



# Ealing Council Statement of Accounts 2023/24





# Contents

## 1. Narrative Reports and Written Statements

Introduction by the Strategic Director of Resources	Page 5
Narrative Report	Page 6
Statement of Responsibilities for the Statement of Accounts	Page 29
Independent Auditor's Report to the Members of Ealing Council	Page 30
Independent Auditor's Report to the Members of Ealing Council on the Pension Fund Financial Statements	Page 33

## 2. Core Financial Statements

Comprehensive Income and Expenditure Statement	Page 38
Movement in Reserves Statement	Page 39
Balance Sheet	Page 40
Cash Flow Statement	Page 41

## 3. Notes to the Accounts

Index of Notes to the Core Financial Statements	Page 43
Notes to the Core Financial Statements	Page 44

## 4. Supplementary Accounts and Explanatory Notes

Housing Revenue Account	Page 104
Notes to the Housing Revenue Account	Page 106
Collection Fund Statement	Page 109
Notes to the Collection Fund Statement	Page 110
Pension Fund Account	Page 112
Notes to the Pension Fund Account	Page 114
Appendix A – Actuarial Statement	Page 135

## 5. Group Accounts

Group Core Financial Statements	Page 143
Group Notes to the Core Financial Statements	Page 147

## 6. Accounting Policies

Accounting Policies	Page 154
---------------------	----------

## 7. Glossary

Glossary of Terms	Page 172
-------------------	----------

## 8. Annual Governance Statement

Annual Governance Statement	Page 182
-----------------------------	----------

# 1. Narrative Report and Written Statements

# INTRODUCTION BY THE STRATEGIC DIRECTOR OF RESOURCES

The Statement of Accounts sets out the council's financial results for 2023/24 and the position at 31 March 2024.

It is intended that these accounts provide a useful and important source of financial information for residents, stakeholders, council members and other interested parties.

The Narrative Report provides some background and context to the council's financial position in 2023/24; I hope that readers of the council's accounts find this helpful.

I would like to thank my staff and colleagues throughout the council for their hard work and support in producing the accounts for 2023/24.

**Emily Hill, CPFA**  
**Strategic Director, Resources**  
**Date: 28 February 2025**



# NARRATIVE REPORT

The Narrative Report provides information on Ealing Council (the council), its main objectives and strategies and the principal risks that it faces, as well as providing a commentary on how the council has used its resources to achieve its desired outcomes in line with its objectives and strategies.

The operating environment in 2023/24 was challenging and uncertain, as the council faced ongoing pressures of rising demand and escalating costs for its services. The council had estimated a funding gap of £37.7 million for 2023/24, which required significant savings and income generation to balance the budget. The council also needed to invest in transformation plans, whilst responding to the changing, often increasingly complex needs and expectations of its residents, businesses, and partners. Whilst social care market pressures continued to increase social care costs above inflation, these were joined in 2023/24 by significant increases in homelessness and temporary accommodation requirements seeing increases both in demand against rising costs due to limitations in supply.

Economic and funding uncertainty continues, with the UK economy recovering slowly, public sector debt at a high level, and inflation falling in the latter half of the year but still above the Bank of England's target. Local government funding to the council has been reduced by 40% in cash terms and 56% in real terms since 2013/14 and it is increasingly challenging to identify significant efficiencies and savings to balance the budget. The wider fiscal environment is likely to mean that future funding settlements are likely to include real term funding reductions in local government and there is no clarity on awaited local government funding reforms or whether there will be multi-year settlements. The forthcoming parliamentary election will mean more uncertainty, at least in the short term.

Although external factors on demand led services have made the process of setting a balanced budget extremely difficult, the council has continued to ensure that both existing service demands are appropriately funded and where new demand is forecast, proportionate growth has been allocated. The council will continue to lobby the government for additional funding, as well as explore new ways of working and delivering services that are efficient, effective, and inclusive.

## ABOUT EALING

Ealing is an attractive area to live in, being home to several landmarks and attractions, such as Ealing Studios, the oldest film studio in the world, Walpole Park, a Grade II listed park with a historic house and museum, and Southall, a vibrant area known as the "Little India" of London. The borough has stunning parks, open spaces and great local high streets, providing a good quality of life, while excellent transport links with the addition of the new Elizabeth line provide easy access to all the best opportunities that London has to offer.

This combination explains why so many have chosen to build their lives here. Ealing is the third most populous London borough with around 370,000 residents. The borough is also hugely diverse, with people from across the world coming to make Ealing their home. That diversity is one of the borough's great strengths and contributes to the unique identities of our seven towns – Ealing, Acton, Hanwell, Greenford, Northolt, Perivale, Southall as well as our 24 wards.

Ealing is a strong economic centre with more VAT registered businesses located here than anywhere else in West London. There are approximately 17,600 small businesses and 20,600 active enterprises with over 90% of new business still active one to five years later.

## ABOUT THE COUNCIL

The council is the local authority for the London Borough of Ealing, one of the 32 London boroughs. The council is responsible for providing a range of services to the residents, businesses of, and visitors to, the borough, such as housing, education, social care, waste management, planning, environmental protection, libraries, parks and leisure.

The council's operational structure reflect the above responsibilities and were reported in 2023/24 under six directorates:

- **Childrens**
- **Adults and Public Health**
- **Economy and Sustainability**
- **Housing and Environment**
- **Resources**
- **Strategy and Change**

## OUR WORKFORCE

The council employed 2,876 people in 2023/24 (headcount on 31/03/2024). A breakdown of the make-up of the workforce is detailed below:

	<b>23/24</b>	<b>22/23</b>
<b>Gender</b>		
Male	34%	34%
Female	66%	66%
<b>Declared Disability</b>		
Yes	5.7%	4.7%
<b>Age</b>		
Under 25	2.3%	2.7%
25-39	23.8%	24.0%
40-49	24.9%	24.9%
50-64	42.6%	42.8%
65+	6.3%	5.6%
<b>Ethnicity</b>		
Black and Multi-Ethnic	49.7%	48.7%
White	35.9%	35.6%
Unknown	14.4%	15.7%

## POLITICAL STRUCTURE

Ealing has 24 wards and has 70 councillors and is Labour controlled. The election on 5 May 2022 returned a Labour Administration with councillors being elected for a term of up to 4 years.

The political make-up of the council is 59 (Labour), 6 (Liberal Democrat) and 5 (Conservative).

## THE COUNCIL PLAN 2022-26

Following the election of a new Administration in May 2022, the council developed a plan for the period 2022-26.

The Council Plan along with the Medium-Term Financial Strategy (MTFS) comprise the council's key strategic planning framework. The refreshed plan will continue to map out an ambitious vision for the borough while managing the challenges faced.

The plan follows the three priorities of:



Which are split over 9 resident-based outcomes and one organisational outcome illustrated below:

 <b>Tackling inequality and crime</b>	Relentlessly focusing on reducing poverty and inequality for those that most need support and promoting wellbeing and safety for all.	 <b>Inclusive economy</b>	Building wealth within the community by ensuring everything the council does increases social value and contributes to making Ealing a fairer place to live and work.
 <b>Climate Action</b>	Greening and keeping Ealing clean, achieving net zero carbon, and ensuring our parks, open spaces and nature are protected and enhanced.	 <b>Genuinely affordable homes</b>	Delivering our radical programme of social rent council house building, affordable homes and ensuring our tenants are empowered and have ownership of their communities.
 <b>Healthy lives</b>	Protecting and enhancing the physical and mental health of all, supporting our older residents to enable them to remain independent and resilient and dealing with the ongoing impact of COVID-19.	 <b>Good growth</b>	Making sure the growth that takes place in Ealing enhances its character, conserves its future and makes a great place, where people want to live.
 <b>A fairer start</b>	Ensuring all our children and young people get the best start in life, from their earliest years through to a great education.	 <b>Thriving communities</b>	Bringing people together to build strong neighbourhoods, empowering volunteers, encouraging community activism, engaging civic and faith leaders, and delivering well-loved community facilities and services.
 <b>Decent living incomes</b>	Bringing new and well-paid jobs back to Ealing and ensuring good businesses can thrive.	 <b>Organisational priorities</b>	Focusing relentlessly on getting the basics right, ensuring we are well run and make best use of resources. We will also drive change to deliver a new culture of public service where we engage and work in partnership with our communities.

## GOVERNANCE

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

The council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA / SOLACE Framework Delivering Good Governance in Local Government 2016 Edition. A copy of the code can be located on Ealing Council's website at:

[https://www.ealing.gov.uk/download/downloads/id/2550/corporate\\_code\\_of\\_governance.doc](https://www.ealing.gov.uk/download/downloads/id/2550/corporate_code_of_governance.doc)

The Annual Governance Statement explains how the council has complied with the code and also meets the requirements of regulation 6(2) Accounts and Audit Regulations 2015, in relation to the approval of the Annual Governance Statement.



The council's Internal Audit service carries out a comprehensive programme of review activity consistent with the Audit Strategy and the Public Sector Internal Audit Standards. The work is based around the core risks faced by the council and includes significant work on the main financial and information management systems, corporate programmes and partnerships. Based upon the programme of work for 2023/24, the Assistant Director of Audit and Investigation's opinion on the council's control environment, governance arrangements and risk management arrangements are that they are reasonable.

A reasonable assurance is given when there is a basically sound system of internal control, although there are weaknesses, which put some of the council's objectives at risk and the level of non-compliance with some of the control processes may put some of the council's objectives at risk.

Further details on this can be found in the Annual Governance Statements (AGS) in Section 8 of the accounts.

## **PERFORMANCE**

### **COUNCIL**

This section presents key highlights of the council's 2023/24 delivery plan. These deliverables are designed to contribute towards the achievement of our overall 4-year goals contained within the Council Plan 2022-26. Highlights are presented by the nine council priorities, outlining what we said we would do as part of the 2023/24 delivery plan and what we have achieved by quarter 3 this year (April – December 2023).

Detailed performance information, including trends and analysis can be found on the website using the link towards the end of this section.

Out of the 72 indicators in the Corporate Health Check Key Performance Indicators, 19 indicators were not due for reporting in quarter 3 (quarter 4 figures are being finalised at the time of publication), of the remaining 53 indicators, 3 are contextual and therefore do not have specific targets. Their performance is monitored and reported on a quarterly basis to ensure we regularly track progress. These indicators are as below.

Council Plan Priority	Performance measures	Scale	Freq.	Year to date Performance
Tackling Inequality and Crime	Percentage of ethnic minority residents among those supported into employment through Council schemes	Bigger is better	Quarterly	61.6%
Healthy Lives	Number of contacts to adult social care front door	Smaller is better	Quarterly	30,381
Healthy Lives	Number of referrals from the social care contact centre	Smaller is better	Quarterly	4,116

Performance against target (RAG status) is presented for 50 indicators, nearly three quarters (72%) of the indicators either met their target or were within tolerance at Q3, while 14 (28%) did not meet their target.

