in 2023/24.

2022/23 £000		2023/24 £000
5,373	Depreciation Operational Assets - dwellings	5,744
80	Depreciation Operational Assets – other land and buildings	99
24,590	Impairment of fixed assets – dwellings and other land and buildings	22,588
<b>30,043</b>	<b>Total</b>	<b>28,431</b>

The charge for impairment in 2023/24 is reflected in the market value of HRA dwellings.

## 6. Major Repairs Reserve

MRA funds held in the Major Repairs Reserve can be used for capital expenditure or repayment of debt on HRA assets only.

2022/23 £000		2023/24 £000
-	Balance Brought Forward	-
(5,373)	Major Repairs Allowance (MRA)	(5,744)
(80)	Non-dwellings depreciation	(99)
5,453	Capital Expenditure funded from the MRR	5,843
<b>-</b>	<b>Balance on the Major Repairs Reserves as at 31 March</b>	<b>-</b>

## 7. Movement in Earmarked Reserves

The following movements in earmarked reserves occurred in 2023/24:

2022/23 £000		2023/24 £000
33	HRA – Minor Works	-
<b>33</b>	<b>Total</b>	<b>-</b>

## 8. HRA Capital Financing

2022/23 £000		2023/24 £000
50,521	Spend on Dwellings	80,426
1,766	Spend on Non-Dwellings	778
<b>52,287</b>	<b>HRA Capital Expenditure</b>	<b>81,204</b>
	<b>Financed by:</b>	
16,775	Government Grants	17,400
-	S106 Contributions	3,000
695	Contribution from Revenue	400
5,453	Net Contributions from Major Repairs Reserve	5,843
345	Capital Receipts - Other	276
857	Contribution from Other Reserves	1,666
4,167	Capital Receipts – RTB	4,619
23,995	Borrowing	48,000
<b>52,287</b>	<b>Total Funding</b>	<b>81,204</b>

**9. Capital Receipts**

<b>2022/23</b> <b>£000</b>		<b>2023/24</b> <b>£000</b>
9,033	<b>HRA Capital Receipts</b>	
-	Properties	3,375
	Land and Garages	5
<b>9,033</b>		<b>3,380</b>

**10. HRA share of Contribution to or from the Pension Reserve**

Under IAS 19 the cost of retirement benefits is recognised in the net cost of services when employees earn them rather than when the benefits are eventually paid. This principle is applied to the HRA. The HRA has been charged with its share of the pension interest cost and return on pension assets, and these together with the charge in service costs have been matched by a transfer to the Pension Reserve so that the net outturn on the HRA is not altered by these IAS19 adjustments.

## Collection Fund

This statement 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 fund from taxpayers and distributions to the London Borough of Redbridge, the Greater London Authority (GLA) and Central Government of Council tax, non-domestic rates (NDR) and the business rate supplement (BRS). The element of the Collection Fund that relates to the Council has been consolidated with the Council's main accounts. The Accounts have been prepared on an accrual's basis.

### Income and Expenditure Account

2022/23 Total £000		2023/24 Council Tax £000	2023/24 NDR £000	2023/24 BRS £000	2023/24 Total £000
<b>Income</b>					
170,714	Council Taxpayers	181,397	-	-	181,397
411	General Fund Discretionary Relief Contribution	971	-	-	971
46,043	Income from Business Ratepayers	-	50,560	830	51,390
(589)	Transitional Protection–Central Government	-	4,632	-	4,632
<b>216,579</b>	<b>Total Income</b>	<b>182,368</b>	<b>55,192</b>	<b>830</b>	<b>238,390</b>
<b>Expenditure</b>					
<b>Precepts:</b>					
133,422	London Borough of Redbridge	139,473	-	-	139,473
35,945	Greater London Authority	39,278	-	-	39,278
<b>Business Rates:</b>					
14,438	London Borough of Redbridge	-	16,224	-	16,224
18,520	Greater London Authority	-	20,009	824	20,833
15,882	Central Government	-	17,846	-	17,846
276	Costs of Collection	-	267	6	273
<b>Apportionment of previous years estimated collection fund surplus/(deficits):</b>					
(9,413)	London Borough of Redbridge	(2,168)	(1,668)	-	(3,836)
(11,722)	Greater London Authority	(574)	(2,057)	-	(2,631)
(10,358)	Central Government	-	(1,835)	-	(1,835)
<b>Bad and Doubtful Debts</b>					
4,884	Provisions	2,660	2,462	-	5,122
190	Write-offs	-	-	-	-
2,077	Provisions for appeals	-	1,903	-	1,903
<b>189,237</b>	<b>Total Expenditure</b>	<b>178,669</b>	<b>53,151</b>	<b>830</b>	<b>232,650</b>
<b>27,342</b>	<b>(Deficit)/Surplus for the year</b>	<b>3,699</b>	<b>2,041</b>	<b>-</b>	<b>5,740</b>
<b>(28,957)</b>	(Deficit)/Surplus bought forward at 1 April	<b>(2,797)</b>	<b>1,182</b>	<b>-</b>	<b>(1,615)</b>
<b>(1,615)</b>	<b>(Deficit)/Surplus carried forward at 31 March</b>	<b>902</b>	<b>3,223</b>	<b>-</b>	<b>4,125</b>
<b>Allocated to:</b>					
(1,868)	London Borough of Redbridge	702	967	-	1,669
(119)	Greater London Authority	200	1,210	-	1,410
372	Central Government	-	1,046	-	1,046
<b>(1,615)</b>	<b>Total</b>	<b>902</b>	<b>3,223</b>	<b>-</b>	<b>4,125</b>

## Notes to the Collection Fund

### 1. Council Tax

Council Tax is based partly on the valuation of domestic properties and is partly a Personal Tax with discounts for single occupiers. The Council set the level of Council Tax for 2023/24 at £1,975.75 for band D properties (this includes £434.14 on behalf of the Greater London Authority). On setting the level of Council tax for 2023/24, the number of band D equivalent properties in each band making up the Council Tax base was as follows:

Band	2022/23 Number of Properties	2023/24 Number of Properties
A	1,909	1,933
B	9,599	9,724
C	22,590	22,670
D	30,597	30,508
E	23,031	23,102
F	10,655	10,827
G	5,216	5,308
H	389	403
Council Tax base collection allowance adjustment	(1,850)	(1,789)
Allowance for estimated full value of exemptions (inc. disabled)	(1,544)	(1,913)
Local Authority Tax Support Scheme	(9,727)	(9,856)
<b>Total</b>	<b>90,865</b>	<b>90,917</b>

### 2. Income from Business Rates

The Council collects business rates for its area based on rateable values (as determined by the Valuation Office Agency) and multipliers set by Central Government. The multipliers for 2023/24 were frozen by the Government at the 2021/22 multiplier rates of 49.9p for qualifying Small Businesses, with the standard multiplier being 51.2p for all other businesses.

The total rateable value for business premises as at the end of March 2024 was £171,465,899 (£151,191,751 as at 31st March 2023).

Under the Business Rate Retention Scheme, the total rate collected is shared between Redbridge, the GLA and Central Government based on statutory allocations. The shares are shown below.

	Redbridge	GLA	Government	Total
Percentage Shares	30%	37%	33%	100%

### 3. Business Rate Supplement (BRS)

Under the arrangements for the BRS, the Council collects a supplement for its area based on a charge set by the GLA. The total amount, less certain deductions, is paid to the GLA on whose behalf it is collected.

### 4. Transitional Protection Payments (TPP)

The Council receives TPP from Central Government to meet the cost of transitional relief for businesses. Transitional relief limits how much business rates can increase or decrease as a result of business rates revaluation.

### 5. Provision for Appeals

The Fund has a provision for appeals made to the Valuation Office against rating valuations but not settled as at 31 March 2024. As at 31 March 2024 a provision of £4.364m (£4.751m in 2022/23) was charged to the Collection Fund. The provision for appeals is provided for in proportion to the precepting shares. The Council's proportionate share of this provision is £1.533m (£1.425m for 2022/23).

# **Pension Fund Independent Auditor's Report to the Members of the London Borough of Redbridge**

**To be completed**

**To be completed**

## Pension Fund Account for the Year Ended 31 March 2024

2022/23 £000		Notes	2023/24 £000
	<b>Dealings with members, employers and other directly involved in the Fund.</b>		
41,405	Contributions receivable	7	40,350
6,307	Transfers in	8	3,263
<b>47,712</b>			<b>43,613</b>
	<i>Less:</i>		
(37,816)	Benefits payable	9	(41,066)
(7,317)	Leavers	10	(6,442)
<b>(45,133)</b>			<b>(47,508)</b>
<b>2,579</b>	<b>Net additions/(withdrawals) from dealings with members</b>		<b>(3,895)</b>
<b>(3,421)</b>	<b>Management Expenses</b>	11	<b>(3,720)</b>
	<b>Returns on Investments</b>		
13,361	Investment income	12	21,566
(86,427)	Change in market value of investments	14(a)	83,808
<b>(73,066)</b>	<b>Net returns on Investments</b>		<b>105,374</b>
<b>(73,908)</b>	<b>Net increase/(decrease) in the Fund during the year</b>		<b>97,759</b>
<b>1,009,952</b>	<b>Net Assets of the scheme at 1 April 2023</b>		<b>936,044</b>
<b>936,044</b>	<b>Net Assets of the scheme at 31 March 2024</b>		<b>1,033,803</b>

### Net Assets Statement as at 31 March 2024

2022/23 £000		Notes	2023/24 £000
150	Longer Term Investments		150
931,550	Investment Assets	13	1,031,760
<b>931,700</b>			<b>1,031,910</b>
4,804	Current Assets	18	2,182
(460)	Current Liabilities	18	(289)
<b>936,044</b>	<b>Net Assets of the Scheme at 31 March 2024</b>		<b>1,033,803</b>

The accounts summarise the transactions and net assets of the Pension Fund. They do not take account of liabilities to pay pensions and other benefits in the future. The actuarial present value of promised retirement benefits is disclosed at Note 21.

I certify that the Pension Fund Account and Net Assets Statement present a true and fair view of the income and expenditure in 2023/24 and the Pension Fund's financial position as at 31 March 2024.

**Maria G Christofi, BA (Hons), FCCA, CPFA**  
**Corporate Director of Resources & Section 151 Officer**  
**5 July 2024**

# Notes to the Pension Fund Account

## 1. Introduction

The Pension Fund is a funded, defined benefit occupational pension scheme set up under the Superannuation Act 1972 and is administered in accordance with the Local Government Pension Scheme (LGPS) Regulations by the London Borough of Redbridge. The scheme is a contributory defined benefit pension scheme that provides pensions and other benefits to former Council employees (except teachers, who have a separate scheme) and to various scheduled and admitted bodies.