Status	Number of PIs	Percent of available PIs
Green	29	58%
Amber	7	14%
Red	14	28%
<b>TOTAL</b>	<b>50</b>	<b>100%</b>

Outcome area	Q3 Rating 2023/24			N/A at Quarter 3	Total
	Red	Amber	Green		
Tackling inequality and Crime	2	1	2	7	12
Climate Action	2	1	4	0	7
Healthy lives	1	1	5	3	10
Fairer start	0	0	7	8	15
Decent living incomes	1	0	1	0	2
Inclusive economy	4	2	6	0	12
Safe and Genuinely Affordable Homes	4	0	0	2	6
Good Growth and New Housing	0	0	3	1	4
Thriving communities	0	2	1	1	4
	14	7	29	22	72

### Tackling inequality and crime

The council invested £403,000 in various programmes to reduce the number of young people entering the criminal justice system. The Turnaround Programme and Your Choice initiative deliver interventions at the earliest stage when Anti-Social Behaviour, difficulties at school or at home are first highlighted, and when children are identified to be at risk of offending behaviours. Support activities include sport, tutorials, mentoring, parenting support, cooking/ dietary advice, work experience. The violence reduction unit-funded programme in Northolt is providing diversionary activities after school in an area with a higher level of serious youth violence. The LION programme session in Ark Acton aims to support the school to reduce exclusions, which in turn have a strong correlation to exploitation. Another initiative is delivered with the police in primary schools to make children aware of the risks related to exploitation, and we are training a group of community-based practitioners in cognitive behavioural therapeutic approaches to divert children away from crime.

### Climate Action

As part of the Climate and Ecological Emergency Strategy 2021-2030, the council has committed to increasing active and sustainable travel and reducing carbon emissions. 98 bike hangars have been delivered and an increase in the number of new electric vehicle charge points (EVCPs) across the borough to 658. Over 640 free bicycles were distributed among residents as part of Let's Ride Southall project which has already generated a reduction of 10,000kg in CO2. Three new school streets (Ark Priory, Blair Peach, Ravenor schools) have been delivered this year, making a total of 24 school streets. The council has installed solar panels in Khalsa and Brentside primary schools, as well as in St Paul's Church, and provided replacement boilers to St Mary's Church improving energy efficiency. 206 council homes have been retrofitted this year, supporting residents to insulate, heat and cool their homes sustainably, reducing their energy bills.

The council have implemented a borough-wide traffic management order which prohibits vehicle engine idling in the borough. Our civil enforcement officers approach drivers where they observe engine idling and request that they switch the engine off whilst stationary. If the driver refuses to do so, a Penalty Charge Notice (PCN) will be issued. Idling enforcement is carried out at 29 locations in the borough. New idling signage has been installed and a media campaign is held to underpin engagement and enforcement.

### Healthy Lives

Market quality assurance framework includes ongoing monitoring of quality and provider risk, with a fortnightly risk review led by strategic director of adults and public health overseeing compliance, Care Quality Commission (CQC) inspection and concern-related risks. We undertake targeted work with care homes while also working in partnership with the NHS to shape a more coordinated care home quality arrangements and increase the clinical support to homes managing complex behaviour. Additional training for care home managers who are key to service quality has been implemented. We are seeing sustained and steady performance on the CQC ratings of local providers, with 73% of regulated care agencies rated Good or above. The service continues to effectively manage demand, which includes routinely exploring local and community-based alternatives to commissioned care.

## Fairer Start

The council continues to deliver the Holiday Activities and Food (HAF) programme providing enriching activities and nutritious food, supporting children in receipt of free school meals, and a targeted group of vulnerable children. Throughout Easter, summer and Christmas school holidays, the HAF Programme was delivered by 56 providers at 81 venues across the borough, where 4,371 children attended a total of 31,606 sessions, with 26% of participants stating that they had special educational needs and disabilities. 28,940 nutritious meals were provided to families across the sessions. 886 'Happiness Boxes' were distributed to families who attended before Christmas - these contained food staples and recipe ideas for an additional 8 meals over the festive period. The programme will continue into 2024, with 46 providers delivering HAF during the Easter holidays at 74 venues.

## Inclusive Economy

As part of our pledge, we continue implementation of the digital inclusion programme. All four of our community hubs are now registered as data banks and are issuing free data SIM cards to eligible residents. Since the scheme started in May 2023, we have handed out 170 free data SIMs. 240 laptops have been distributed to unemployed, digitally excluded residents, with another 45 to be distributed by the end of the year. There has been further progress on device access including partnering with the Good Things Foundation who will recycle our retired, unused council devices and redistribute via device banks across the borough. We are looking at opportunities to establish an ongoing device donation and recycling programme with the potential of setting up a facility in the new Stirling Road circular economy hub. The council is supporting a project funded by Pay By Phone and the Digital Poverty Alliance to collect unused devices from the community and local businesses, have them securely recycled and distributed back out to residents. Specific focus will be on providing devices to families without access, using schools as a distribution mechanism.

## Safe and Genuinely Affordable Homes

The council continues helping residents with no recourse to public funds to access immigration advice to help them establish their legal status in the UK. Our commissioned Street Legal Worker has successfully set up an immigration advice drop-in service and a number of vulnerable clients were empowered to receive help that they otherwise were unable to access as a result of their complex support needs. We have also worked collaboratively with Hope for Southall Street Homeless, to accommodate those who are attaining status and travel documents for a voluntary return to a home country. They have had over 12 successes in assisting a return, with dignity and support, for their clients. The team were also able to assist clients into the National Asylum Support Service (NASS) accommodation that they had initially been unsuccessful securing, being placed in neighbouring boroughs and receiving support from our resettlement team during a short period to settle in.

## Good Growth and New Housing

The council has established a community-led placemaking approach to regeneration and planning. The new Regulation 19 Local Plan includes spatial plans for Ealing's 7 Towns prepared collaboratively between regeneration and strategic planning policy teams. Community-led regeneration programmes in Ealing and Hanwell towns are in progress, with phase 1 engagement completed in October 2023 resulting in circa 1,000 responses, and phase 2 engagement launched in December. We are also working to pilot a new Community Land Trust (CLT) within the borough, with several sites under consideration. All council-owned sites suitable for residential accommodation are now considered and assessed for possible CLT opportunities. This approach is being formally adopted into development site assessment procedures and governance. The council continues to meet regularly with the West London Citizens and the London CLT to facilitate ongoing collaboration and provide mutual progress updates.

## Thriving Communities

We have committed to establish new town forums that enhance local civic participation and allow more power to set the spending priorities for local communities. An extensive community mobilisation and

engagement campaign has been undertaken in preparation of the Town Forum models. 32 face-to-face, 18 outreach sessions and 17 workshops took place at local settings across the borough in collaboration with local organisations and community groups. Nearly 1,000 responses were gathered from face-to-face engagement and an online survey. More than 160 students aged 16-18 participated in the 2 workshops held in Southall schools (Featherstone and Villiers). Councillor briefing sessions and sessions with voluntary and community service (VCS) organisations have been held, supported by extensive communications via council website, Around Ealing magazine and social media channels. Using the insight from local areas we will codesign different Town Forum models which will need to be tested and piloted in partnership with earlier attendees, as well as new participants. Multiple co-design sessions have been planned for the upcoming months across the 7 towns.

Some areas of performance that did not meet targets at quarter 3 are summarised below:

#### Homelessness applications prevented, households in Bed and Breakfast (B&B) and Temporary Accommodation (TA)

Housing indicators are reported with a quarter's time lag. More than targeted number of households were staying in the B&B and TA at the end of the second quarter. In line with trends seen across London, the increase in the number of households needing assistance from the council has continued, primarily due to issues within the private rented sector as the cost of renting is increasing and the supply available is reducing. There is also an increase in households from several refugee crises along with a spike in approaches from households formerly accommodated by the Home Office. The council has started a Homelessness Prevention and Housing Solutions Programme Board which will address the issues of temporary accommodation supply and determine a sustainable delivery model to address this. A temporary accommodation strategy has been developed with actions agreed and implemented in the short, medium, and long-term. The programme is expected to start to deliver solutions from 2024/25

#### Young offenders engaged in suitable education, training, or employment (ETE)

As of quarter 3, 67.5% of young offenders were engaged in ETE against the target of 87.0%. We have a dedicated Connexions advisor allocated to all children who are not in ETE during their order to work alongside the child to identify all appropriate opportunities. All young people receive 1:1 support, and referrals onto pathway programmes and training. We have also received funds from the Violence Reduction Unit which helped set up mentoring and bespoke tutoring for those children who are not fully engaged in school to break the cycle of them not engaging fully in education. We have also seconded a staff member into Employee Assistance Programme to support children at an earlier stage to keep their interest and enthusiasm in education. The recent Ofsted inspection confirmed that our ETE offer is very strong as we try all possible venues to identify opportunities for children. As we are dealing with a complex cohort who struggle due to their health, wellbeing and lifestyle choices, performance is expected to fluctuate however it is still above our statistical neighbours' performance.

## PERFORMANCE DASHBOARD

More detailed performance information, including trends and analysis, is available on the Council's website through our public performance dashboard at the link

[www.ealing.gov.uk/performance](http://www.ealing.gov.uk/performance)

The dashboard covers performance measures and reports the most recent performance data, as well as historical data, trends and the direction of travel of performance. It enables residents to access performance information in an easy and interactive way.



## BUDGET SETTING 2023/24

### GENERAL FUND

The 2023/24 budget was approved during times of political turmoil and economic uncertainty, the council invested in the delivery of key services to residents, particularly its most vulnerable residents, while ensuring a balanced budget and a more secure financial footing for future years through a budgeted contribution to reserves.

The council's operating environment continued to be highly uncertain. The financial challenges sat against the context of significant inflation, the impact of increases in the cost-of-living and the Ukraine war, rising utilities costs, increasing demand and complexity of demand, and a lack of clarity of future government funding reforms and plans. Although the financial backdrop for setting a balanced budget had been challenging, the council continued to ensure that both existing service challenges and increased costs were appropriately funded.

As a result of a management restructure in 2022/23 the budget was presented using the new reporting directorates as illustrated below for the 2023/24 financial year:

	<b>2023/24 £m</b>
Adults and Public Health	99.384
Childrens	73.929
Economy and Sustainability	4.896
Housing and Environment	12.651
Resources	35.449
Strategy and Change	8.562
<b>Net cost of services</b>	<b>234.871</b>
Centrally Held Budgets	48.310
Net transfer to/(from) reserves	3.500
<b>Subtotal</b>	<b>286.681</b>
Funding	(286.681)
<b>TOTAL GENERAL FUND</b>	<b>0</b>

To support the council's aim in building financial resilience for future years a programme of savings was approved totalling £9.578m of net savings of which £7.184m was approved in 2023/24 and £2.394m approved in previous MTFS periods. The budget included a £3.5m budgeted contribution to reserves.

	<b>2023/24 £m</b>
Adults Services & Public health	(1.206)
Children's & Schools	(0.947)
Economy & Sustainability	(2.203)
Housing & Environment	(4.312)
Resources	(0.412)
Strategy & Change	(0.210)
Corporate	(0.288)
	<b>(9.578)</b>

## CAPITAL

The original approved capital programme before adjustments for 2023/24 was £441.193m of which £156.160m was fully funded, a summary of HRA and General Fund capital budgets and their funding is shown below:

	<b>2023/24 £m</b>
General Fund	303.452
HRA	137.741
<b>Total Capital programme</b>	<b>441.193</b>
<b>Funding General Fund</b>	
Mainstream Funding	206.343
Capital Receipts	11.622
Grant	52.488
Contributions	30.089
Direct Revenue Funding (incl reserves)	2.911
<b>General Fund</b>	<b>303.453</b>
<b>Funding Housing Revenue Account</b>	
Mainstream Funding	78.691
Capital Receipts	9.199
Grant	33.478
Direct Revenue Funding (incl reserves and Major Repairs Reserve)	16.373
<b>Housing Revenue Account</b>	<b>137.740</b>
<b>Total Funding</b>	<b>441.193</b>

As part of the 2023/24 budget process, new General Fund capital proposals had been identified, taking into consideration the council's priorities.

The proposals were assessed against the statutory requirements of the Prudential Code set out in the Treasury Management Strategy and Capital Strategy to ensure that the council can afford to support the on-going revenue costs.

## HOUSING REVENUE ACCOUNT (HRA)

In January 2023, Cabinet approved the 2023/24 HRA budget. The table below summarises the budget that was approved.

	<b>2023/24 £m</b>
Dwelling Rent	(62.905)
Service Charges	(10.189)
Other Income	(3.673)
<b>Total Income</b>	<b>(76.766)</b>
Housing Management & Estate services	36.278
Repairs and Maintenance	15.107
Estate Regeneration	2.961
Capital Charges	15.908
Other Costs	8.720
<b>Total Expenditure</b>	<b>78.974</b>
<b>Total Net (Surplus)/Deficit</b>	<b>2.208</b>
Transfer To/(From) HRA Balances	(2.208)
<b>HOUSING REVENUE ACCOUNT</b>	<b>0</b>

Due to the significant financial pressures within the HRA due to increased repairs and maintenance costs, and new health and safety and regulatory requirements and the impact of the rent cap, the HRA budget required a contribution from reserves to balance expected 2023/24 expenditure. The budget was approved alongside the 5-year Capital programme and 30-year Business Plan which details long-term capital investment plans.

## FINANCIAL OUTTURN PERFORMANCE

### GENERAL FUND REVENUE

During the financial year of 2023/24, the local government sector faced significant challenges. Inflation persisted at elevated levels for the first half of the year and, despite a subsequent decline, remained above the Bank of England's target rate of 2%. Consequently, interest rates remained relatively high, adversely impacting both residents and businesses.

Whilst the annual budget made provisions for inflation, it stayed higher for longer than anticipated with a number of service costs, particularly in social care and homelessness, experiencing market pressures which exceeded inflation. This has led to significant pressures in the demand led services of social care and, increasingly, in the cost of temporary accommodation.

Despite these challenges, the council remained within its budget, principally due to the interest earned on the cash balances significantly exceeding budget expectations. This was due to increases in the Bank of England interest rates during the year and delays in the capital programme due to the continued impact of Brexit and the Ukraine war and the wider economy on the construction industry meaning that cash balances were retained longer than expected. This enabled the council to off-set the service overspends and contribute to general balances by £1.670m (0.58% of the net revenue budget). This increase will strengthen financial resilience in an increasingly uncertain financial environment and government funding regime.

The General Fund revenue outturn position for 2023/24 is £285.011m. This represents a net underspend of (£1.670m) against a General Fund revenue revised budget of £286.681m. The underspend is caused by an underspend of (£0.097m) in General Fund net budget requirement and £1.573m additional funding.

	Revised Budget £m	Actual £m	Variance £m
Adults and Public Health	102.909	108.336	5.427
Children's and Schools	78.995	91.126	12.131
Economy and Sustainability	8.446	9.967	1.521
Housing and Environment	15.902	23.625	7.723
Resources	40.316	36.293	(4.023)
Strategy and Change	9.787	10.000	0.213
<b>Net cost of services</b>	<b>256.355</b>	<b>279.347</b>	<b>22.992</b>
Corporate budgets	30.326	7.238	(23.089)
<b>Subtotal</b>	<b>286.681</b>	<b>286.585</b>	<b>(0.097)</b>
Funding	(286.681)	(288.254)	(1.573)
<b>TOTAL GENERAL FUND</b>	<b>0.000</b>	<b>(1.670)</b>	<b>(1.670)</b>

The £1.670m underspend has been transferred to General Fund balances in light of the significant financial uncertainty.

The main variances are detailed below.

#### Adults and Public Health

Adults and Public Health reported an overspend of £5.427m. This related primarily to the increased costs of placements of older residents and adults with mental health and learning disabilities. Whilst the number of residents supported remained relatively stable, increased costs were driven by the increasing complexity of need and market cost pressures.

#### Children's and Schools

Children's and Schools reported a year-end overspend of £12.131m.

The budget pressures are driven by:

- Demand and cost pressures in relation to Looked After Children placements and other costs and Special Educational Needs (SEN) Home to School Transport.
- Increased social worker agency costs due to demand and high staff turnover
- Increased legal, transport and accommodation costs within social care
- Costs in relation to unaccompanied asylum-seeking children (UASC) being higher than the available government grant

#### Economy and Sustainability

Economy and Sustainability reported a net overspend of £1.521m, relating to:

- Arts, Heritage, Libraries and Leisure overspend of £0.755m, driven by under-achieved income relating to community centres, IT costs in Libraries, and increased energy and running costs in Festivals and Events.
- Planning fee shortfall of £1.136m with income lower than prior year and before covid and reflecting uncertainties in the market although the volume of applications was similar to previous years the values were significantly lower.
- Other favourable variances of (£0.370m) reduced the pressures.



## Housing and Environment

Housing and Environment reported a net overspend of £7.723m due to:

- Temporary accommodation overspend of £4.376m within leased accommodation, bed and breakfast and hotel use
- Environment & Living Streets overspend of £3.544m which include increased energy costs for street lighting and parking contract and income pressures
- Other favourable variances of (£0.197m)

## Resources

Resources reported a net underspend of (£4.022m) mainly driven by Housing Benefit (HB) subsidy (£2.782m) due to management of overpayments in-year, which has led to reduced subsidy cost and reduced provisions for bad debts as the roll out to Universal Credit has been slower than expected and ICT Services (£1.240m) with lower staffing costs due to hard to fill vacancies.

## Strategy and Change

Strategy and Change reported a net overspend of £0.213m, mainly driven by staffing costs within Human Resources and Communication services.

## Corporate budgets

Corporate budgets reported a net underspend of (£23.088m), which reflects lower than expected Public Works Loan Board (PWLB) borrowing costs, and additional interest income from increased cash balances at higher interest rates, and use of contingency to off-set service overspending (£2m).

## Funding

Within the budget for Business Rates, the government provides compensation to local authorities for the loss of income in respect of business reliefs and caps on multiplier increases. These are known as Section 31 grants and were not confirmed until after the budget was set. By the year end, the council had received £1.573m more than was originally budgeted.

## DEDICATED SCHOOLS GRANT (DSG)

The operation of the DSG continues to allow the council to carry forward any DSG deficits and underspends to a ring-fenced reserve. This is separate from the General Fund, which is not permitted to subsidise the account under the regulations.

At the end of 2023/24 the council held a net deficit balance of £1.854m on its DSG account which includes a High Needs DSG deficit of £2.227m, offset by surpluses on the Schools Block (£0.187m) and the Early Years Block (£0.186m).

	<b>Schools Block £m</b>	<b>Early Years Block £m</b>	<b>High Needs Block £m</b>	<b>Total £m</b>
Opening balance as at 1 April 2023	(0.321)	(1.594)	0.570	(1.345)
In-year movement 2023/24	0.134	1.408	1.657	3.199
Outturn (Surplus)/Deficit as at 31 March 2024	(0.187)	(0.186)	2.227	1.854

There are pressures within the High Needs Block as the number of Education Health and Care Plans continue to rise, a trend seen nationally. The improved position includes an agreed transfer of £1.594m from the Early Years Block to High Needs as approved by the Schools Forum, and other one-off mitigation measures. This continues to be subject to the High Needs Recovery Plan which has been developed between the Schools Forum and the Local Authority.

## RESERVES

### General Fund

The General Fund balance after the agreed outturn position will be £19.402m as at 31 March 2024. This represents 6% of the net budget requirement The Strategic Director Resources, as the council's Section 151 Officer, considers that a balance of £19.402m is adequate given the risks the council is facing and considering the council's spending history. The adequacy of reserves is reviewed at least annually.

### Earmarked Reserves

The General Fund reserves has a net increase in-year of £6.090m budgeted contribution to reserves of £3.500m.

	31 March 2023 £m	Net Movement In- Year £m	31 March 2024 £m
Corporate - Insurance Reserve	(5.721)	0.000	(5.721)
Parking Places Reserve Account	(6.205)	1.769	(4.436)
PFI Reserves	(21.756)	3.487	(18.269)
Dedicated Schools Grant Balance	(1.345)	3.199	1.855
<b>Sub-total Controllable Ringfenced Reserves</b>	<b>(35.028)</b>	<b>8.456</b>	<b>(26.572)</b>
Corporate - Economic Volatility Reserve	(16.639)	(3.500)	(20.139)
Service - Various	(21.318)	(3.247)	(24.566)
Corporate - Various	(10.638)	(6.129)	(16.766)
<b>Sub-total Controllable Non-Ringfenced Reserves</b>	<b>(48.595)</b>	<b>(12.876)</b>	<b>(61.471)</b>
General Fund Balance	(17.732)	(1.670)	(19.402)
<b>TOTAL GENERAL FUND RESERVES &amp; BALANCES</b>	<b>(101.355)</b>	<b>(6.090)</b>	<b>(107.445)</b>

Note: Ringfenced reserves refer to reserves which cannot be repurposed, whereas non-ringfenced reserves are earmarked for specific items, but could be repurposed if the council required.

## PENSION LIABILITIES

The council has reported a net pension liability of £56.125m as at 31 March 2024 (£118.273m as at 31 March 2023), which includes the impact of an asset ceiling. International Accounting Standard (IAS 19) Employee Benefits allows for an asset ceiling to be used where the actuary identifies an accounting surplus in estimating the net pensions asset/liability. The asset ceiling is estimated based on the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Pension liabilities are based on the requirements of IAS19, and calculations are carried out using a prescribed method. The liability is not an immediate deficit that has to be met now. The sum is the current assessment taking a long-term view of the future liabilities for existing pensioners and current employees who are accruing pension entitlement and of future expected investment performance.

The council agreed a strategy with the scheme's actuary to achieve a funding level of 100% by 31 March 2034, based on a 14-year recovery period at the 2019 actuarial valuation. This position was assessed as part of the 31 March 2022 valuation. Contribution levels have been set so as to target a solvency funding level of 100% by 2034, based on an 11-year recovery period.

## CAPITAL

The revised capital programme budget of £206.873m reflects quarter 3 net slippage and new additions approved by Cabinet in February 2024.