The scheduled bodies in the scheme as at 31 March 2024 were: Chadwell Heath Academy, Mayfield School, Ilford Ursuline Academy, Little Heath School, Palmer Academy, Isaac Newton Academy, Aldborough Free School, Loxford Academy, St Aidan's Academy, Beacon Multi Academy (formerly Beal Multi Academy), Atam Academy, Winston Way Academy, Avanti Court School, Astrum Academy, Strive4 Academy, Downshall Academy, Al-Noor Academy, Good Shepherd Diocese, St Peters & St Paul's Academy and Our Lady of Lourdes Academy.

The admitted bodies in the scheme on 31 March 2024 were: Mears Limited, Vision-Redbridge Culture & Leisure, Imagine Independence Ltd, Kindred Nursery (formerly known as Dizzy Ducks), Lewis & Graves, and Town & Country.

On the 31 March 2024 the membership of the scheme was as follows:

<b>Active Members</b>	<b>As at 31 March 2023</b>	<b>As at 31 March 2024</b>
Redbridge Council	5,226	5,420
Scheduled Bodies	1,065	1,174
Admitted Bodies	121	106
<b>TOTAL</b>	<b>6,412</b>	<b>6,700</b>

<b>Pensioners</b>	<b>As at 31 March 2023</b>	<b>As at 31 March 2024</b>
Redbridge Council	4,692	4,750
Scheduled Bodies	169	191
Admitted Bodies	102	117
<b>TOTAL</b>	<b>4,963</b>	<b>5,058</b>

<b>Deferred Members</b>	<b>As at 31 March 2023</b>	<b>As at 31 March 2024</b>
Redbridge Council	8,102	8,074
Scheduled Bodies	1,143	1,224
Admitted Bodies	107	95
<b>TOTAL</b>	<b>9,352</b>	<b>9,393</b>

The Fund is financed by contributions as well as interest, dividends and profits from realised investments. The contributions are made by active members of the Fund in accordance with the LGPS (Benefits, Membership and Contributions) Regulations 2013 and range from 5.5% to 12.5% of pensionable pay. Employee contributions are matched by employers' contributions which are set on triennial actuarial funding valuations. The funding policy is to ensure that over time the assets held by the Fund are adequate to meet future pension scheme liabilities.

Five Councillors are appointed annually by the Council to the Pension Fund Committee, which has the role of dealing with the management of the Pension Fund's investments in accordance with regulations laid down in statute and the Fund's Investment Strategy Statement.

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

The administration of the scheme is managed in-house by the London Borough of Redbridge.

The Pension Fund's financial statements provide a stewardship report on the Fund, together with a statement of the assets position at the financial year-end.



## 2. Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2023/24 financial year and its position as at 31 March 2024. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts of the Pension Fund have also been prepared to meet the requirements of the Local Government Pension Scheme (Administration) Regulations 2013 and in accordance with the Statement of Recommended Practice on Financial Reports of Pension Schemes.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The accounting requirement under International Accounting Standard (IAS) 26 is disclosed at Note 21.

**Going Concern** - At the date of the authorisation of the financial statements, the Fund does not consider that the impact after Covid-19 or any other events gives rise to material uncertainties that may cast significant doubt about the Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue. The Council therefore remains satisfied that the Fund it administers continues to be a going concern.

The Pension Funds latest actuarial valuation dated 31 March 2022, showed it to be 99% funded, an increase of 15% from the position 3 years ago. The actuarial valuation includes the Rates and Adjustment certificate detailing contributions to the Pension Fund that participating employers are expected to make. It remains the Fund's expectation that these will be paid as planned, and to date the Fund has not received a request from participating employers to defer contribution payments.

Following the actuarial valuation and schedule of employer contributions payments, the Pension Fund has reviewed its cashflow forecast and is have sufficient cash to meet its obligations to pay pensions without selling any investments. This is reviewed annually. Should investments be required to be sold because of negative cashflows or employers being unable to pay their contributions (which is not expected) the Pension Fund would have ready access to cash as 75.73% of the Fund's investments could be sold at short notice as at 31 March 2024.

Increased Market Volatility - The value of the Investment assets of the Fund changes on a daily basis, however the degree of volatility in global financial markets has increased because of continuing social and economic uncertainties created by the conflict in Ukraine. Despite this, the Fund remains in a strong financial position, capable of meeting all its payment obligations. The Funding Strategy is based on long term investment returns and as such, the increased volatility seen at present is not considered a material concern.

The bid value of the Fund's investment assets on 31 March 2024 were £1,031.092m an increase of 10.67% in the value of the Fund's investment assets since 31 March 2023.

## 3. Summary of Significant Accounting Policies

### Fund account – revenue recognition

- A) **Contribution Income** – Normal contributions, both from members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the Fund actuary in the payroll period to which they relate.  
  
Employer's augmentation and pension strain contributions are accounted for in the period that the liability arises. Any amount due in year but unpaid is treated as a current financial asset.
- B) **Transfers to and from other schemes** – Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations. Individual transfers in/out are accounted for when received/paid. Bulk transfers are accounted for on an accrual's basis in accordance with the terms of the transfer agreement.
- C) **Investment Income** –
  - (i) **Interest Income** – Interest income is recognised in the Fund account as it accrues.
  - (ii) **Dividend Income** - Dividends have been accounted for on an accrual's basis. Investment income on overseas investments have been converted into sterling at the rate of exchange on settlement date. Any amount not received by the end of

the reporting period is disclosed in the net assets statement as a current asset.

**(iii) Distributions from pooled equity funds** – Pooled investment vehicles are accumulation funds and as such the change in market value includes income, net of withholding tax which is re-invested in the Fund.

**(iv) Distributions from pooled property funds** – Income distributions from the pooled property fund investments have been accounted for on an accrual's basis.

**(v) Movement in the net market value of investments** – Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year.

#### Fund account – expense items

- D) **Benefits Payable** – pensions and lump sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.
- E) **Taxation** – the Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments incurs withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.
- F) **VAT** – As the Council is the administering authority for the Fund, VAT input tax is recoverable on all Fund activities including expenditure on investment expenses. VAT receivable is excluded from income.
- G) **Voluntary Scheme Pay (VSP), Mandatory Scheme Pay (MSP) and Lifetime Allowances** - Members are entitled to request the Pension Fund to pay 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.
- H) **Management Expenses** – Pension Fund management expenses are accounted for in accordance with the CIPFA guidance: Accounting for Local Government Pension Scheme Management Costs. All administrative expenses are accounted for on an accrual's basis. All staff costs of the pension's administration team are charged direct to the Fund. Management, accommodation and other overheads are apportioned to the Fund in accordance with the Council's policy.
- I) **Investment Management Expenses** - All investment management expenses are accounted for on an accrual's basis. Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointment. Broadly, these are based on the market value of the investments under their management and therefore increase or decrease as the value of these investments change.
- J) **Oversight and Governance Costs** - The cost of obtaining investment advice from external consultants is included in oversight and governance charges.

A proportion of the Council's costs for management time spent by officers on investment management is charged to the Fund and is included within oversight and governance costs.

#### Net assets statement

- K) **Financial Assets** – financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the assets are recognised by the Fund.

The values of investments as shown in the net assets statement have been determined as follows:

- i) Market quoted investments – the value of an investment for which there is a readily available market price is determined by the bid market price ruling on the final day of the accounting period.
- ii) Fixed interest securities – are recorded at net market value based on their bid price.
- iii) Pooled investment vehicles – these are valued at either the closing bid price where a bid price exists or on the single unit price provided by the investment managers.

- iv) Cash – the cash held in the Pension Fund current account is invested by the Council in accordance with its Treasury Management Policy.
- L) **Foreign Currency Transactions** – dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchanges rates are used to value any 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.
- M) **Derivatives** – the pooled units in which the Fund invests uses derivative financial instruments to manage its exposure to specific risk arising from its investment activities.
- N) **Cash and cash equivalents** – cash comprises of cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value. Cash that is invested for longer than an overnight deposit is recognised as an investment asset.
- O) **Financial Liabilities** – the Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the fund.
- P) **Actuarial present value of promised retirement benefits** – the actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards.  
As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (Note 22).
- Q) **Additional Voluntary Contributions** – AVCs are not included in the accounts which is in accordance with section 4(2) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (Note 23).

#### 4. Critical Judgements in Applying Accounting Policies

The Pension Fund liability is calculated triennial by the appointed actuary with annual updates in the intervening years. The methodology used in the intervening years follows generally agreed guidelines and is in accordance with IAS19. These assumptions are summarised in Note 21. The estimates are sensitive to changes in the underlying assumptions underpinning the valuations.

#### 5. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

**Actuarial Present Value of Promised Retirement Benefits** – The Pension Fund liability is calculated every three years by the appointed actuary, with updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the Actuary and are summarised in Note 21 and 22. This estimate is subject to significant variances based on changes to the underlying assumptions.

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rates used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied	The effects on the net pension liability of changes in assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £19m. A 0.1% increase in the assumed earnings would increase the value of the liabilities by approximately £1m similarly an increase of 0.1% in the pension payments would increase the value of the liabilities by £18m. An increase in life expectancy by one year would increase the liability to the fund by £44m.

### Unquoted Investments

The Fund's assets include investments in unquoted assets such as property and infrastructure on a pooled basis. These assets are valued by the investment managers at fair value in accordance with relevant industry standards and guidelines. Managers may use comparable market data, indices and data from third parties as well as projected revenue to determine the fair value of these assets. As such, there is a degree of estimation involved in these valuations.

The total value of unlisted investments in the financial statements is £122.973m (£112.798m in 2022/23) and is broken down as follows:

Property	£57.823m
Infrastructure	£65.150m

There is a risk that these investments may be under or overstated in the accounts.

## 6. Events after the Year End Date

There have been no events since 31 March 2024 and up to the date when these accounts were authorised that require any adjustment to these accounts.

## 7. Contributions Receivable

Contributions represent those amounts receivable from the various employing bodies in respect of their own contributions and those of their contributing employees. Under the provisions of the scheme, employees' rates are based on pay bandings and range from 5.5% to 12.5% of pensionable pay. The Fund's Actuary determines employer contribution rates (as a percentage of pensionable pay) which currently range from 13.3% to 35.4% plus any additional lump sum contributions required in respect of funding shortfalls at the time of the triennial actuarial valuation.

Early retirement - All capital costs, such as employee and employer contributions foregone, and the cost of making pension payments early in respect of non-ill-health early retirements, are met by the employer that approved the early retirement.

		<b>2022/23</b>	<b>2023/24</b>
		<b>£000</b>	<b>£000</b>
<b>Employers</b>			
	London Borough of Redbridge	26,880	24,991
	Scheduled Bodies	4,070	4,256
	Admitted Bodies	990	917
		<b>31,941</b>	<b>30,164</b>
<b>Members</b>			
	London Borough of Redbridge	8,052	8,610
	Scheduled Bodies	1,178	1,338
	Admitted Bodies	234	238
		<b>9,464</b>	<b>10,186</b>
		<b>41,405</b>	<b>40,350</b>

Contributions split between normal, deficit funding and augmentation are outlined below:

	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Normal Employer Contributions	28,742	29,611
Deficit Payments *	3,066	311
Augmentation (Early Retirements)	135	244
	<b>31,941</b>	<b>30,166</b>

\* The deficit recovery policy is set out in the Scheme's Funding Strategy Statement

## 8. Transfers In

Sums received for scheme members from other pension schemes that relate to periods of previous pensionable employment.

	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Individual Transfers from other schemes – London Borough of Redbridge	6,307	3,263
	<b>6,307</b>	<b>3,263</b>

## 9. Benefits Payable

Benefits are provided in accordance with the provisions of the Local Government Pension Scheme regulations.

	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Pensions	31,283	34,322
Commutation of Pensions and Lump Sum Retirement Benefits	5,926	5,728
Lump Sum Death Benefit	538	852
Interest	69	164
	<b>37,816</b>	<b>41,066</b>

<b>By Employer</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
London Borough of Redbridge	35,859	38,890
Scheduled Bodies	1,098	1,120
Admitted Bodies	859	1,056
	<b>37,816</b>	<b>41,066</b>

## 10. Payments to and on Account of Leavers

Regulations permit a refund of employee contributions to be made to new members with less than two years initial scheme membership. Individual transfers are payments of accrued pension benefits in respect of scheme members who have left the scheme and joined a pension scheme elsewhere.

	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Refunds to members	49	65
Individual Transfers to other Schemes	7,268	6,387
	<b>7,317</b>	<b>6,442</b>

## 11. Management Expenses

The table below shows a breakdown of the management expenses incurred during the year. The London Borough of Redbridge carries out the administrative function in-house.

	<b>2022/23</b> <b>£000</b>	<b>2023/24</b> <b>£000</b>
Administrative Costs	1,043	984
Investment Management Expenses	2,196	2,450
Oversight and Governance	161	193
Audit Fees	21	93
	<b>3,421</b>	<b>3,720</b>

### 11(a). Investment Management Expenses

	<b>2022/23</b> <b>£000</b>	<b>2023/24</b> <b>£000</b>
Management Fees	2,171	2,427
Custody Fees	25	23
	<b>2,196</b>	<b>2,450</b>

Total	2022/23		Fund Manager Fees	2023/24	
	Pooled Units outside of LCIV	Pooled Units through LCIV		Total	Pooled Units outside of LCIV
£000	£000	£000	£000	£000	£000
1,968	439	1,529	2,255	315	1,940
75	25	50	73	23	50
153	-	153	122	-	122
-	-	-	-	-	-
<b>2,196</b>	<b>464</b>	<b>1,732</b>	<b>2,450</b>	<b>338</b>	<b>2,112</b>

## 12. Investment Income

Interest, dividends and other income shown in the Fund Account have been broken down as follows:

	<b>2022/23</b> <b>£000</b>	<b>2023/24</b> <b>£000</b>
Pooled Investments Vehicles	10,259	17,950
Property Unit Trusts	2,918	3,010
Cash Deposits	179	602
Other Investment Income	5	4
	<b>13,361</b>	<b>21,566</b>

## 13. Investments

The table below shows the Fund's investments by asset class:

	<b>2022/23</b> <b>£000</b>	<b>2023/24</b> <b>£000</b>
<b>Investment Assets</b>		
Pooled Investments	858,816	957,558
Pooled Property Investments	72,054	68,641
Cash Deposits	830	5,711
<b>Total Investment Assets</b>	<b>931,700</b>	<b>1,031,910</b>

There are no investment liabilities.

The table below shows a detailed analysis of the investments held by the Fund as at 31 March 2024 with a comparison table showing detailed analysis of the investments held by the Fund as at 31 March 2023.

<b>2023/24</b>	<b>Value at 31/03/23 £000</b>	<b>Purchases at cost £000</b>	<b>Sales proceeds £000</b>	<b>Change in fair value £000</b>	<b>Cash movement £000</b>	<b>Value at 31/03/24 £000</b>
Pooled Equity Unit Trusts	858,666	175,890	(166,719)	89,571	-	957,408
London CIV	150	-	-	-	-	150
Property Unit Trusts	72,054	2,350	-	(5,763)	-	68,641
	<b>930,870</b>	<b>178,240</b>	<b>(166,719)</b>	<b>83,808</b>	<b>-</b>	<b>1,026,199</b>
<b>Other Balances</b>						
Cash Deposits	830	-	-	-	4,881	5,711
	<b>931,700</b>	<b>178,240</b>	<b>(166,719)</b>	<b>83,808</b>	<b>4,881</b>	<b>1,031,910</b>
<b>2022/23</b>	<b>Value at 31/03/22 £000</b>	<b>Purchases at cost £000</b>	<b>Sales proceeds £000</b>	<b>Change in fair value £000</b>	<b>Cash movement £000</b>	<b>Value at 31/03/23 £000</b>
Pooled Equity Unit Trusts	920,290	22,505	(13,900)	(70,229)	-	858,666
London CIV	150	-	-	-	-	150
Property Unit Trusts	84,818	3,764	(330)	-	-	72,054
	<b>1,005,258</b>	<b>26,269</b>	<b>(14,230)</b>	<b>(86,427)</b>	<b>-</b>	<b>930,870</b>
<b>Other Balances</b>						
Cash Deposits	1,304	-	-	-	(474)	830
	<b>1,006,562</b>	<b>26,269</b>	<b>(14,230)</b>	<b>(86,427)</b>	<b>(474)</b>	<b>931,700</b>

The change in fair value of investments during the year comprises all increases and decreases in the value of investments held at any time during the year, including profits and losses realised on sales of investments and changes in the sterling value of assets caused by changes in exchange rates. In the case of the pooled investment vehicles changes in market value also includes income, net of withholding tax, which is reinvested in the Fund.

As a result of the Fund's investments in pooled investment vehicles the Fund did not incur any direct transaction costs, such as broker fees and taxes. Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the Fund.

As shareholders of the London LGPS CIV Ltd (the organisation set up to run pooled LGPS investments in London), the Fund has purchased £0.150m of regulatory capital.

A summary of individual investments exceeding 5% of the Fund's total net assets is set out below:

<b>Investment</b>	<b>31 March 2024</b>	<b>% of net assets</b>
UK Equity Index Unit Trust	95,080	9.21%
All World (ex UK) Equity Index Unit Trust	77,622	7.52%
Low Carbon Equity Index Unit Trust	223,664	21.67%
Global Equity Fund	161,422	15.64%
Emerging Markets Equity Fund	47,401	4.60%
Index Linked Bond Fund	59,023	5.72%
Buy & Maintain Long Dated Bonds	97,131	9.41%
Multi-Asset Credit	72,933	7.07%
Real Estate Long Income Fund	57,823	5.60%
Infrastructure Fund	65,150	6.31%
Schroder Property Fund	68,641	6.66%

### 13(a) Investments – Fund Management

On 31 March 2024, the fair value of assets under management was £1,026.199m. The Fund has undertaken work in conjunction with the Fund's external adviser to implement a long-term strategy to match the objective of being fully funded in the longer term. The structure of the Fund resulted in a strategic benchmark of 80% equities (including property and cash) and 20% bonds. As set out in the Pension Fund's Investment Strategy Statement, the asset allocation may be varied and rebalancing may be suspended at the discretion of the Pension Fund Committee.

The Tables below shows details of the investment mandates analysed between those invested managed by the pool and those outside of the pooled arrangement:

31/03/23 £000	% of Portfolio	Manager	Mandate	31/03/24 £000	% of Portfolio	Strategic Asset Allocation %
<b>Investments managed by Pool</b>						
186,560	20.02	Baillie Gifford	Global Equities	161,422	15.64	15.00
95,822	10.28	Baillie Gifford	Diversified Growth Fund	-	-	-
51,702	5.55	Stepstone	Infrastructure	65,150	6.31	10.00
61,096	6.56	Aviva	Real Estate Long Income	57,823	5.60	7.50
169,576	18.20	LGIM	Global Equities	172,702	16.74	5.00
185,420	19.90	LGIM	Low Carbon Equities	223,664	21.68	20.00
-	-	Insight	Buy & Maintain Bonds	97,131	9.41	10.00
-	-	Pimco & CQS	Multi-Asset Credit	72,933	7.07	7.50
-	-	CRBE & Octopus	UK Housing Fund	159	0.02	5.00
63,722	6.84	LGIM	Index Linked Gilts	59,023	5.72	7.50
<b>813,898</b>	<b>87.35</b>			<b>910,007</b>	<b>88.19</b>	<b>87.50</b>
<b>Investments managed outside of Pool</b>						
44,768	4.81	Schroders	Emerging Markets Equities	47,401	4.59	5.00
72,054	7.73	Schroders	Property	68,641	6.65	7.50
980	0.11	Cash inc LCIV		5,861	0.57	-
<b>117,802</b>	<b>12.65</b>			<b>121,903</b>	<b>11.81</b>	<b>15.00</b>
<b>931,700</b>	<b>100.00</b>	<b>TOTAL</b>		<b>1,031,910</b>	<b>100.00</b>	<b>100.00</b>

#### 14. Classification of Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the fair value amounts of financial assets and liabilities by category and net asset statement heading. No financial assets were reclassified during the accounting period.

2022/23			2023/24		
Designated as fair value through profit & loss £000	Loans and Receivables £000	Financial Liabilities at amortised cost £000	Designated as fair value through profit & loss £000	Loans and Receivables £000	Financial Liabilities at amortised cost £000
858,816	-	-	957,558	-	-
72,054	-	-	68,641	-	-
830	3,325	-	5,711	-	-
-	987	-	-	1,351	-
<b>931,700</b>	<b>4,313</b>	-	<b>1,031,910</b>	<b>1,351</b>	-
	<b>936,012</b>			<b>1,033,261</b>	
		<b>Financial Assets</b>			
		Pooled Investment			
		Pooled Property -			
		Investment			
		Cash			
		Sundry Debtor			
		<b>Total</b>			
		<b>Grand Total</b>			



**14 (a) Net Gains and Losses on Financial Instruments**

2022/23			2023/24	
£000		Financial Assets	£000	
86,427		Fair value through profit & loss	83,808	
<b>86,427</b>		<b>TOTAL</b>	<b>83,808</b>	

**14 (b) Fair Values of Financial Instruments and Liabilities**

The following table summarises the fair values of the financial assets and financial liabilities by class of instrument.