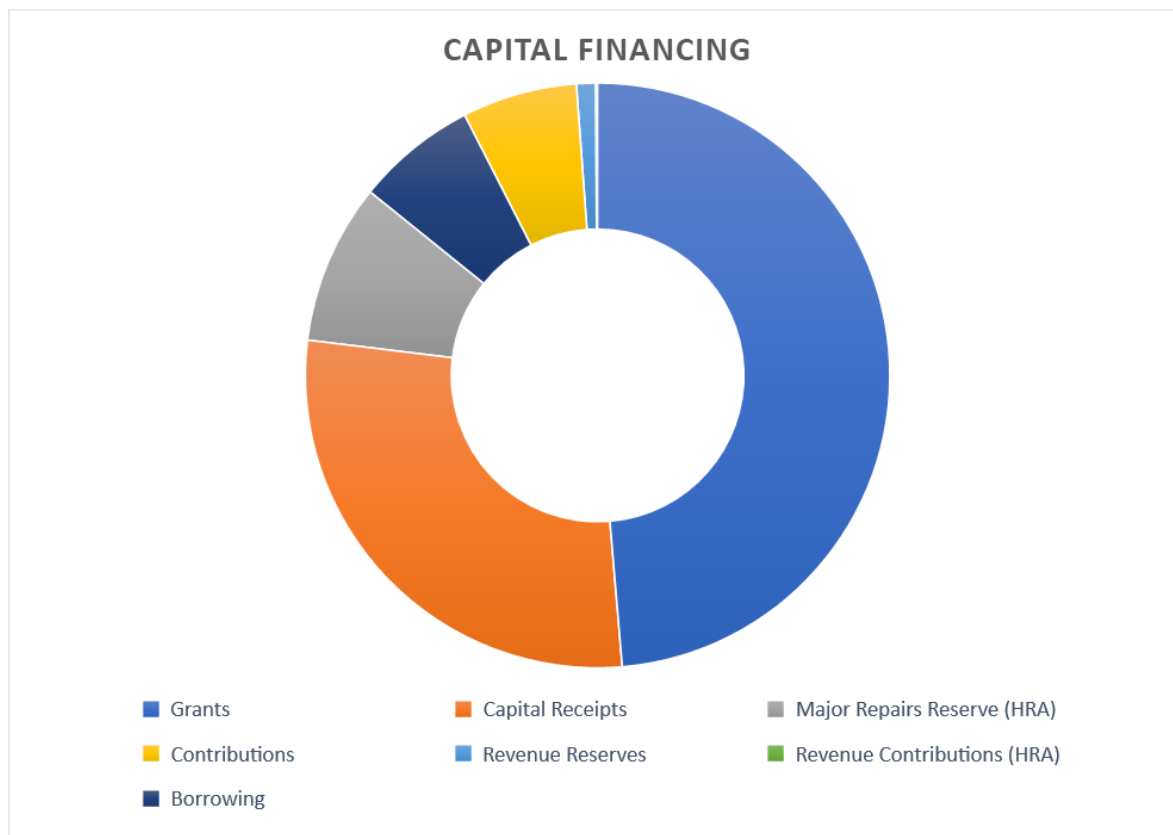
## Capital Outturn Summary

The capital programme for 2023/24 is reporting a net underspend of £1.301m against the revised approved programme budget.

2023/24	Budget £m	Outturn £m	Slippage/(Accelerated) Spend £m	Variance £m
Adults and Public Health	0.331	0.175	0.156	0.000
Children's and Schools	43.595	17.099	26.496	0.000
Economy and Sustainability	47.219	36.850	9.078	(1.291)
Housing and Environment	25.040	18.715	6.102	(0.223)
Resources	10.379	8.516	1.863	0.000
Strategy and Change	0.000	(0.011)	0.000	(0.011)
Corporate	0.230	0.334	0.120	0.224
<b>Total General Fund</b>	<b>126.794</b>	<b>81.678</b>	<b>43.815</b>	<b>(1.301)</b>
HRA	80.078	84.329	(4.251)	0.000
<b>Capital programme total</b>	<b>206.872</b>	<b>166.007</b>	<b>39.564</b>	<b>(1.301)</b>

## Capital Financing

The following charts show how the council funded the 2022/23 capital programme spend for both the General Fund and the Housing Revenue Account, with direct revenue contributions to capital schemes totalling £1.928m in year and borrowing increasing by £11.089m this is managed by a mixture of internal and external borrowing more details of this can be found in the Treasury section below.



## HOUSING REVENUE ACCOUNT

The HRA outturn is a net overspend of £3.678m. The main drivers of the pressure include loss of income due to delays in re-letting void properties, increased pressures in repairs and maintenance and increased energy costs.

After the HRA funded the overspend, the total reserves balance held at 31 March 2024 was £13.558m

## COLLECTION FUND

### Council Tax

Council Tax collection for 2023/24 was 96.31% which was behind the target of 97.2% by 0.89% equating to £2.037m. The collection rate is slightly down on the 2022/23 figure of 96.84%, however the 2022/23 collection figure was significantly boosted by the £8m of energy rebates payments which were not repeated in 2023/24.

The net debit increased on the previous year's outturn figure by £15.689m and the cash collected increased by £14.752m.

### Business Rates

The outturn non-domestic rates (NDR) collection was 96.35% which was behind the target of 97.2% by 0.85% equating to £1.312m. The outturn rate of 96.35% was an improvement by 1.53% on the 2022/23 figure of 94.82%. This is the highest outturn figure in 4 years.

The net debit increased on the previous year's outturn figure by £9.901m and the cash collected increased by £10.916m.

## GROUP

The council has 3 subsidiaries identified as material to the accounts and are included in the group accounts section, their performance is detailed below.

### Greener Ealing Limited (GEL)

For the 2023/24 financial year, GEL reported an operating profit before tax of £0.323m (2022/23 £0.275m operating profit), while holding assets to the value of £4.061m with £2.363m of long-term liabilities (2022/23 £5.849m assets and £5.020m long-term liabilities). The company reports holding £1.005m of reserves as at 31 March 2024 before adjustments (2022/23 £0.682m before adjustments).

During 2023/24 GEL undertook the following actions which contributed to a favourable position:

- Commencement of the Graffiti Cleaning contract
- Service optimisation
- Labour cost efficiencies

The financial position is monitored monthly, and options agreed will be aligned with the monthly reporting figures.

### Broadway Living Limited

For the 2023/24 financial year, Broadway Living Limited reported an operating surplus of £1.174m (2022/23 £0.644m loss) while holding long-term assets to the value of £10.340m with long-term liabilities of £8.035m (2022/23 asset of £8.930m with £8.035m in long-term liabilities). The company has shareholder funds as at 31 March 2024 totalling £0.544m (2022/23 £0.473m deficit).



### Broadway Living RP Limited (BLRP)

For the 2023/24 financial year, BLRP reported an operating loss before tax of £5.726m (2022/23 operating loss of £0.384m), while holding long term assets to the value of £30.097m with £23.566m of long-term liabilities (2022/23 £28.906m with £16.242m of long-term liabilities) and £9.915m of deferred grants (2022/23 £9.935m). The company is holding negative reserves of £6.249m (2022/23 £0.524m negative reserve) as at 31 March 2024 which is expected at this stage of the company and will be diminished as rents receipts increase and as additional housing properties become live.

### TREASURY MANAGEMENT

The council's borrowing and investment strategy is outlined annually in its Treasury Management Strategy which is agreed by Full Council and presented to the Audit Committee for review on a quarterly basis.

The strategy comprehensively outlines how the treasury function will operate throughout the financial year including the limits and criteria to be used to determine organisations in which the council would invest its surplus cash and the council's policy on long-term borrowing and limits on debt. The council complied with the strategy throughout the financial year to 31 March 2024.

#### Cash Flow

The council's temporary borrowing and investment activity (that is 364 days or less) over the period is set out below.

#### Short-term Investments

The council managed funds throughout the year and cashflows were maintained through borrowing and investments activities on the wholesale money market.

The ongoing uncertainties in the economic environment during the year meant that the council continued to place investments in shorter term deposits and with high quality counterparties, such as Debt Management Office (DMO).

The Treasury Investment Portfolio at 31 March 2024 is set out below:

Counterparty Name	Investments 31 March 2023 £m	Investments 31 March 2024 £m
Lloyds	30.000	30.000
Debt management Office	443.500	442.100
Other	33.336	18.000
<b>TOTAL</b>	<b>506.836</b>	<b>490.100</b>

#### Borrowing

The council did not undertake any new PWLB borrowing during 2023/24, however officers continue to monitor the position against the market interest rates. The total long-term borrowing at 31 March 2024 was £814.184m.

The council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR). After available funding is applied the balance of the CFR at 31 March 2024 is £855.491m as illustrated below.

	2022/23 £m	2023/24 £m
Opening Balance 1 April	830.781	871.277
Capital Expenditure	165.961	164.537
Capital Financing	(125.465)	(180.323)
<b>Closing Balance 31 March</b>	<b>871.277</b>	<b>855.491</b>

## PENSION FUND

The Pension Fund (the Fund) revenue account shows an in-year surplus of £193.405m (deficit for 2022/23 of £73.986m). In cash terms the Fund remains cash positive, returning a cash surplus for 2023/24 of £32.522m (2022/23 £25.998m), excluding asset revaluations and disposal gains and losses. As a result of the in-year surplus, Pension Fund net assets increased from £1,472m at 31 March 2023 to £1,666m at 31 March 2024, representing an increase of 13%.

The council's adjusted position in the revenue account includes the impact of an asset ceiling. IAS 19 allows for an asset ceiling which is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Pension Fund net liabilities must be reviewed every three years by an actuary and a recovery plan agreed to eliminate any deficit. An actuarial valuation of the London Borough of Ealing Pension Fund was carried out as at 31 March 2022 to determine the contribution rates with effect from 1 April 2023 to 31 March 2026. The next valuation will be as at 31 March 2025.

The valuation determined that a Primary contribution rate of 18.6% of pensionable pay per annum was required from employers. The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the Funding Strategy Statement (FSS) is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall.

The Funding Strategy Statement (FSS) outlines the methodology for establishing the recovery plan for each employer. According to the actuarial valuation, the average recovery period is 11 years, with an initial recovery payment (the "Secondary rate" for 2023-2026) averaging approximately £7.2 million per annum in monetary terms. This takes into account the contribution plans established for individual employers under the FSS, although the amount may vary from year to year.

## RISKS

The Accounts and Audit Regulations 2015 and Public Sector Internal Audit Standards 2017 require the council to maintain a robust, adequate and effective system of risk management in its delivery of core services. Operation of an effective and embedded risk management framework is an important element of such a system so that the council effectively discharges its corporate governance responsibilities.

The Strategic Leadership Team (SLT) is responsible for reviewing the Strategic Risk Register, ensuring that the management of risk continues to be within the council's risk appetite. Audit Committee is responsible for considering the effectiveness of the council's strategic risk management arrangements.

Good risk management is a key contributor to successful delivery of the council's objectives protecting its assets and resources to deliver value for money and risk implications are required in all member decision reports.

The Strategic Risk Register was fully refreshed by SLT during the year, and this has been reported to the Audit Committee. The council's strategic risks are determined by SLT, and comprise of key risks which either:

- Are relevant and important to all or most of the council's services and functions.
- Are external to the council but which have potential significant impacts on the borough, or parts of the borough, as a whole; or
- Have potentially severe reputational consequences should they materialise.

Further details on the above issues are included in the Annual Governance Statement.

## **OUTLOOK**

### **MEDIUM-TERM FINANCIAL STRATEGY (MTFS) GENERAL FUND**

The MTFS forms part of a framework of strategies that set out the activities to support the delivery of the council's statutory duties, Council Plan, its vision, priorities and long-term goals. The MTFS describes how the council will allocate resources to deliver these activities within the resources the council expects to have over the next four years.

The administration, and the council, believe in community resilience and community power. The Council Plan sets out a clear ambition to move to a community centred model, reflecting the desire to help and support families, neighbours and communities to be involved in each other's lives and to offer the kinds of formal and informal support networks that have for decades held communities together.

The MTFS will help the council achieve its vision in the context of continuing funding constraints and increasing demand for, and cost of, its services. It is priority-led, aligning the allocation of resources with the council administration's priorities and ensuring the council can meet its statutory duties. There are three key priorities for Ealing supported by nine priority outcomes covering the MTFS period:

- Creating good jobs
- Tackling the climate crisis
- Fighting inequality

The aim of the MTFS is to ensure a stable and sustainable financial position that will allow the council to achieve its vision and strategic objectives. It reflects the impact of government funding decisions and the wider national and local economic context. It provides a robust financial framework to support the achievement of the council's overall objectives and delivery of services to its residents.