31 March 2023			31 March 2024	
Fair Value		Financial Assets	Fair Value	
£000			£000	
931,700		Fair value through profit & loss	1,031,910	
-		Loans and Receivables	-	
<b>931,700</b>		<b>Total Financial Assets</b>	<b>1,031,910</b>	
-		<b>Total Financial Liabilities</b>	-	
<b>931,700</b>			<b>1,031,910</b>	

**15. Fair Value – Basis of Valuation**

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

Description of Asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable	Key Sensitivities affecting the valuations provided
Cash	Level 1	All cash is reported in Sterling	Not Required	Not required
Pooled LCIV - ACS	Level 2	Quoted investments are valued at mid-market value as at the close of business on the last working day of the relevant period	Evaluated Price Feeds	Not required
		Unquoted investments or if a quotation is not available at the time of valuation, the fair value shall be estimated on the basis of the probable realisation value of the investment		
		Collective investment schemes are valued at quoted bid prices for dual priced funds and at quoted prices for single prices funds, on the last business day of the relevant period.		
Unquoted Infrastructure Managed Funds	Level 3	The Fair Value of the investments has been determined using valuation techniques appropriate to each investment. These techniques include discounted cash flow analysis and comparable transaction multiples in accordance with the International Private Equity and Venture Capital Valuation Guidelines	Significant unobservable inputs and observable inflation	Valuations could be affected by material events occurring between the date of the financial statements provide and the pension fund's own reporting date, by changes to the expected cashflow and by any differences between audited and unaudited accounts

Description of Asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable	Key Sensitivities affecting the valuations provided
Pooled Investments - Real Estate Funds	Level 3	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Significant changes in rental growth, vacancy levels or the discounted rate could affect valuations as could more general changes to market prices

**Level 1**

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

**Level 2**

Financial instruments at Level 2 are those where quoted market prices are not available, for example where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine the fair value and where these techniques use inputs that are based significantly on observable market data.

**Level 3**

Financial instruments at level 3 are those where at least one input could have a significant effect on the instruments' valuation is not based on an observable market data.

**15 (a) Fair Value Hierarchy**

The table below provides analysis of the assets and liabilities of the pension fund allocated into levels 1 to 3 based on the level at which fair value is observed.

Values as at 31 March 2024	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
<b>Financial Assets</b>				
Financial assets at fair value through profit & loss	5,711	902,917	123,282	1,031,910
Financial Assets at amortised cost	-	-	-	-
<b>Total Financial Assets</b>	<b>5,711</b>	<b>902,917</b>	<b>123,282</b>	<b>1,031,910</b>
<b>Financial Liabilities</b>				
Financial liabilities at fair value through profit & loss	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Financial Assets</b>	<b>5,711</b>	<b>902,917</b>	<b>123,282</b>	<b>1,031,910</b>

<b>Values as at 31 March 2023</b>	<b>Level 1 £000</b>	<b>Level 2 £000</b>	<b>Level 3 £000</b>	<b>Total £000</b>
<b>Financial Assets</b>				
Financial Assets at fair value through profit & loss	830	817,922	112,948	931,700
Financial Assets at amortised cost	-	-	-	-
<b>Total Financial Assets</b>	<b>830</b>	<b>817,922</b>	<b>112,948</b>	<b>931,700</b>
<b>Financial Liabilities</b>				
Financial liabilities at fair value through profit & loss	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Financial Assets</b>	<b>830</b>	<b>817,922</b>	<b>112,948</b>	<b>931,700</b>

### 15 (b) Reconciliation of Fair Value Measurements within Level 3

	<b>London CIV £000</b>	<b>UK Housing £000</b>	<b>Infrastructure £000</b>	<b>Real Estate Long Income £000</b>	<b>Total £000</b>
Value at 31 March 2023	150	-	51,702	61,096	112,948
Purchases	-	231	9,411	-	9,642
Unrealised profit and (loss)	-	(72)	4,037	(3,273)	692
<b>Value at 31 March 2024</b>	<b>150</b>	<b>159</b>	<b>65,150</b>	<b>57,823</b>	<b>123,282</b>

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

### Market Risks

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

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

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

### Other Price Risk

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

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments, and other financial instruments is monitored by the Council to ensure it is within limits specified in the Fund's investment strategy.

### Other Price Risk – Sensitivity Analysis

The following table demonstrates the change in the net assets available to pay benefits if the market price were to increase or decrease by 10%.

#### Price Risk:

Asset Type	Value £000	Value on Increase £000	Value on Decrease £000
<b>Level 2 Assets</b>			
UK Equities	95,080	104,588	85,572
Overseas/Global Equities	510,109	561,120	459,098
Index Linked Gilts	59,023	64,925	53,121
Buy & Maintain Bonds	97,131	106,844	87,418
Multi-Asset Credit	72,933	80,226	65,639
UK Housing	159	175	143
Property	68,641	75,505	61,777
<b>Level 3 Assets</b>			
Infrastructure	65,150	71,665	58,635
Real Estate Long Income	57,823	63,606	52,041

#### Currency Risk

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

The following table shows the change in value of these assets had there been a 10% strengthening/weakening of the pound against the various currencies:

#### Currency Risk (by asset class):

Asset Type	Value £000	Value on Increase £000	Value on Decrease £000
Overseas Equities	510,109	561,120	459,098

#### 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. The selection of high-quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

#### Interest Rate Risk

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

#### Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Council therefore takes steps to ensure that the Pension Fund has adequate cash resources to meet its commitments.

The Pension Fund has immediate access to its cash holdings that are invested by the Council. The levels of cash held are reviewed by the Council as part of the periodic cashflow forecasting and form part of the Fund's investment strategy. The Fund's investment strategy ensures that the majority of the Fund is invested in assets that can be sold at short notice to avoid any liquidity risk.

## 17. Investment Strategy Statement

The Council is required by Regulation to prepare and publish an Investment Strategy Statement (ISS). This Statement sets out the Fund's policy on a range of matters relating to the investments and management of the Pension Fund and is regularly reviewed and updated. A copy of the ISS can be found on the Council's website [www.redbridge.gov.uk](http://www.redbridge.gov.uk).

## 18. Current Assets and Liabilities

	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Cash at Bank	3,325	-
Contributions due	248	588
Sundry debtors	987	1,350
Prepaid expenses	244	244
<b>Total of Current Assets</b>	<b>4,804</b>	<b>2,182</b>
Accrued benefits	(17)	(68)
Accrued expenses	(443)	(221)
Sundry creditors	-	-
<b>Total of Current Liabilities</b>	<b>(460)</b>	<b>(289)</b>

## 19. Stock Lending

The Fund does not participate in stock lending arrangements.

## 20. Related Party Transactions

The London Borough of Redbridge is the single largest employer of members in the Pension Fund and contributed £24.801m to the Fund in 2023/24 (£26.786m in 2022/23).

During the year no Councillors or Chief Officers with direct responsibility for Pension Fund issues have undertaken any declarable transactions with the Pension Fund, other than the following.

- Administrative services undertaken by the Council to the Pension Fund were £0.535m (£0.475m in 2022/23).
- Investment services undertaken by the Council to the Pension Fund were £0.122m (£0.122m in 2022/23).

Each member of the Pension Fund Committee is required to disclose their interest at each meeting.

The key management personnel of the Pension Fund are the members of the Pension Fund Committee and the Corporate Director of Resources.

## 21. Actuarial Valuation

In 2023/24, the contribution rate paid by the Council as an employer was determined following an actuarial valuation of the Fund as at 31 March 2022.

The valuation of 31 March 2022 set the employer's contribution rates for the years 2023/24, 2024/25 and 2025/26. The actuarial method used by the Actuary is known as the "projected unit method". The key feature of this method is that in assessing the future service cost, the Actuary calculates the contribution rate, which meets the cost of benefits accruing in the year after the valuation date. This is the same method adopted at the previous valuation and is an appropriate method for a fund which is open to new members.

For this valuation the Actuary adopted a market value approach whereby assets were valued initially on a market value basis and liability assumptions were derived from gilt yields. Those assumptions which have the most significant effect on the results of the valuation are:

<b>Assumption</b>	<b>Rate</b>
The rate of increase in pensionable earnings	2.7%
"Gilt-based" discount rate	4.3%
The level of increase in earnings growth	2.7%

The result of the 2022 valuation was that the value of the Fund's assets was actuarially assessed as £1.010m, which was sufficient to meet 99% of its accrued liabilities. The employer's contribution rate required as a result of the valuation incorporates a phased increase in the balance of the Fund to meet 100% of future benefit liabilities, as required by Pension Fund regulations. As a result of the 2022 valuation, those employers within the Fund that have funding shortfalls are required to make repayments over an agreed period in accordance with the policies set out in the Pension Fund's Funding Strategy Statement (available on the Council's website [www.redbridge.gov.uk](http://www.redbridge.gov.uk)), and certified by the Actuary in the Actuarial Valuation Report. The new employer contribution rates and shortfall payments commenced from 1 April 2023.

## 22. Actuarial Present Value of Promised Retirement Benefits

The Fund's Actuary prepares reports for the purposes of IAS19 for the Council and other employers participating in the Pension Fund upon request. Further information pertaining to the Council is included at note 40 of the Notes to the Core Financial Statements.

The Actuary has calculated that the liabilities at 31 March 2023 for the entire Fund comprises of:

Type of Member	31 March 2023	31 March 2024
	Liability £m	Liability £m
Employees	363	400
Deferred Members	244	243
Pensioners	466	455
<b>Total</b>	<b>1,073</b>	<b>1,098</b>

The net liability of the Fund in relation to the actuarial present value of promised retirement benefits and the net assets available to fund these benefits is as follows (based upon IAS26 information).

	31 March 2023	31 March 2024
	£m	£m
Present value of funded obligations	(1,073)	(1,098)
Fair value of Fund Assets (BID Value)	936	1,034
<b>Net Liability for the whole Fund</b>	<b>(137)</b>	<b>(64)</b>

These calculations have been determined using the following financial assumptions:

Year Ended	31 March 2023	31 March 2024
	% p.a.	% p.a.
Inflation / Pension Increase Rate	3.00	2.80
Salary Increase Rate	3.00	2.80
Discount Rate	4.75	4.80

## 23. Additional Voluntary Contributions (AVC's)

The Council has a statutory obligation to provide an additional voluntary contribution (AVC) facility. This facility provides the means for members of the Pension Fund to pay contributions into a policy, which will be used to buy additional pension benefits when the member retires. A total of one hundred and thirty-two members of the Pension Fund contribute to the AVC schemes. In 2023/24 £430,970 of contributions deductions were made in respect of the AVC Scheme (£224,347 in 2022/23).

Market Value 31 March 2023 £000	AVC Provider	Market Value 31 March 2024 £000
176	Utmost Pensions (formerly Equitable Life)	162
365	Clerical Medical	668
264	Standard Life	462
<b>805</b>	<b>TOTAL</b>	<b>1,292</b>

The Council, as employer, does not make any contribution to the AVC scheme and these funds do not form part of the Council's Pension Fund accounts.

## 24. Contractual Commitments

The Fund has committed £70m into the Step-stone Infrastructure Fund. Of this commitment £14.583m was outstanding on 31 March 2024.

The Fund also has committed £48m into the UK Housing Fund. Of this commitment £47.769m was outstanding on 31 March 2024.

# Annual Governance Statement 2023/24

## Introduction

The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Delivering Good Governance in Local Government Framework (2016) (the Framework) requires local authorities to publish an Annual Governance Statement, and to be responsible for ensuring that:

- Their business is conducted in accordance with all relevant laws and regulations;
- Public money is safeguarded and properly accounted for; and
- Resources are used economically, efficiently, and effectively to achieve agreed priorities which benefit local people.

This report provides detail and commentary on the design and the operating effectiveness of the governance arrangements put in place by the Council to ensure the above.

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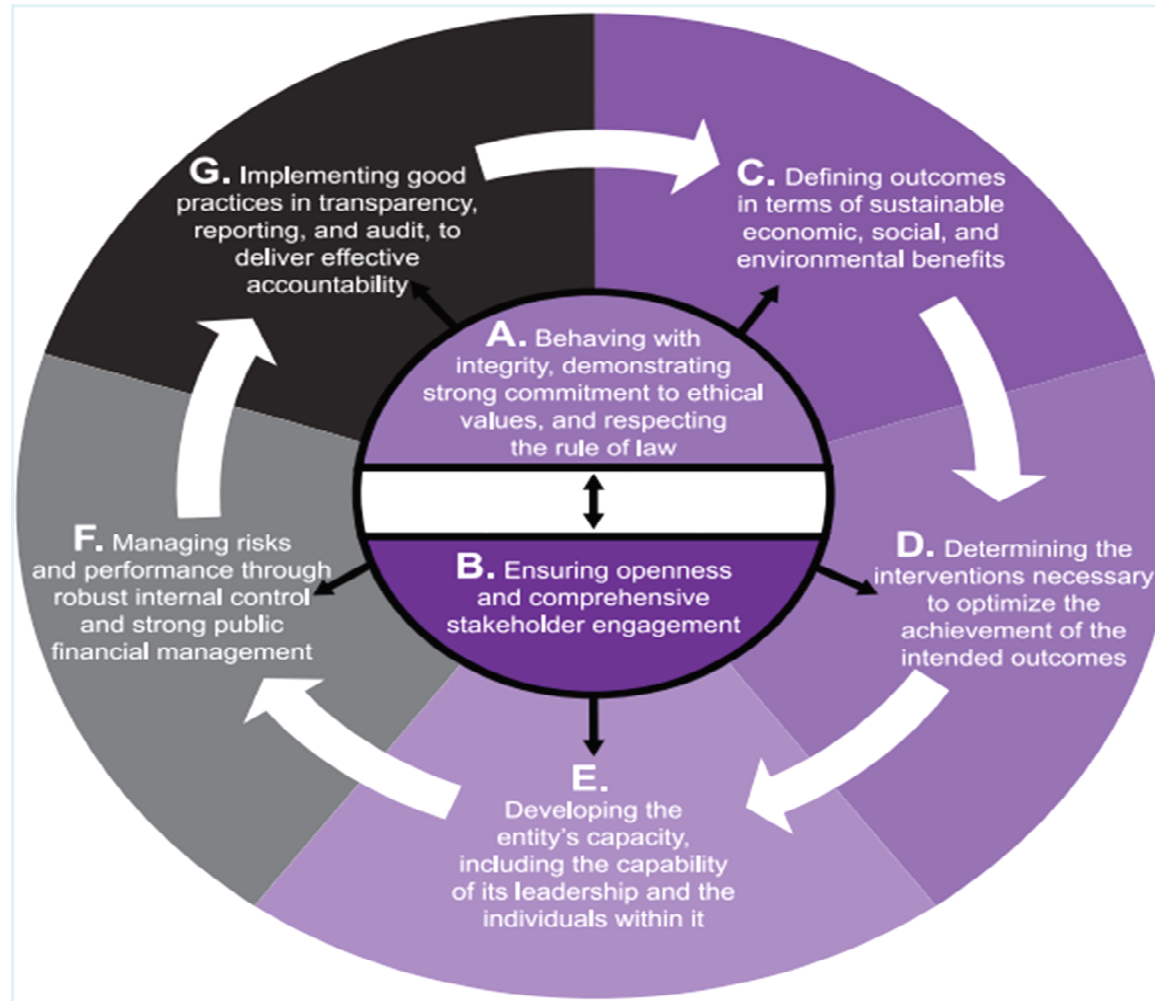
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**Section 1: The core principles of good governance per the CIPFA/SOLACE framework**





## Section 2: Overview of the governance framework and responsibilities for good governance

### Development, Scrutiny and Review

Policy Development Committees develop Council Policies etc., Cabinet review and approve, Scrutiny and Overview Committee can call in decisions for scrutiny.

Governance and Assurance reviews the operation of the governance, risk management and internal control framework of the Council.

### Corporate Leadership Team

Head of the Paid Service is the Chief Executive and is responsible for all Council staff and leading an effective corporate management team. The Chief Executive post has been filled throughout the year, including by Corporate Directors acting into the role.

The Corporate Director of Resources is the Council's Chief Finance Officer Section 151 Officer and is responsible for safeguarding the Council's financial position and ensuring value for money.

The Council's Monitoring Officer is the Operational Director Assurance and is responsible for ensuring legality and promoting high standards of public conduct.

### Risk Management

Risk registers identify both Operational and Corporate/Strategic risks.

Key Corporate/Strategic risks are reviewed by CLT and Governance and Assurance Committee every quarter.

### Decision Making

All meetings are held in public.

Decisions are recorded on the Council website

The Council has adopted the Code of Corporate Governance (in accordance with the CIPFA and SOLACE guidance) and is published as part of the Constitution.

### Audit and Assurance

External Audit

Internal Audit

Counter Fraud and Corruption

The Council has delegated responsibility to the Governance and Assurance Committee to:

- Review the Council's corporate governance arrangements against the CIPFA / SOLACE good practice from time to time through review of the Local Code of Corporate Governance
- Receive required assurances regarding the design and operation of the integrated governance, risk management, and internal control frameworks
- Based on the above, approve the Annual Governance Statement
- Make any recommendations to Full Council as needed on proposed changes to the member code of conduct.
- Through its Standards Sub-Committee hear allegations of misconduct against members and to make necessary recommendations

Other key council bodies that have a significant role to play within the governance framework include [Full Council](#), the [Cabinet](#), and [other committees and bodies](#).

### **Internal corporate governance structure**

Overlaying all of the above, the **new strengthened and focused internal corporate governance structure** became operational from September 2022. The new internal corporate governance structure provides a more structured approach to the way the Council plans to meet the aims and ambitions of the Redbridge Plan 2022-26.

The new governance approach replaced the single Corporate Leadership Team (CLT) meetings and created four new groups focused on governance and assurance aspects and arrangements as follows:

- **Corporate Strategy Group** – This group focused on how the Council defines, and responds to, its priorities. This is the forum where strategic intentions have been discussed, refined, and agreed.
- **Corporate Performance Group** – This group focused on monitoring and managing how effectively the Council is delivering on its priorities and ensuring it is working as an effective organisation. This group has provided ongoing monitoring and challenge over performance in services, programmes, and finance.
- **Leadership Group** – This group focused on the way the Council is led and works in partnership with others. This group is key to communication, change, and delivery across the organisation and thereby is a key part of the governance framework to deliver effective consultation and engagement.
- **Corporate Assurance Group** – This group focused on receiving information and assurance over the core governance and statutory functions of the organisation that must be managed. During 2023/24 the group has received information on and assurance around core governance arrangements regarding (amongst others):
  - Risk Management
  - Information Governance
  - Resilience including Emergency Planning and Business Continuity
  - Financial Resilience
  - Health and Safety, including the actions being taken to respond to the Social Housing Regulator's notice.
  - Key social care information including safeguarding.
  - Contract standing orders waivers.

Supporting governance boards have also been established to support the above and therefore further support and decision making. Each board is chaired by either the Chief Executive or a Corporate Director. These are:

- **Shaping our Future programme boards** (reporting in overall to the **Corporate Performance Group** for portfolio-level reporting)
- **Land and Property Board** – to enhance governance and oversight to review, improve, develop, and oversee the Council's use of land and property assets, including developing and monitoring the capital programme.
- **Change and Improvement Board** – to support change and modernisation of the organisation through a range of cross-cutting organisational programme.
- **Workforce Board** to oversee all matters relating to staff development and training and culture change and arrangements for assurance over these aspects.

### **Section 3: How the Council met the core good governance principles in 2023/24**

Detail on how the Council has met the core good governance principles in 2023/24 is set out below.:

#### **Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law:**

In 2023/24 the Council demonstrated how it sufficiently met this principle through the following arrangement and or identified where it can improve arrangements further:

- Having member and staff Codes of Conduct in place throughout the year. Training on the Code to Members is planned annually and is mandatory. It was provided to Members during 2023/24.
- The training to all new staff and members on codes of conduct and required standards of behaviour as part of induction.
  - Mandatory training for all members on safeguarding, probity in planning and licensing
  - Mandatory training for staff on Health and Safety, Anti-Fraud and Corruption, Information Governance, and aspects of equalities, diversity, and inclusion. Compliance rates monitored, reported, and increasing appropriately through the year.
- Continuing to require all staff and members regularly declare whether they have any relationships or interests that could give rise to conflict of interest, or the perception of a conflict of interest. Also requiring all staff and members to declare offers of gifts, and hospitality made and received. Further work is ongoing to measure and report on compliance rates of staff declarations of interest.
- Members declarations are published on the Council's webpage. The Monitoring Officer oversaw requests for dispensations to members with disclosable pecuniary interests
- Having clear mechanisms in place through the Governance and Assurance Committee to deal with matters relating to member conduct and standards of behaviour. There were no major issues arising in the year.
- Defining the Council's values and behaviours as excellence, honesty, collaboration, and fairness which staff are required to adhere to. The staff development scheme that embeds these into objectives and targets is being refreshed and will be relaunched in 2024/25, see the action plan below
- Service areas mapping their legally required policies. The Council has identified and dealt with the issues where some previous years' Pay Policy Statements have not been approved before the year to which they relate and is assured that any potential challenges owing to these issues do not have a chance of success.
- Having a counter fraud and corruption strategy and policy suite setting out how we will look to prevent, identify, and act against fraud. Having an action plan of counter fraud activity that implements the strategy.

#### **Principle B - Ensuring openness and comprehensive stakeholder engagement.**

In 2023/24 the Council demonstrated it sufficiently met this principle through the following arrangement and or identified where it can improve arrangements further:

- Taking decisions openly and transparently, with a presumption of decisions made publicly using private, confidential reports only when absolutely necessary and legally allowed
- Regularly publishing forward plans of the decisions to be made by Cabinet and Council
- Having consultation and engagement mechanisms to consulting with staff and the public. Continuing to take action to address the equalities, diversity, and inclusion issues reported to it by staff in 2021. Work has continued in 2023/24 on this and further work in 2024/25 will be to measure and analyse progress made to determine next priority actions
- Continue to work and engage with key stakeholders. These include but are not limited to:
  - The Community Safety Partnership
  - The Redbridge Schools Forum
  - The Health and Wellbeing Board

- Resident consultation and engagement fora.