The budget for 2024/25 is balanced. The budget gap for 2025/26 is forecast based upon estimated pressures and does not include changes to funding or the impact of future transformation and savings. This will be revisited during 2024/25 and updated with the latest assumptions for inclusion in the 2025/26 budget and MTFS. Proposals to close this gap will be identified during 2024/25 as part of the 2025/26 budget setting process. The budget gap is shown over the MTFS period in the table below.

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Funding	(311.236)	(309.613)	(311.450)	(313.305)
Net Budget Requirement	307.736	334.234	362.158	391.742
Contribution to reserves	3.500	3.500	3.500	3.500
Net Budget requirement after reserves	311.236	337.734	365.658	395.242
<b>Cumulative Forecast budget gap</b>	<b>0.000</b>	<b>28.121</b>	<b>54.208</b>	<b>81.937</b>

The council has continued to provide budget growth in services that experience significant and continued demand and market pressures, with prioritisation being given to the most vulnerable groups. Due to the complexity of the service provision, against the backdrop of continuing uncertainty of long-term government funding, these services continue to operate in a challenging resource environment where small demand changes can lead to material budget variances.

The savings proposals in the approved MTFS align with the strategic vision and Council Plan. Some of the savings proposals will have further implications which will only emerge following detailed planning and consultation. Where this is the case, those implications will be considered before a final decision is taken on implementation, including whether a proposal should be amended. The table below summarises the savings by directorate that have been built into the 4-year plan:

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Total MTFS Savings
Adults Service & Public Health	(6.525)	(1.525)	(0.045)	0.000	<b>(8.095)</b>
Children's Services	(8.418)	(8.209)	(4.550)	(1.247)	<b>(22.424)</b>
Economy & Sustainability	0.751	0.000	0.000	0.000	<b>0.751</b>
Housing and Environment	(0.701)	(0.954)	(0.261)	0.000	<b>(1.916)</b>
Resources	(0.381)	(0.100)	(0.038)	0.000	<b>(0.519)</b>
Strategy & Change	(0.250)	0.000	0.000	0.000	<b>(0.250)</b>
Corporate	(0.395)	0.000	0.000	0.000	<b>(0.395)</b>
<b>Total Gross Savings</b>	<b>(15.918)</b>	<b>(10.788)</b>	<b>(4.894)</b>	<b>(1.247)</b>	<b>(32.847)</b>

Following over 10 years of real-terms funding reductions, the identification and delivery of significant savings plans is increasingly difficult without impacting on front-line services to residents. Implementing the council's vision to put power in the hands of residents, enabling community connection and networks and grassroots-led change by developing new operating models will enable medium to long-term transformation and change required to achieve financial sustainability in the context of continued real-term funding reductions and increase in demand, complexity and cost.

## HOUSING REVENUE ACCOUNT BUSINESS PLAN

The council has a very clear objective to deliver safe and genuinely affordable homes for our residents and a regular review of the HRA Business Plan is essential to ensuring that the funding is available to achieve this.

To fund the continued investment in the homes and services, the council approved the rent increase allowed by government to prioritise the funding on the things that matter most to residents, which is the safety and condition of their home and the area they live in. The increased expenditure on repairs and maintenance reflects the needs of the stock and to comply with the revised expectations from the Regulator of Social Housing and increased costs across the repairs and maintenance and construction sectors.



The MTFS for the years 2024 through to 2028 is shown below:

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Dwelling Rent	(66.603)	(70.079)	(73.361)	(74.642)	(76.918)
Service Charges	(18.581)	(20.629)	(21.277)	(21.793)	(22.242)
Other income	(1.969)	(1.957)	(1.984)	(1.978)	(2.017)
<b>Total Income</b>	<b>(87.153)</b>	<b>(92.665)</b>	<b>(96.622)</b>	<b>(98.413)</b>	<b>(101.177)</b>
Housing management	36.965	35.994	36.714	37.449	38.198
Repairs and Maintenance	23.647	24.539	17.526	17.835	18.092
Capital Charges	27.185	31.383	43.308	41.787	43.521
Other Costs	0.684	1.284	1.319	1.342	1.366
<b>Total Expenditure</b>	<b>88.481</b>	<b>93.200</b>	<b>98.867</b>	<b>98.413</b>	<b>101.177</b>
<b>Total Net (Surplus)/Deficit</b>	<b>1.328</b>	<b>0.535</b>	<b>2.245</b>	<b>0.000</b>	<b>0.000</b>
Transfer to/(from) reserves	(1.328)	(0.535)	(2.245)	0.000	0.000
<b>HOUSING REVENUE ACCOUNT</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

Along with other Registered Providers of social housing, there are risks which could impact upon the HRA Business Plan, including:

- The impact of National Housing Policies** The impact of several national policy changes, particularly the new Social Housing (Regulation) Act, are likely to impact on the service and may require additional resourcing. The changes in the Regulator of Social Housing's (RSH) responsibilities from April 2024 are being responded to.
- Repairs and Maintenance** Repairs and Maintenance risks which could impact on the demand for services, include increased voids, disrepair claims, reports of damp and mould, changes in regulations, and changes in maintenance providers. The increased expenditure on the properties reflects the changing expectations and providing homes that meet the required standards. There remains some regulatory risk if the standards (such as the decent homes standard) change and increase the investment required.
- Responding to Climate Change** In addition to meeting corporate commitments on climate change, changes in building regulations, as well as higher thermal efficiency standards which are not supported by additional external grant funding, would place an additional burden on the HRA Business Plan, as well as the resources available for investment in homes. We will continue to explore the grant options as they are made available.

## RISK MANAGEMENT IN BUDGET SETTING

It is important that spending is contained within budget so that the council can maintain its financial standing in the face of further pressure on resources in 2024/25 and beyond as set out in the annual review of the MTFS.

Given the uncertainties of the economic environment, demand on services and the anticipated scale of the expenditure reductions required, there are inevitably significant risks involved in delivering balanced budgets over the medium term.

Key strategic risks are included in the Corporate Risk Register, regularly reported to Audit Committee and reviewed through the updated Budget strategy and MTFS.

The balancing of the budget in-year depends upon the council achieving its council tax and business rates projections which are closely monitored and which continue to be challenging post-Covid and in an environment of continued cost-of-living pressures.

The identified immediate risks to the budget process are:

- Unfunded income loss pressures because of the long-term impact of the pandemic, inflation, increases in utilities costs and cost-of living particularly in relation to council tax and business rates income.
- Non-delivery of the approved savings.
- Social care placement and temporary accommodation pressures, which continue to be partly mitigated by demand management and cost reduction programmes and close monitoring by SLT and by the Leader, Cabinet member for Inclusive Economy and relevant portfolio holders.

The council is faced with an uncertain financial climate over the medium to long term which presents a high risk and there remains potential for further, as yet unrecognised, risks. For this reason, a prudent approach to the level of reserves held by the council remains sensible and necessary. The Strategic Director Resources, as the council's Section 151 Officer, is required to state whether the reserves are adequate as part of the annual budget setting process.

The council's MTFS is continually under review and builds in projections for the MTFS period and beyond as further details and analysis become available. These updates are regularly reviewed by SLT and the portfolio holder and updated to reflect financial environment the council is operating in are. Any sustainability impacts will be considered before final decisions are taken on whether or not to implement each proposal.

## **FINANCIAL STATEMENTS**

The Accounts and Audit Regulations 2015 set out the statutory deadlines for an authority to publish both the unaudited Statement of Accounts by 31 May and audited Statement of Accounts by 31 July. The Accounts and Audit (Amendment) Regulations 2022 returned the statutory deadline for the for the publication of the unaudited Statement of Accounts to 31 May and 30 September for the audited Statement of Accounts, from the financial year 2022/23.

The government launched a consultation on amendments to the Accounts and Audit Regulations 2015 to reflect proposals to clear the backlog in the publication of audited accounts and put the local audit system onto a sustainable footing. In September 2024, DLUHC laid before Parliament the Accounts and Audit (Amendment) Regulations 2024. This legislation requires an authority to publish its accountability statements for the 2023/24 financial year by 28 February 2025.

The Statement of Accounts provide an overview of the council's financial position for 2023/24. The 2023/24 set of accounts conform to the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), which is based on International Financial Reporting Standards (IFRSs).

The layout and purpose of each statement is as follows:

## **EXPLANATORY STATEMENTS**

- **Statement of Responsibilities** - explains the responsibilities of the council and its Strategic Director Resources in relation to the council's financial affairs and the Statement of Accounts.

## CORE STATEMENTS

- **Comprehensive Income and Expenditure 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 (or rents). Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the expenditure and funding analysis and the movement in reserves statement.
- **Movement in Reserves Statement** – shows the movement from the start of the year to the end on the different reserves held by the council, analysed into 'usable reserves' (those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements of reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The net increase/decrease line shows the general fund balance and Housing Revenue Account (HRA) balance movements in the year following those adjustments.
- **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. Reserves are reported in two categories as below.
  - Usable reserves, those reserves that the council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve may only be used to fund capital expenditure or repay debt).
  - Unusable reserves, those that the council is not able to use to provide services. This category of reserves includes reserves that hold accounting gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the movement in reserves statement line 'adjustments between accounting basis and funding basis under regulation'.
- **Cash Flow Statement** – shows the changes in cash and cash equivalents during the reporting period. The statement shows how the council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The 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 (borrowing).

## NOTES TO THE CORE FINANCIAL STATEMENTS

All the notes to the core statements above are collected in one place and provide more information to understand the core statements. Later in this document there is an explanation of the policies used in the preparation of the figures in these accounts, especially changes made during the year.

## OTHER STATEMENTS

**Housing Revenue Account and notes** – show the in-year economic cost of providing housing services in accordance with generally accepted accounting practices.

**The Collection Fund and notes** – reflect the council's statutory obligation to maintain a separate Collection Fund for its transactions as a billing authority in relation to council tax and non-domestic (business) rates.

**Pension Fund Accounts** – show the contributions to, and benefits paid from the Pension Fund and identifies the investments which make up the assets of the fund.

## GROUP ACCOUNTS

Group accounts are prepared where an authority (the parent) holds majority interest in a subsidiary, associates and/or joint ventures. The main council statements are consolidated with the identified ventures and presented based on materiality. Intra-group transactions and balances are removed on a line-by-line basis. For 2023/24, the council has identified 3 subsidiary companies, Broadway Living Limited, Broadway Living RP Limited and Greener Ealing Limited, which were included in the group accounts following an assessment of materiality.

## ACCOUNTING POLICIES

The specific principles, bases, conventions, rules and practices applied by an authority in preparing and presenting financial statements.

## GLOSSARY

At the end of the document there is a glossary which explains some of the technical terms used in these accounts.

## FURTHER INFORMATION

Although the accounts are relatively complex to read, a result of the requirement to comply with the reporting obligations, I hope that you find them useful and informative in helping you to understand how the council manages its finances in delivering services for residents. If you have any questions or comments on the council's accounts or their presentation, please e-mail [finalaccounts@ealing.gov.uk](mailto:finalaccounts@ealing.gov.uk) or write to the Strategic Director of Resources, Ealing Council, Perceval House, 14-16 Uxbridge Road, Ealing W5 2HL.

# STATEMENT OF RESPONSIBILITIES

The council's Statement of Accounts has been produced under the CIPFA/LASAAC Code of Practice on Local Authority Accounting based on International Financial Reporting Standards (IFRS).

## THE COUNCIL'S RESPONSIBILITIES

The council is required:

- To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this council I exercise that role as the Strategic Director Resources
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- To approve the Statement of Accounts

## THE SECTION 151 OFFICER'S RESPONSIBILITIES

The Section 151 Officer is responsible for the preparation of the council's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the Code'), is required to give a true and fair view of the financial position of the council at the accounting date and its income and expenditure for the year ended 31 March 2024.

In preparing this Statement of Accounts the Section 151 Officer 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

## APPROVAL OF STATEMENT OF ACCOUNTS

I certify that the Statement of Accounts presents a true and fair view of the financial position of the London Borough of Ealing as at 31 March 2024 and its income and expenditure for the year then ended, and that the Pension Fund accounts set out a true and fair view of the net assets of the London Borough of Ealing Pension Fund as at 31 March 2024 and its income and expenditure for the year then ended.

**Emily Hill**

Strategic Director, Resources (Section 151 Officer)  
28 February 2025

## CERTIFICATE OF CHAIR OF THE AUDIT COMMITTEE

I certify that these accounts were agreed as per the delegated authority agreed by Audit Committee at its meeting held on 25 February 2025.

**Councillor Nagpal**

Chair of the Audit Committee  
28 February 2025



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON BOROUGH OF EALING

## Report on the audit of the financial statements

### Disclaimer of opinion on the financial statements

We were appointed to audit the financial statements of London Borough of Ealing Council ("the Council") for the year ended 31 March 2024, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account and Collection Fund statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

We do not express an opinion on the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### Basis for disclaimer of opinion

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 ('The Amendment Regulations') came into force. The Amendment Regulations require the Council to publish its Accountability Statements, which include the financial statements and auditor's opinion for the year ended 31 March 2024, by 28 February 2025 ('the backstop date').

The backstop date introduced by the Amendment Regulations has impeded our ability to obtain sufficient appropriate evidence upon which to form an opinion on the financial statements as there has been insufficient time to perform all necessary audit procedures.

### Responsibilities of the Strategic Director Resources for the financial statements

As explained more fully in the Statement of the Strategic Director Resources' Responsibilities, the Strategic Director Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, and for being satisfied that they give a true and fair view. The Strategic Director Resources is also responsible for such internal control as the Strategic Director Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Strategic Director Resources is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and prepare the financial statements on a going concern basis on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Strategic Director Resources is responsible for assessing each year whether it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

### Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. In reaching this judgement we have complied with the requirements of the Code of Audit Practice and have had regard

to the Local Audit Reset and Recovery Implementation Guidance published by the National Audit Office and endorsed by the Financial Reporting Council.

We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Report on the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources**

### **Matter on which we are required to report by exception**

We are required to report to you if, in our view we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weakness in the Council's arrangements for the year ended 31 March 2024.

In February 2025 we identified a significant weakness in relation to the governance criteria for the 2023/2024 year.

<b>Significant weakness in arrangements</b>	<b>Recommendation</b>
The rate of the Council's progress against the recommendations made by internal audit, an externally-commissioned report and, a Notice issued in May 2022 by the Regulator of Social Housing in respect of housing related health and safety risks, is evidence of a significant weakness in the Council's Governance arrangements.	The Council should continue its work on housing related health and safety issues and its engagement with the Regulator of Social Housing to satisfy itself that it has proper arrangements in place to comply with all building safety requirements.

### **Responsibilities of the council**

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

### **Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, and to report where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024.

## **Matters on which we are required to report by exception under the Code of Audit Practice**

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

We are also required by the Code of Audit Practice, to give an opinion on whether other information published together with the audited financial statements, is consistent with the financial statements. Because of the matter described in the Basis for Disclaimer of Opinion section we do not express an opinion on the financial statements. We also do not express an opinion on whether other information published together with the audited financial statements is consistent with the financial statements.

## **Use of the audit report**

This report is made solely to the members of London Borough of Ealing Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

## **Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate until the National Audit Office (NAO) has communicated the work we are required to undertake to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack.

## **Suresh Patel**

Key Audit Partner  
For and on behalf of Forvis Mazars LLP

30, Old Bailey,  
London,  
EC4M 7AU

28/02/2025

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON BOROUGH OF EALING ON THE PENSION FUND FINANCIAL STATEMENTS OF THE LONDON BOROUGH OF EALING PENSION FUND

## Report on the audit of the financial statements

### Qualified Opinion

We have audited the financial statements of London Borough of Ealing Pension Fund ('the Pension Fund'), which comprise the Fund Account, the Net Assets Statement, and notes to the financial statements, including a summary of material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2024, and the amount and disposition of the Pension Fund's assets and liabilities as at 31 March 2024.; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24

### Basis for qualified opinion

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 ('The Amendment Regulations') came into force. The Amendment Regulations required the London Borough of Ealing (the Council) to publish its 2022/23 Accountability Statements, which included the Pension Fund's financial statements and auditor's opinion, by 13 December 2024 ('the 2022/23 backstop date'). The Amendment Regulations require the Council to publish its 2023/24 Accountability Statements by 28 February 2025 ('the 2023/24 backstop date').

This is the first year of our appointment as the Pension Fund's auditor. The audit report on the financial statements for the year ended 31 March 2023 included a disclaimer of opinion as there had been insufficient time to perform all necessary audit procedures to form an opinion prior to the 2022/23 backstop date.

As part of our audit of the 2023/24 financial statements, we have obtained sufficient appropriate evidence over:

- the balances presented in the Net Assets Statement at 31 March 2023, and
- the comparative information for the Net Assets Statement and profit and losses on disposal of investments and changes in the value of investments included in the Fund Account.

However, the 2023/24 backstop date has impeded our ability to perform all necessary audit procedures to obtain sufficient appropriate evidence over all comparative figures presented and disclosed in the 2023/24 financial statements. Our opinion on the 2023/24 financial statements is qualified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council, as administering authority for the Pension Fund, in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Strategic Director of Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Pension Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Strategic Director of Resources with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Strategic Director of Resources is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of the Strategic Director of Resources for the financial statements**

As explained more fully in the Statement of the Strategic Director of Resources' Responsibilities, the Strategic Director of Resources is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's 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, and for being satisfied that they give a true and fair view. The Strategic Director of Resources is also responsible for such internal control as the Strategic Director of Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Strategic Director of Resources is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution of the Pension Fund without transfer of services or function to another entity. The Strategic Director of Resources is responsible for assessing each year whether or not it is appropriate for the Pension Fund to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.



## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Pension Fund's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Pension Fund, we identified that the principal risks of non-compliance with laws and regulations related to the Public Service Pensions Act 2013, the Local Government Pension Scheme Regulations 2013 (as amended) and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, and we considered the extent to which non-compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- inquiring with management and the Audit Committee, as to whether the Pension Fund is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Fund which were contrary to applicable laws and regulations, including fraud.

We evaluated the Strategic Director of Resources' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to the posting of manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Strategic Director of Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in November 2024.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of the audit report

This report is made solely to the members of London Borough of Ealing Council, as a body and as administering authority for the London Borough of Ealing Pension Fund, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

### Suresh Patel

Key Audit Partner,  
For and on behalf of Forvis Mazars LLP

30 Old Bailey,  
London,  
EC4M 7AU

28/02/2025

# 2. Core Financial Statements

# CORE FINANCIAL STATEMENTS

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	Note	31 March 2023			31 March 2024		
		Gross Expenditure (Restated)* £000's	Gross Income (Restated)* £000's	Net Expenditure (Restated)* £000's	Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's
<b>Services</b>							
Adults' Services & Public Health		169,124	(76,140)	92,984	183,943	(84,476)	99,467
Children's Services		486,713	(395,680)	91,033	523,488	(435,070)	88,418
Corporate Budgets		19,089	(11,470)	7,619	12,207	(5,936)	6,271
Economy & Sustainability		32,362	(12,301)	20,061	27,736	(13,464)	14,272
Housing & Environment		292,028	(202,698)	89,330	286,503	(225,732)	60,771
Resources		200,249	(165,933)	34,316	198,429	(157,042)	41,387
Strategy & Change		21,670	(2,805)	18,865	14,296	(2,780)	11,516
<b>Cost of Services</b>		<b>1,221,235</b>	<b>(867,027)</b>	<b>354,208</b>	<b>1,246,602</b>	<b>(924,500)</b>	<b>322,102</b>
<b>Other Operating Expenditure &amp; Income</b>							
Precepts & Levies				14,015			14,294
(Gains)/Losses on Disposal of Non-Current Assets				(3,846)			(2,075)
				<b>10,169</b>			<b>12,219</b>
<b>Financing &amp; Investment Income &amp; Expenditure</b>							
Interest Payable & Similar Charges				42,519			47,604
Net Interest on the Net Defined Benefit				16,971			4,753
Interest Receivable & Similar Income				(12,015)			(29,591)
Impairment Losses				7,513			16,240
				<b>54,988</b>			<b>39,006</b>
<b>Taxation &amp; Non-Specific Grants</b>							
Council Tax Income				(161,617)			(173,421)
Non-Domestic Rates Income & Expenditure				(37,807)			(50,567)
Business Rates Top-Up				(31,499)			(25,183)
Non-Ringfenced Government Grants	26			(74,353)			(94,282)
Capital Grants & Contributions	26			(55,689)			(106,043)
				<b>(360,965)</b>			<b>(449,496)</b>
<b>(Surplus) / Deficit on Provision of Services</b>				<b>58,400</b>			<b>(76,169)</b>
(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets	9			(56,992)			(74,123)
Remeasurement of the Net Defined Benefit Liability / (Asset)	31			(552,368)			(60,677)
<b>Other Comprehensive (Income) / Expenditure</b>				<b>(609,360)</b>			<b>(134,800)</b>
<b>Total Comprehensive (Income) / Expenditure</b>				<b>(550,960)</b>			<b>(210,969)</b>

\* The 2022/23 Cost of Services figures have been restated to reflect the new management reporting format in 2023/24.