### **Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits.**

In 2023/24 the Council demonstrated it sufficiently met this principle through the following arrangement and or identified where it can improve arrangements further:

- Working to the corporate plan, the Redbridge Plan 2022 – 2026, published in July 2022
- Developing and publishing the annual 2024/25 balanced budgets and providing an updated medium-term financial strategy with data on the Council's financial resilience given increased reserves and direction of travel
- Embedding social value considerations into procurement of works, goods, and services
- Reporting on the Council's progress on delivery of plans to address climate change issues.
- Undertaking environmental impact assessments before major works

### **Principle D - Determining the intervention necessary to achieve intended outcomes.**

In 2023/24 the Council demonstrated it sufficiently met this principle through the following arrangement and or identified where it can improve arrangements further:

- Working to the corporate plan, the Redbridge Plan 2022 – 2026 published in July 2022
- Beginning to develop service plans in a standard templated form that underpin the delivery of the Redbridge Plan
- Developing the key strategies and policies required to direct resources and activity to achieve required outcomes and fulfil legal obligations through the work of the Corporate Strategy Group
- Defining and regularly reporting on indicators of success and good performance and to provide assurance as to whether the Council is working towards achieving the outcomes as set out in the Redbridge Plan. Further work on this will continue in 2024/25 regarding enhancing performance management systems and processes.
- Identifying, managing, and reporting every quarter on key strategic risks faced by the Council.
- Overview and Scrutiny Committee providing constructive challenge and debate on key policies as part of decision making.

### **Principle E - Developing capacity, including the capability of leadership and individuals within the Council.**

In 2023/24 the Council demonstrated it sufficiently met this principle through the following arrangement and or identified where it can improve arrangements further:

- Training new members when elected and inducting new staff to ensure awareness and acceptance of key policies and processes.
- Delivering a series of mandatory training on key subjects, as well as an ongoing offer of other key training offers to support skills and knowledge of staff around HR, staff management, project management, IT and other learning and personal development topics.
- Having a mandatory staff development and performance scheme supported by ongoing development courses supported by external specialist training and development companies. The "One Brilliant You" staff development processes needs to be refreshed and rolled out in 2024/25. See improvement action for 2024/25 below.
- Having an apprenticeship scheme and engaging in the National Graduate Development Programme to develop the Council's own pool of staff.

### **Principle F - Managing risks and performance through strong internal control, and financial management.**

In 2023/24 the Council demonstrated it sufficiently met this principle through the following arrangement and or identified where it can improve arrangements further:

- The maintenance of a risk management strategy and policy, supported by strategic and operational risk registers. Regularly reporting on risk management to senior management through the Corporate Assurance Group and also to the Governance and Assurance Committee as the body charged with assuring itself of robustness of risk management.
- Regularly reporting budgetary control reports to senior management and members, setting out the current and forecast financial situation, progress on delivering savings, and where needed mitigating recovery plans. Updating the medium-term financial strategy and position at mid-year and reporting to senior management and members
- Regularly reporting on the financial resilience of the Council to senior management and to Members
- Assessing it met or partially met the national good practice standards in financial governance and management. Further improvement actions have been completed since the initial assessment and other actions are ongoing into 2024/25.
- Key improvement actions include to further strengthen arrangements to keep within revenue budgets and increase amounts of savings delivered in 2024/25 given the extremely challenging 2023/24 financial outturn of significant revenue overspends. Improvement actions are being developed to take effect in 2024/25.
- Regularly reporting performance on key indicators to senior management through the Corporate Performance Group. Further improvement work on this will continue in 2024/25
- Updating senior management and members on Treasury Management activity and demonstrating the risks inherent in investing and borrowing were well managed
- Assessing the risk management and internal control environment through a programme of independent assurance reviews by the Internal Audit team
- Having a Shareholder Reference Group to ensure decisions made on the future of all Council-owned companies and receive updates on the operation and performance of live companies.
- Further developing the Corporate Health and Safety Audit and Assurance Framework and regular reporting to the Corporate Health and Safety Board and Corporate Assurance Group. Further improvement work on this will continue in 2024/25.
- Addressing the issues identified around compliance with the Housing Standard and key statutory health and safety obligations. Improvement work on this continues into 2024/25.
- Assessing the current maturity and capability and capacity of the Council's arrangements to meet the good practice resilience standards and thereby effectively meet its obligations under the Civil Contingency Act. Further improvement work on this will continue in 2024/25.

**Principle G - Implementing good practices in transparency, reporting and audit to deliver effective accountability.**

In 2023/24 the Council demonstrated it sufficiently met this principle through the following arrangement and or identified where it can improve arrangements further:

- Having a presumption of open, public reporting and decision making and reporting confidentially only when absolutely essential. Publishing of meeting minutes, key decisions, registers of interest and gifts and hospitality on our website. Collating and publishing on the website spend over £500 and other requirements of the Transparency Code
- Having Information Governance policies and procedures, supported by mandatory information governance training for staff, now 95% completed. Publicly reporting the performance from key Information Governance and Data Protection arrangements, including on its performance on responding to Subject Access Requests for personal data, Freedom of Information Act requests for Council data, and reporting on breaches. Further improvement action around timeliness of responses and management of third parties who handle Council data will continue in 2023/24.
- Assessing the risk management and internal control environment through a programme of independent assurance reviews by the Internal Audit team and having arrangement in place to address the recommendations for improvement action are acted on.
- Reporting on the results of the latest work of the external auditor concluding whilst changes are needed to the latest accounts audited, they are not significant or fundamental problems with the Council's financial management or financial standing.

- Reporting on the effectiveness of our corporate governance arrangements and processes through the Annual Governance Statement.

### Other assurances

The **Director Assurance Statements** completed by all Operational and Corporate Directors giving their assessment of the effectiveness of internal control and governance arrangements within their remits. This therefore provides a means to assess compliance with all core principles. The Director Assurance Statements assess that generally internal controls and governance arrangements are good or adequate. Where there are issues, management has set out the improvement actions to be taken in 2024/25.

Another source of independent assurance to the Council, is the work of the **Internal Audit team**. The Head of Audit and Investigations' 2023/24 Annual Internal Audit Report outlines that the outcomes from the work completed in 2024/25 are more equally split between adverse and non-adverse assurance opinions than in recent years. This shows an improved direction of travel as in previous years' opinions there were many more adverse than non-adverse opinions. The number of limited assurance opinions, however, and the key areas and arrangements to which those opinions relate, and the scale of the Council's challenges means the overall opinion is of **Limited Assurance**.

The Head of Internal Audit and Investigations' Annual Internal Audit opinion is primarily based on the outcomes of Internal Audit work and therefore does not imply all the Council's governance, risk management and internal control arrangements provide limited assurance. Limited assurance opinions issued do not all relate to governance (i.e., there were several issued regarding service-level internal control arrangements).

Key governance areas where Internal Audit work has identified further improvements needed include:

- Completing the agreed actions to strengthen the financial governance framework to help address the significant challenges to the Council's financial sustainability (this is to provide further assurance over Principle F around making financial risk through strong financial controls)
- Continuing to develop service planning so it more clearly aligns with and informs annual budget setting and medium-term financial planning (this is to provide further assurance over Principle D around determining the required interventions)
- Embedding a new commissioning approach (this is to provide further assurance over Principle D around determining the required interventions)
- Continuing to develop performance management and reporting (this is to provide further assurance over Principle B around openness, Principle F around managing performance, and principle G around transparency)
- Continuing to develop and embed robust programme and project management arrangements, including oversight and assessment of benefits realised (this is to provide further assurance over Principle F around managing performance)
- Ensuring the Corporate Health and Safety Audit and Assurance Framework operates to the extent needed and addresses key health and safety issues where there is not sufficient assurance (this is to provide further assurance over Principle F around managing risk)
- Ensuring high priority recommendations agreed following Internal Audit reviews are implemented in a timelier way (this is to provide further assurance over all principles where related and Principle F around managing risk).

**There has not been any identified instance of significant fraud** that indicates significant breakdown, absence, or circumvention of internal control.

The Council has continued to take improvement action to respond to the **Notice of Improvement issued by the Regulator for Social Housing**. The issues reported to the Regulator related to Principle A around complying with the law. The Council has regularly reported the progress being made to senior management and members, as well as the Regulator. The Regulator has been satisfied the Council is taking effective action and good progress is being made. Improvement action is continuing into 2024/25, ultimately intended to culminate with a re-inspection and formal lifting of the notice.

From Regulators and inspectors including **Ofsted** which assessed 15 schools in 2023/24 of which 13 were rated as 'Good', one as 'Outstanding', and one 'Requires Improvement'.

Other sources of positive assurance considered when compiling the Annual Governance Statement include:

- In March 2024 **The Monitoring Officer reported to Full Council under section 5 of the Local Government Act** to inform the Authority that not approving the 2020/21, 2022/23, and 2023/24 annual Pay Policy Statements in advance of years to which they relate meant the Council did not meet its legal duties to do so. (NB The 2020/21 approval was prevented by the national lockdown in March 2020 and was done at the next Full Council meeting held in September 2020). It is the view of the Monitoring Officer that Full Council approving the Pay Policy Statements for 2023/24 and 2024/25 in March 2024 now means that any legal challenges brought on the basis of the late approvals do not now have any chance of success. Steps have been taken to improve arrangements to schedule the required approvals.
- **The Monitoring Officer's annual report** to the Governance and Assurance Committee planned for July 2024 forecasts reporting there had been no other adverse issues in 2023/24 (i.e., in reference to core Principle A: behaving with integrity, commitment to ethical values, and respecting the rule of law)
- **No Standards (Hearings) Sub-Committee meetings held in 2023/24** to hear allegations of breaches of the Member Code of Conduct. 14 Code of Conduct complaints were received in 2023/24 but none progressed to investigation (i.e., again in reference to corporate Principle A)
- **During 2023/24 there were not any proven cases of significant fraud** against the Council that directly indicates significant breakdown in the systems of control or governance (i.e., in reference to core Principle A (as above) and core Principle F: managing risks and performance through strong internal control and financial management)
- **No objections from local electors received** (i.e., in reference to core Principle A (as above), and Principle B - Ensuring openness and comprehensive stakeholder engagement)
- **108 cases referred to the Local Government Ombudsman in 2023/24** and of which 26 were upheld (i.e., in reference to Principles A and F as above). 19 cases remain open and therefore outcomes on those are not yet confirmed.



#### Section 4: Implementation of previous year's Annual Governance Statement improvement actions

The 2022/23 Annual Governance Statement including improvement actions identified as necessary to the governance arrangements. The progress made implementing the actions is set out below.