## MOVEMENT IN RESERVES STATEMENT

	Revenue Reserves				Capital Reserves					
	General Fund	Housing Revenue Account	General Fund Earmarked Reserves	Housing Revenue Account Earmarked Reserves	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
MOVEMENT IN RESERVES STATEMENT	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Balance at 31 March 2022	15,919	123,866	4,925	15,249	-	49,013	27,943	236,915	894,673	1,131,588
Movement in Reserves during 2022/23										
Total Comprehensive Income & Expenditure	(44,736)	-	(13,664)	-	-	-	-	(58,400)	609,360	550,960
Adjustments Between Accounting Basis & Funding Basis Under Regulations (Note 7)	34,695	-	10,356	-	-	24,416	5,953	75,420	(75,420)	-
Net Increase/(Decrease) before Transfers to Reserves	(10,041)	-	(3,308)	-	-	24,416	5,953	17,020	533,940	550,960
Transfers (to)/from Reserves	11,854	(11,854)	3,308	(3,308)	-	-	-	-	-	-
Increase/(Decrease) in Year 2022/23	1,813	(11,854)	-	(3,308)	-	24,416	5,953	17,020	533,940	550,960
Balance at 31 March 2023	17,732	112,012	4,925	11,941	-	73,429	33,896	253,935	1,428,613	1,682,548
Movement in Reserves during 2023/24										
Total Comprehensive Income & Expenditure	83,229	-	(7,060)	-	-	-	-	76,169	134,800	210,969
Adjustments Between Accounting Basis & Funding Basis Under Regulations (Note 7)	(80,882)	-	3,382	-	-	(32,314)	23,534	(86,280)	86,280	-
Net Increase/(Decrease) before Transfers to Reserves	2,347	-	(3,678)	-	-	(32,314)	23,534	(10,111)	221,080	210,969
Transfers (to)/from Reserves	(677)	2,531	3,678	(3,309)	-	(20)	-	2,203	(2,203)	-
Increase/(Decrease) in Year 2023/24	1,670	2,531	-	(3,309)	-	(32,334)	23,534	(7,908)	218,877	210,969
Balance at 31 March 2024	19,402	114,543	4,925	8,632	-	41,095	57,430	246,027	1,647,490	1,893,517



## BALANCE SHEET

		31 March 2023 £000's	31 March 2024 £000's
<b>BALANCE SHEET</b>	<b>Note</b>		
Property, Plant & Equipment	9	2,379,350	2,509,287
Intangible Assets	9	10,814	9,711
Heritage Assets	11	2,741	4,512
Long-Term Investments	12a	2,782	3,030
Long-Term Debtors	12a	48,532	54,627
<b>Long-term Assets</b>		<b>2,444,219</b>	<b>2,581,167</b>
Short-Term Investments	12a	447,211	389,882
Short-Term Debtors	13	130,524	116,133
Cash and Cash Equivalents	14	46,449	141,789
<b>Current Assets</b>		<b>624,184</b>	<b>647,804</b>
Short-Term Borrowings	12a	(49,297)	(62,721)
Short-Term Creditors	15	(170,693)	(210,172)
Short-Term Provisions	16	(14,437)	(13,436)
Grants Receipts in Advance - Revenue	26	(5,186)	(11,746)
<b>Current Liabilities</b>		<b>(239,613)</b>	<b>(298,075)</b>
Long-Term Borrowings	12a	(836,076)	(814,184)
Long-Term Creditors	12a	(150,614)	(144,604)
Long-Term Provisions	16	(2,535)	(2,991)
Grants Receipts in Advance - Capital	26	(38,744)	(19,475)
Pensions Liability	31	(118,273)	(56,125)
<b>Long- term Liabilities</b>		<b>(1,146,242)</b>	<b>(1,037,379)</b>
<b>Net Assets</b>		<b>1,682,548</b>	<b>1,893,517</b>
Represented by:			
General Fund		17,732	19,402
Housing Revenue Account		4,925	4,925
Capital Receipts Reserve	7	73,429	41,095
Capital Grants Unapplied	7	33,896	57,430
Earmarked Reserves	8	112,012	114,543
Housing Revenue Account Earmarked Reserves	8	11,941	8,632
<b>Usable Reserves</b>		<b>253,935</b>	<b>246,027</b>
<b>Unusable Reserves</b>	18	<b>1,428,613</b>	<b>1,647,490</b>
<b>Total Reserves</b>		<b>1,682,548</b>	<b>1,893,517</b>

This Statement of Accounts, which replaces the unaudited Statement of Accounts issued on 31 May 2024, was authorised for issue on 28 February 2025.

Emily Hill  
Strategic Director Resources  
28 February 2025

Councillor Nagpal  
Chair of the Audit Committee  
28 February 2025

## CASH FLOW STATEMENT

<b>CASH FLOW STATEMENT</b>	<b>Note</b>	<b>2022/23 £000's</b>	<b>2023/24 £000's</b>
Net Surplus / (Deficit) on the Provision of Services		(58,400)	76,169
Adjustments to Net Surplus / (Deficit) on the Provision of Services for Non-Cash Movements	19a	101,547	134,314
Adjustments for Items Included in Net Surplus / (Deficit) on the Provision of Services that are Investing or Financing Activities	19a	(104,109)	(129,854)
<b>Net Cash Inflows from Operating Activities</b>		<b>(60,962)</b>	<b>80,629</b>
Investing Activities	19b	54,139	28,360
Financing Activities	19c	(15,090)	(13,649)
<b>Net Increase or (Decrease) in Cash and Cash Equivalents</b>		<b>(21,913)</b>	<b>95,340</b>
Cash and Cash Equivalents at the Beginning of the Reporting Period		68,362	46,449
<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	14	<b>46,449</b>	<b>141,789</b>

# 3. Notes to the Accounts

# NOTES TO CORE FINANCIAL STATEMENTS

NOTE		PAGE
1	Accounting Standards issued, not adopted	44
2	Critical judgments in applying accounting policies	44
3	Events after the reporting period	45
4	Assumptions made about the future and other major sources of estimation uncertainty	46
5	Expenditure and Funding Analysis	48
6	Expenditure and Income analysed by nature	51
7	Adjustments between accounting basis and funding basis under Regulation	52
8	Movements in Earmarked Reserves	55
9	Property, Plant & Equipment	57
10	Capital Commitments	61
11	Heritage Assets	62
12	Financial Instruments	63
13	Debtors	67
14	Cash and Cash Equivalents	67
15	Creditors	68
16	Provisions	68
17	Usable Reserves	69
18	Unusable Reserves	70
19	Cash Flow Statement	74
20	Reconciliation of Liabilities arising from Financing Activities	76
21	Members' Allowances	76
22	Officers' Remuneration	77
23	Termination Benefits	81
24	External Audit Costs	81
25	Dedicated Schools Grant	82
26	Grant Income	82
27	Related Parties	85
28	Capital Expenditure and Capital Financing	89
29	Leases	89
30	Private Finance Initiatives (PFI)	90
31	Defined Benefit Pension Schemes	93
32	Pension Schemes Accounted for as Defined Contribution Schemes	97
33	Contingent Liabilities	98
34	Nature and Extent of Risks arising from Financial Instruments	98

## Note 1 Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new accounting standard that has been issued but not yet adopted.

Accounting Standards that have been issued but not yet adopted, include:

- IFRS 16 Leases has been deferred to the 2024/25 Code and will apply to reporting periods beginning on or after 1 January 2024 for councils who have not voluntarily adopted early – the council has not chosen to adopt IFRS16 early
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020. The amendments:
  - specify that an entity's right to defer settlement must exist at the end of the reporting period
  - clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement
  - clarify how lending conditions affect classification, and
  - clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants

The council expects that IFRS 16 will have a material impact on the Statement of Accounts. When the standard is adopted, the council will have an increase in property, plant and equipment, due to operating leases becoming right-of-use assets, and a corresponding increase in liabilities to account for the lease liabilities. Work is ongoing to quantify the impact and further details will be included in the 2024/25 accounts when the standard has been adopted.

It is not expected that the other standards will have a material impact on the council's accounts.

## Note 2 Critical judgements in applying accounting policies

In applying the accounting policies set out in Section 6, the council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

### FUNDING

There is a high degree of uncertainty about future levels of funding for local government. However, the council has determined that this 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.

### ACCOUNTING FOR SCHOOLS

The council is required to take a view on which school assets are recognised on the council's Balance Sheet. The council has not recognised Academies, but includes all maintained schools; community schools, voluntary aided schools and foundation schools. The liabilities relating to the school PFI schemes including two Academy Schools remain on balance sheet as the council is the liable party.



## GROUP ACCOUNTS

The council has reviewed its interest in other companies and has prepared group accounts to include entities which fall within the group boundary and are considered to be material. Following this assessment, three wholly owned subsidiaries have been considered material and have been consolidated in the group accounts. They are Broadway Living Ltd, Broadway Living RP Ltd and Greener Ealing Ltd. Further information can be found in the group accounts section of this document.

## GRANT ACCOUNTING

The council is required to make a judgement on the treatment of grants and contributions, in particular, whether there are conditions and/or restrictions and if these have been met, and whether the council is acting as principal or agent. If conditions are met, or the grant has no conditions, the income will be credited to the Comprehensive Income and Expenditure Statement and any unused grant may be held in earmarked reserves where the Strategic Director Resources agrees these can be carried forward. For conditional grants where conditions are not met, the grant will be held as a creditor on the balance sheet. Once the conditions are met, these grants will then be credited to the Comprehensive Income and Expenditure Statement. Grants where the council is acting as an agent the net balance is held on balance sheet as a creditor and the transactions are not reported in the Comprehensive Income and Expenditure Statement.

## NET PENSION ASSET/LIABILITY

The council is required to report the accounting surplus/deficit on the pension scheme under IAS 19. In 2023/24, the council had a surplus, as calculated by Mercer, the council's advisors. The council has opted to account for an asset ceiling, using present value of service cost less contributions, and allowing for secondary contributions over the remaining valuation recovery period. The asset ceiling has resulted in a net liability as detailed in Note 31.

## Note 3 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:

- a) 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.
- b) 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.

The statement of accounts was authorised for issue by the Strategic Director Resources (Chief Financial Officer) on 28 February 2025. 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. This includes any amendments following the audit of the accounts.

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

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<b>Pensions Liability</b>	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected return on pension fund assets. A firm of actuaries is engaged to provide the council with expert advice about the assumptions to be applied and these are documented within the disclosure note on retirement benefits.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £101.442m. However, the assumptions interact in complex ways.
<b>Property, Plant and Equipment</b>	The council employs Royal Institute of Chartered Surveyors (RICS) qualified valuers (Lambert Smith Hampton) to identify the most appropriate valuation techniques to determine fair value for all council dwellings, land and buildings. All valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the RICS. The council's valuation experts work closely with finance officers on a regular basis regarding all valuation matters.	Significant changes in any of the unobservable inputs used in the techniques used would result in a significantly lower or higher fair value measurement for these assets. For every 1% increase in valuation, the carrying value of property, plant and equipment would increase by £25m.
<b>Impairment of debt</b>	The council regularly reviews the significant debtor balances such as council tax, business rates, rents, and sundry debtor arrears. Officers estimate the potential impairment of those debts based on historical collection rates, and the age of the debts, and other local factors. However, in the current economic climate it is not certain that such an allowance would be sufficient as the council cannot assess which debts will be collected or not.	As at 31 March 2024, the council has gross debtors of £228.459m and impairment allowance of £112.326m.

### GOING CONCERN

The IAS 1 Presentation of Financial Statements requires management to make an assessment of the council's ability to continue as a going concern and to disclose any material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. The council discloses that the Statement of Accounts have been prepared on a going concern basis and that the council will continue in existence for the foreseeable future.

This assumption is made because the local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers at the discretion of government). If an authority were in financial difficulty, the prospects are that alternative arrangements might be made by 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 through its “exceptional financial support” regime.

The Code states that transfers of services under combinations of public sector bodies (for example a local government reorganisation) do not require the presumption of going concern. However, if there are material concerns about the financial health of the authority, this would be raised as part of the statutory responsibilities of the Section 151 Officer and by the external auditors as part of the accounts audit process.