	Area for Improvement	Action(s)	Target Date	Action owner	Progress at end of 2023/24
1	<b>Housing H&amp;S statutory compliance and responding to the Housing Regulator</b>	Implement the required improvements to processes and procedures to ensure there is robust and sufficient assurance the Council is meeting its statutory obligations for Health and Safety related to Housing services.	In advance of Housing Regulator re-inspection	Operational Director Housing of	<p>Good progress has been made to deliver the compliance improvement action plan. The Regulator has been kept up to date throughout the year and expressed their satisfaction with progress and prospects.</p> <p>This action will continue into 2024/25 through delivery of the remainder of the improvement action plan, an external assessment to validate progress made before a formal re-inspection by the Regulator. See 2024/25 action plan.</p>
2	<b>Financial Governance</b>	Fully implement the improvement actions identified following the assessment against the CIPFA Financial Management Code in 2022/23 as per the agreed timelines.	31 March 2024	Corporate Leadership Team	<p>Progress made in the year to meet more of the standards of the Financial Management Code. These include further developing the Medium-Term Financial Strategy document.</p> <p>There remain eight of the 17 standards rated as amber as partially compliant.</p> <p>In common with the local government sector as a whole, the wider financial situation remains extremely challenging, and the Council needs to continue to strengthen its arrangements to meet these. See 2024/25 action plan.</p>
3	<b>Commissioning</b>	As part of the Shaping our Future workstream, this will develop a strategy for commissioning and define the approach as to how the Council will commission against defined outcomes (e.g., per the outcomes in the updated corporate Redbridge Plan and directorates' supporting business plans).	31 October 2023 for then operating thereafter	Corporate Director of Regeneration and Culture (as workstream sponsor)	<p>The Redbridge Commissioning Framework was agreed by the Corporate Strategy Group in August 2023, and endorsed by the member Commissioning Panel in February 2024.</p> <p>Through the Shaping Our Future programme for Commissioning and Third Party Spend work is ongoing to define the actions, resources, and timescales to implement the new framework and make it effective business as usual. See 2024/25 action plan.</p>

	Area for Improvement	Action(s)	Target Date	Action owner	Progress at end of 2023/24
4	<b>Emergency Planning and Resilience</b>	Implement the action plan to further meet the resilience standards and so enhance the Council's capability and capacity around emergency planning and emergency response	31 March 2024 (with milestone actions throughout the year)	Corporate Leadership Team	<p>The action plans have been progressed through a continuous improvement approach to self-assessment against the Resilience Standards for London.</p> <p>In assessing and measuring compliance to the standards, consistent with the improvement journey the Council is on, the resilience arrangements and the subsequent transformation programme remain as "developing".</p> <p>Further action will therefore continue into 2024/25. See 2024/25 action plan.</p>
5	<b>Service planning and performance management</b>	<p>All services to have suitable service plans for the 2023/24 year and beyond to ensure all services have demonstrable links between corporate priorities and targeted outcomes per the Redbridge Plan.</p> <p>Develop and implement the new performance reporting approach for public reporting on the achievement of the targeted outcomes and priorities in the Redbridge Plan.</p>	<p>Service plans in place 31 May 2023</p> <p>New performance reporting: 31 July 2023</p>	Corporate Director of Strategy	<p>Services have produced service plans for the years 2024/25 and 2025/26 to more clearly link their objectives to the objectives in the four year corporate plan.</p> <p>Further work is intended to produce an annual corporate plan to set out the specific targeted achievements for the forthcoming year that contribute toward achieving the four year corporate plan.</p> <p>Performance management reporting in 2023/24 has been enhanced in year through the 2022/23 annual report reported to Cabinet September 2023 and mid-year 2023/24 update reported to Cabinet in January 2024.</p> <p>See 2024/25 action plan.</p>
6	<b>Health and Safety</b>	Continue to enhance the Corporate Health and Safety Audit and Assurance Framework and ensure it addresses all improvement areas highlighted by the Internal Audit review in 2022/23.	31 March 2024 (with milestone of separate actions throughout the year)	Corporate Director of Regeneration and Culture	<p>Progress has been made around some of the recommended improvement areas. Further work will continue on developing and reporting on the Health and Safety Audit and Assurance Framework and also assurances over wider compliance with legal duties to ensure the safety and proper condition of the Council's properties and assets.</p> <p>See 2024/25 action plan.</p>

	Area for Improvement	Action(s)	Target Date	Action owner	Progress at end of 2023/24
7	<b>Workforce and organisation development</b>	Establish the Workforce Board to oversee all matters relating to staff development and training and culture change and arrangements for assurance over these.	In place from 30 June 2023 and then operating thereafter	Corporate Director of Strategy	The Workforce Board has been established. Key workforce development action in 2024/25 will be to refresh and roll out an updated Staff Development programme, see 2024/25 action plan.

## Section 5: Improvement actions for 2024/25

Based on the above, the following are the key improvement actions to be taken in 2024/25. These actions are identified by Internal Audit work **and** other governance and assurance activity in 2023/24.

	Governance area	Action to be taken in 2024/25	Action owner	Target date
1	<b>Housing H&amp;S statutory compliance and responding to the Housing Regulator</b>	Continue to take the required improvements to embed processes and procedures to assure the Regulator and enable the formal lifting of the improvement notice.	Interim Operational Director of Housing	In advance of Housing Regulator re-inspection
2	<b>Addressing temporary accommodation supply and demand</b>	Continue to take action to enhance homelessness preventative and early intervention activity. By virtue of that activity and other action around the current temporary accommodation tenancies reduce volume and value of temporary accommodation-related spend.	Interim Operational Director of Housing	This will continue throughout 2024/25
3	<b>Financial Governance</b>	<p>Continue to implement the improvement actions identified following the assessment against the CIPFA Financial Management Code in 2022/23, in particular the actions around:</p> <ul style="list-style-type: none"> <li>• Adhering to annual revenue budgets, including increased delivery of budgeted savings</li> <li>• Increasing understanding of value for money of all services and using the insight to where needed plan out change / improvement / transformation activity</li> <li>• Managing change and transformation activity so as to ensure targeted benefits are realised in full.</li> </ul>	Corporate Leadership Team	31 March 2025

	<b>Governance area</b>	<b>Action to be taken in 2024/25</b>	<b>Action owner</b>	<b>Target date</b>
		Embed improvements in the quality of PPE valuations and associated accounting arrangements	Corporate Director of Regeneration and Culture & Operational Director Finance	31 May 2024
<b>4</b>	<b>Commissioning</b>	Embed the new Redbridge Commissioning Framework so it becomes business as usual and demonstrably informs how the Council commissions services and then where needed engages third parties to help deliver its required outcomes.	Corporate Director of Regeneration and Culture	31 March 2025
<b>5</b>	<b>Emergency Planning and Resilience</b>	Implement the action plan to further meet the resilience standards and so enhance the Council's capability and capacity around emergency planning, business continuity, and emergency response.	Corporate Leadership Team	31 March 2025 (with milestone actions throughout the year)
<b>6</b>	<b>Service planning and performance management</b>	<p>All services to review and update their existing service plans to be demonstrably part of, and informed by, financial planning and budget setting.</p> <p>As part of the remaining Financial Management Code actions, extend out the service planning period to align with the medium-term financial period so services can shape their activity and resourcing (including growth and savings) over that period to help meet the medium-term forecast gap.</p> <p>Implement the new performance management and reporting system and refresh performance indicators to give further insight into all aspects of corporate performance.</p>	Corporate Leadership Team	<p>Service plans updated for 2025/26 year and beyond by 31 March 2025.</p> <p>New performance management system and supporting enhanced processes implemented by 31 March 2025.</p>

	<b>Governance area</b>	<b>Action to be taken in 2024/25</b>	<b>Action owner</b>	<b>Target date</b>
7	<b>Health and Safety</b>	Continue to enhance the Corporate Health and Safety Audit and Assurance Framework and ensure it addresses all improvement areas highlighted by the Internal Audit review in 2022/23.	Corporate Director of Regeneration and Culture	31 March 2025 (with milestone of separate actions throughout the year)
8	<b>Workforce and organisation development</b>	Refresh and roll out the updated Staff Development processes.	Corporate Director of Strategy	31 March 2025 (with milestone of separate actions throughout the year)
9	<b>Asset and property condition</b>	Ensure there are consistent and effective service and corporate assurance mechanisms in place to appropriately survey, inspect, test, and or check the Council's properties and assets and then take action to ensure the condition and safety requirements are met.	Corporate Leadership Team (as cross-cutting activity and assurance)	Assurance review through Internal Audit taking place in April and May 2024. Any further actions identified to be scoped and delivered thereafter.

## Section 6: Agreement of the Annual Governance Statement

This statement has been considered by the Leader of the Council and the Chief Executive and is considered an accurate reflection of the Council's governance arrangements.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Agreed by:

Councillor Jas Athwal: Leader of the Council	Signed:	Date: 31 May 2024
Adrian Loades: Acting Chief Executive Officer	Signed:	Date: 31 May 2024

## Glossary

### Accruals Basis

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

### Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

### 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.

### Actuary

An independent **consultant** who advises the Council on the financial impact and uncertainty of the Pension Fund.

### Amortisation

The writing off of a charge or loan balance over a period of time. A measure of the costs of economic benefits derived from intangible assets that are consumed during the period.

### Annual Governance Statement

The annual governance statement is a statutory document that explains the processes and procedures in place to enable the council to carry out its functions effectively.

### Asset

Items of worth that are measurable in terms of value. Current assets may change daily, but the Council is expected to yield the benefit within the one financial year (e.g. short-term debtors). Non-current assets yield benefit to the Council for a period of more than one year (e.g. land).

### Balance Sheet

A statement of all the assets, liabilities and other balances of the Council at the end of an accounting period.

### Business Improvement District

A defined area within which businesses pay additional business rates in order to fund improvements within the districts boundary.

### Budget

A forecast of future expenditure plans for the Council. Detailed revenue budgets are prepared each year and it is on the basis of these figures that the Council Tax is set. Budgets are revised towards the year-end to take account of inflation, changes in patterns of services, and other factors.

### Capital Expenditure

Expenditure on the acquisition of non-current or intangible assets, or expenditure that adds to the value of an existing asset.

### Capital Adjustment Account

Represents amounts set aside from revenue resources or capital receipts to finance expenditure on assets or for the repayment of external loans and certain other capital financing transactions.

### Capital Receipt

Income received from the sale of a capital asset such as land or buildings.

### Carrying Value (Book Value)

For Financial Instruments, this value is the amount to be recognised on the Balance Sheet. Financial Assets and Liabilities need to be recognised in the Balance Sheet at fair value or at amortised cost.

### Cash

Comprises cash in hand and available-on-demand deposits.

### Cash equivalents

Are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.



**Cash flow**

A statement that shows the changes in cash and cash equivalents during the financial year.

**Collateral**

Assets pledged by a borrower to secure a loan.

**Collection Fund**

The Council as a billing authority has a statutory obligation to maintain a separate Collection Fund. This shows the transactions of the Council in relation to the collection from taxpayers of Council Tax and Business Rates and its distribution to Local Government bodies and the Government.

**Community Assets**

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of Community Assets are parks and historic buildings.

**Community Infrastructure Levy**

A levy that Council can charge on new developments in their area. The money can be used to support development by funding infrastructure that the Council, local community and neighbourhoods want.

**Comprehensive Income and Expenditure Statement**

A Statement showing the net cost of the Council's services during the year. It demonstrates how costs have been financed from general Government Grants and Income from Local Taxpayers.

**Contingent Liability**

A possible obligation arising from a past event whose existence will be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Council, or a present obligation arising from past events where it is not probable that there will be an associated cost or the amount of the obligation cannot be accurately measured.

**Credit Ratings for Investments**

A scoring system used by credit rating agencies such as Fitch, Moodys and Standard and Poors to indicate the creditworthiness and other factors of Governments, Banks, Building Societies, and other financial Institutions.

**Creditors**

Amount of money owed by the Council for goods and services received but not paid for as at 31 March.

**Current Service Cost**

Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

**Curtailement**

For a defined benefit pension scheme, an event that reduces the expected years of future service of employees or for a number of employees, the accrual of defined benefit for some or all of their entitlement. Examples include: -

- Termination of employees' services earlier than expected (for example as a result of discontinued operations); and
- Termination of, or amendments, to the terms of a defined benefit scheme, so that some or all future services by current employees no longer qualify for benefits or will qualify for reduced benefits.

**Debtors**

Amount of money owed to the Council by individuals and organisations for goods and services provided but where income was not received as at 31 March.

**Deferred Capital Receipts**

The balance of outstanding monies owed (e.g. mortgages) by purchasers of Council property.

**Deferred Liabilities**

These are creditor balances repayable after one year.

**Defined Benefit Scheme**

A pension scheme where the benefits payable on retirement are determined by predetermined formula and not dependent on market returns.

**Depreciation**

A measure of the cost of the economic benefits of the tangible fixed asset consumed during the year which is charged to the revenue account.

**Depreciation Replacement Cost (DRC)**

The current cost of replacing or recreating an asset with its modern equivalent asset less deduction for all physical deterioration and all relevant obsolescence and optimisation.

**Derecognition**

Financial assets and liabilities will need to be removed from the Balance Sheet once performance under the contract is complete or the contract is terminated.

**Earmarked Reserves**

Amounts set aside for a specific purpose to meet future commitments or potential liabilities, for which it is not appropriate to establish provisions.

**Expected Return on Assets**

For a defined benefit scheme, this is a measure of the return on the investment assets held by the plan for the year. It is not intended to reflect the actual realised return by the plan, but a longer-term measure based on the value of assets at the start of the year taking into account movements in assets during the year and an expected return factor.

**Fair Value**

The amount that an asset can be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction.

**Finance Lease**

A finance lease is where a finance company owns an asset and leases it to the Lessor in exchange for rentals. The Lessor will remain a large part, or all of the cost of the assets in rentals. At the end of the lease, the Lessee has the option to acquire ownership of the asset by paying, the last rental, or a final purchase price. This is a lease that substantially transfers the risks and rewards of a fixed asset to the lessee. With a Finance Lease, the present value of the lease payments would equate to the fair value of the leased asset.

**Financial Instruments Adjustment Account (FIAA)**

Provides a balancing mechanism between the different rates at which gains and losses are recognised under the Code and are required by Statute to be met from the General Fund.

**Financing activities**

Are activities that result in changes in the size and composition of the principal, received from or repaid to external providers of finance.

**General Fund (GF)**

Redbridge's main Revenue Account from which is met the cost of providing most of the Council's services, paid from Council Tax and government grants (excluding HRA).

**General Fund Balance**

Revenue Funds that are uncommitted and available to support general funding pressures not otherwise specifically covered by planned budget or earmarked reserves.

**Historic Cost**

The actual cost of an asset in terms of past consideration as opposed to its current value.

**Housing Revenue Account (HRA)**

A Statutory Account maintained separately from the General Fund for the recording of income and expenditure relating to the provision of Council Housing.

**IAS 19**

A complex accounting standard based on the principle that an organisation should account for retirement benefits when it is committed to do so even though the benefits will not be paid for years in the future.

**Impairment**

A reduction in the valuation of an asset caused by consumption of economic benefits or by a general fall in prices.

**Infrastructure Assets**

Assets that have an indeterminate life and, although valuable, do not have a readily realisable value e.g. roads.

**Intangible Assets**

Non-financial assets that do not have physical substance but are identifiable and controlled by the Council, for example purchased software licences.

**Interest Cost**

For defined benefit pension schemes the interest cost is the present value of the liabilities during the year as a result of moving one year closer to being paid.

**Inventories**

Amounts of unused or unconsumed stocks held in expectation of future use. Inventories are comprised of the following categories:

- Goods or other assets purchased for resale
- Consumable stores
- Raw materials and components
- Products and services in intermediate stages of completion
- Finished goods

**International Financial Reporting Standards**

International Financial Reporting Standards (IFRS) are a set of accounting standards developed by an independent, not-for-profit organisation called the International Accounting Standards Board (IASB).

**Materiality**

Information is material if omitting it or misstating it could influence the decisions that users make on the basis of financial information about a specific reporting authority.

**Medium Term Financial Strategy (MTFS)**

This is a financial planning document that sets out the future year's financial forecasts for the Council. It considers local and national policy influences and projects their impact on the general fund revenue budget, capital programme and HRA. In Oldham it usually covers a four or five-year timeframe.

**Minimum Revenue Provision (MRP)**

The amount that has to be charged to revenue to provide for the redemption of debt.

**Non-Domestic Rates**

Rates payable by businesses based on local rateable values determined by the Valuations Office Agency. These are shared on a proportional basis with Central Government and the Greater London Authority.

**Net Book Value**

The amount at which assets are included in the Balance Sheet after depreciation has been provided for.

**Net Realisable Value**

The open market value of the asset less the expenses to be incurred in realising the asset.

**Non-Current Assets**

Assets that yield benefits to the Council and the services it provides for a period of more than one year.

**Operating Lease**

This is a lease other than a finance lease. An operating lease contract allows the use of an asset but does not convey rights similar to ownership of the asset. The lessee pays rentals to the lease company and, the asset is returned at the end of the lease period.

**Operational Assets**

Assets held, occupied, used or consumed by the Council in the direct delivery of its service.

**Outturn**

The actual level of expenditure and income for the year.

**Past Service Cost**

A cost arising from decisions taken in the current year but whose financial effect is derived from years of service earned in earlier years.

**Post Balance Sheet Events**

Those events that relate to the accounting year, both favourable and unfavourable, which occur between the Balance Sheet date and the date on which the Statement of Accounts is signed by the Chief Financial Services Officer.

**Precept**

The charge made upon the collection fund by one Authority (e.g. Greater London Authority) on another Council (e.g. Redbridge) to finance its net expenditure.

**Private Finance Initiative**

A Central Government initiative whereby contracts are let to private sector suppliers for both services and capital investment in return for a unitary payment, which may be reduced if performance targets are not met.

**Projected Unit Method**

Actuarial valuation method whose key feature is to assess future service cost; the Actuary calculates the employer's contribution rate, which will meet the cost of benefits accruing in the year after the valuation date. This method is considered appropriate for a Pension Fund open to new members.

**Provisions**

Amounts set aside for liabilities and losses, which are certain or very likely to occur but where the exact amount or timing of the payment are uncertain.

**Public Works Loans Board (PWLB)**

Central Government Agency, which funds much of Local Government borrowing.

**Related Parties**

Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, and all senior officers from Director. For individuals identified as related parties, the following are also presumed to be related parties:

- members of the close family, or the same household; and
- partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

**Re-measurement of the Net Defined Benefit Liability**

Re-measurement of the Net Defined Benefit Liability (asset) comprises:

- actuarial gains and losses
- the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and
- any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

**Reserves**

Amounts set aside that do not fall within the definition of a provision, to fund items of anticipated expenditure. These include general reserves or balances, which every Council must maintain as a matter of prudence.

**Revaluation Reserve**

Represents the increased value of the Council's land and building assets from 1 April 2007.

**Revenue Expenditure**

The day-to-day expenditure of the Council, e.g. pay, goods and services and capital financing charges.

**Revenue Expenditure Funded from Capital Under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of a non-current asset that has been charged as expenditure to the CIES.

**Revenue Support Grant**

Grant paid by the Central Government to Local Authorities. This grant is not attributable to specific services.

**Soft Loan**

Loans given at less than market/commercial rates.

**Surplus or Deficit on the Provision of Services**

Is the total of income less expense, excluding the components of Other Comprehensive Income and Expenditure.

**Support Services**

Activities of a professional, technical and administrative nature which support main front-line services.

## Abbreviations used in Accounts

<b>AGS</b>	Annual Governance Statement
<b>AVC</b>	Additional Voluntary Contributions
<b>BID</b>	Business Improvement District
<b>BN</b>	Billion
<b>CFR</b>	Capital Financing Requirement
<b>CIES</b>	Comprehensive Income and Expenditure Statement
<b>CIPFA</b>	Chartered Institute of Public Finance and Accountancy
<b>DFE</b>	Department for Education
<b>DLUHC</b>	Department for Levelling Up, Housing & Communities
<b>DSG</b>	Dedicated Schools Grant
<b>DWP</b>	Department for Work and Pensions
<b>EFA</b>	Expenditure Funding Analysis
<b>ELWA</b>	East London Waste Authority
<b>FIAA</b>	Financial Instruments Adjustments Account
<b>FRS</b>	Financial Reporting Standard
<b>GLA</b>	Greater London Authority
<b>HRA</b>	Housing Revenue Account
<b>IAS</b>	International Accounting Standard
<b>IFRIC</b>	International Financial Reporting Interpretations Committee
<b>IFRS</b>	International Financial Reporting Standard
<b>LASAAC</b>	Local Authority (Scotland) Accounts Advisory Committee
<b>LBR</b>	London Borough of Redbridge
<b>LCIV</b>	London Collective Investment Vehicle
<b>LGPS</b>	Local Government Pension Scheme
<b>LPFA</b>	London Pensions Fund Authority
<b>M</b>	Million
<b>MRA</b>	Major Repairs Allowance
<b>MRP</b>	Minimum Revenue Provision
<b>NDR</b>	Non-Domestic Rates
<b>PFI</b>	Private Finance Initiative
<b>PWLB</b>	Public Works Loans Board
<b>RICS</b>	Royal Institute of Chartered Surveyors
<b>RSG</b>	Revenue Support Grant
<b>SeRCOP</b>	Service Reporting Code of Practice
<b>SORP</b>	Statement of Recommended Practice
<b>UCRR</b>	Usable Capital Receipts Reserve