## Note 5 Expenditure and Funding Analysis

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

	2023/24							
	Outturn as Reported to the Executive £000's	Adjustments to Management Reporting (EFA Note 1) £000's	Net Expenditure Chargeable to the General Fund & HRA Balance £000's	Adjustments for Capital Purposes (EFA Note 2) £000's	Net Change for Pensions Adjustments (EFA Note 3) £000's	Other Statutory Differences (EFA Note 4) £000's	Adjustments between the Funding & Accounting Basis (see Note 7) £000's	Net Expenditure in the Comprehensive Income & Expenditure Statement £000's
Table 5a								
Continuing Services								
Adults´ Services & Public Health	108,336	(9,810)	98,526	1,872	(829)	(102)	941	99,467
Children´s Services	91,126	(5,742)	85,384	6,705	(3,783)	112	3,034	88,418
Corporate Budgets	-	6,271	6,271	-	-	-	-	6,271
Economy & Sustainability	9,967	363	10,330	4,989	(1,001)	(46)	3,942	14,272
Housing & Environment	23,625	(15,468)	8,157	53,768	(1,010)	(144)	52,614	60,771
Resources	36,293	(58)	36,235	5,165	-	(13)	5,152	41,387
Strategy & Change	10,000	111	10,111	1,202	399	(196)	1,405	11,516
Net Cost of Services	279,347	(24,333)	255,014	73,701	(6,224)	(389)	67,088	322,102
Other Income & Expenditure	7,237	(260,920)	(253,683)	(143,271)	4,753	(6,070)	(144,588)	(398,271)
(Surplus) or Deficit on Provision of Services	286,584	(285,253)	1,331	(69,570)	(1,471)	(6,459)	(77,500)	(76,169)
Opening General Fund & HRA Balance 1 April 2023			146,610					
Less: (Surplus) or Deficit on General Fund & HRA Balance In-Year			1,331					
Reserve Transfers			(2,223)					
Closing General Fund & HRA Balance at 31 March 2024			147,502					

Note: Movement in Reserves Statement includes details of the split between HRA and General Fund

	2022/23							
	Outturn as Reported to the Executive £000's	Adjustments to Management Reporting (EFA Note 1) £000's	Net Expenditure Chargeable to the General Fund & HRA Balance £000's	Adjustments for Capital Purposes (EFA Note 2) £000's	Net Change for Pensions Adjustments (EFA Note 3) £000's	Other Statutory Differences (EFA Note 4) £000's	Adjustments between the Funding & Accounting Basis (see Note 7) £000's	Net Expenditure in the Comprehensive Income & Expenditure Statement £000's
<b>Table 5b</b>								
<b>Continuing Services</b>								
Adults' Services & Public Health	89,937	(1,257)	88,680	779	3,639	(114)	4,304	92,984
Children's Services	76,450	(10,577)	65,873	17,791	7,191	178	25,160	91,033
Corporate Budgets	-	7,619	7,619	-	-	-	-	7,619
Economy & Sustainability	10,134	513	10,647	4,991	4,460	(37)	9,414	20,061
Housing & Environment	14,007	(10,243)	3,764	80,314	5,347	(95)	85,566	89,330
Resources	29,995	(594)	29,401	4,951	-	(36)	4,915	34,316
Strategy & Change	8,535	436	8,971	173	9,934	(213)	9,894	18,865
<b>Net Cost of Services</b>	<b>229,058</b>	<b>(14,103)</b>	<b>214,955</b>	<b>108,999</b>	<b>30,571</b>	<b>(317)</b>	<b>139,253</b>	<b>354,208</b>
Other Income & Expenditure	27,529	(229,135)	(201,606)	(94,597)	16,971	(16,576)	(94,202)	(295,808)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>256,587</b>	<b>(243,238)</b>	<b>13,349</b>	<b>14,402</b>	<b>47,542</b>	<b>(16,893)</b>	<b>45,051</b>	<b>58,400</b>
<b>Opening General Fund &amp; HRA Balance 1 April 2022</b>			<b>159,959</b>					
Less: (Surplus) or Deficit on General Fund & HRA Balance In-Year			13,349					
Reserve Transfers			-					
<b>Closing General Fund Balance &amp; HRA at 31 March 2023</b>			<b>146,610</b>					

The 2022/23 Cost of Services figures in table 5b have been updated to reflect the new management reporting format in 2023/24.

## EFA NOTE 1: ADJUSTMENTS TO MANAGEMENT REPORTING

This column adjusts the outturn figures reported to management for items chargeable to the General Fund for:

**Reserves** – the removal of transfers to/from reserves included in the management outturn report as these are not shown on the face of the Comprehensive Income and Expenditure Statement.

**Financing & Investment Income & Expenditure** – the reallocation of Financing & Investment Income & Expenditure to/from the Net Cost of Services to Other Operating Income and Expenditure.

## EFA NOTE 2: ADJUSTMENT FOR CAPITAL PURPOSES

Adjustments for capital purposes – this column adds in the depreciation and impairment and revaluation gains and losses in the service line, and for:

**Other Operating Expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

**Financing and Investment Income and Expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

**Taxation and Non-Specific Grant Income and Expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

## EFA NOTE 3: NET CHANGES FOR THE PENSIONS ADJUSTMENTS

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

For **Services** this represents the removal of the employer pension contributions 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 Comprehensive Income and Expenditure Statement.

## EFA NOTE 4: OTHER STATUTORY ADJUSTMENTS

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

For **Financing and Investment Income and Expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

For **Taxation and Non-Specific Grant Income and Expenditure** represents the difference between what is chargeable under statutory regulations for council tax and business rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.



## Note 6 Expenditure and Income Analysed by Nature

	2022/23 £000's	2023/24 £000's
Employee Benefits Expenses	457,815	440,875
Other Service Expenses	655,641	722,054
Depreciation, Amortisation & Impairment	96,757	67,403
Interest Payments & Impairment Losses	50,233	63,844
Precepts & Levies	14,015	15,175
(Gain) or Loss on Disposal of Non-Current Assets	(3,846)	(2,075)
Revenue Expenditure Funded from Capital Under Statute & De-minimis	27,794	21,022
<b>Total Expenditure</b>	<b>1,298,409</b>	<b>1,328,298</b>
Fees, Charges & Other Service Income	(270,458)	(298,181)
Interest & Investment Income	(12,825)	(29,594)
Income from Council Tax	(161,617)	(173,421)
Income from Business Rates	(37,807)	(50,567)
Government Grants & Contributions	(757,302)	(852,704)
<b>Total Income</b>	<b>(1,240,009)</b>	<b>(1,404,467)</b>
<b>(Surplus) or deficit on the provision of services</b>	<b>58,400</b>	<b>(76,169)</b>

## Note 7 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 arrive at 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 the statutory fund into which all the receipts are required to be paid and out of which all liabilities 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 at the end of the financial year.

### HOUSING REVENUE ACCOUNT BALANCE

The HRA 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 that is available to fund future expenditure in connection with the council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

### 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 on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year-end (nil in 2023/24 and 2022/23).

### 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 of the reserve shows the resources that have yet to be applied for these purposes at the year-end.

### CAPITAL GRANTS UNAPPLIED

The Capital Grants Unapplied Reserve 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.

	Usable Reserves								
	General Fund Balance £000's	Housing Revenue Account £000's	Major Repairs Reserve £000's	Capital Receipts Reserve £000's	Capital Grants Unapplied £000's	Movement in Usable Reserves £000's	Movement in Unusable Reserves £000's	Total Movement in Reserves £000's	
Table 7a - 2023/24									
Adjustments to the Revenue Resources									
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:									
Pensions Costs (transferred (to) or from the Pension Reserve)	(1,485)	14	-	-	-	(1,471)	1,471	-	
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	(34)	-	-	-	-	(34)	34	-	
Council Tax & NDR (transfers (to) or from the Collection Fund Adjustment Account)	(6,037)	-	-	-	-	(6,037)	6,037	-	
Holiday Pay (transferred to the Accumulated Absences Reserve)	(312)	(76)	-	-	-	(388)	388	-	
Reversal of Entries Included in the Surplus or Deficit on the Provision of Services in Relation to Capital Expenditure (these items are charged (to) or from the Capital Adjustment Account or Capital Grants Unapplied)	(46,808)	31,912	-	-	38,809	23,913	(23,913)	-	
Total Adjustments to Revenue Resources	(54,676)	31,850	-	-	38,809	15,983	(15,983)	-	
Adjustments between Revenue and Capital Resources									
Transfer of Non-Current Asset Sale Proceeds from Revenue to the Capital Receipts Reserve	(490)	(13,746)	-	14,236	-	-	-	-	
Posting of HRA Resources from Revenue to the Major Repairs Reserve	-	(14,722)	14,722	-	-	-	-	-	
Statutory Provision for the Repayment of Debt (transfer to the Capital Adjustment Account)	(23,980)	-	-	-	-	(23,980)	23,980	-	
Capital Expenditure Financed from Revenue Balances (transfer to the Capital Adjustment Account)	(1,736)	-	-	-	-	(1,736)	1,736	-	
Total Adjustments between Revenue and Capital Resources	(26,206)	(28,468)	14,722	14,236	-	(25,716)	25,716	-	
Adjustments to Capital Resources									
Use of the Capital Receipts Reserve to Finance New Capital Expenditure	-	-	-	(47,801)	-	(47,801)	47,801	-	
Use of the Major Repairs Reserve to Finance New Capital Expenditure	-	-	(14,722)	-	-	(14,722)	14,722	-	
Application of Unapplied Capital Grants to Finance New Capital Expenditure	-	-	-	-	(15,275)	(15,275)	15,275	-	
Cash Payments in Relation to Deferred Capital Receipts	-	-	-	387	-	387	(387)	-	
Cash Payments in Relation to Long-Term Debtor Loans	-	-	-	864	-	864	(864)	-	
Total Adjustments to Capital Resources	-	-	(14,722)	(46,550)	(15,275)	(76,547)	76,547	-	
Total Adjustments	(80,882)	3,382	-	(32,314)	23,534	(86,280)	86,280	-	

Usable Reserves								
	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Usable Reserves	Movement in Unusable Reserves	Total Movement in Reserves
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Table 7b - 2022/23</b>								
<b>Adjustments to the Revenue Resources</b>								
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:								
Pensions Costs (transferred (to) or from the Pension Reserve)	43,551	3,991	-	-	-	47,542	(47,542)	-
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	(32)	-	-	-	-	(32)	32	-
Council Tax & NDR (transfers (to) or from the Collection Fund Adjustment Account)	(16,543)	-	-	-	-	(16,543)	16,543	-
Holiday Pay (transferred to the Accumulated Absences Reserve)	(306)	(12)	-	-	-	(318)	318	-
Reversal of Entries Included in the Surplus or Deficit on the Provision of Services in Relation to Capital Expenditure (these items are charged (to) or from the Capital Adjustment Account or Capital Grants Unapplied)	43,672	69,764	-	-	11,301	124,737	(124,737)	-
<b>Total Adjustments to Revenue Resources</b>	<b>70,342</b>	<b>73,743</b>	<b>-</b>	<b>-</b>	<b>11,301</b>	<b>155,386</b>	<b>(155,386)</b>	<b>-</b>
<b>Adjustments between Revenue and Capital Resources</b>								
Transfer of Non-Current Asset Sale Proceeds from Revenue to the Capital Receipts Reserve	(2,948)	(45,337)	-	48,346	-	61	(61)	-
Posting of HRA Resources from Revenue to the Major Repairs Reserve	-	(15,550)	15,550	-	-	-	-	-
Statutory Provision for the Repayment of Debt (transfer to the Capital Adjustment Account)	(23,871)	-	-	-	-	(23,871)	23,871	-
Capital Expenditure Financed from Revenue Balances (transfer to the Capital Adjustment Account)	(8,828)	(2,500)	-	-	-	(11,328)	11,328	-
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(35,647)</b>	<b>(63,387)</b>	<b>15,550</b>	<b>48,346</b>	<b>-</b>	<b>(35,138)</b>	<b>35,138</b>	<b>-</b>
<b>Adjustments to Capital Resources</b>								
Use of the Capital Receipts Reserve to Finance New Capital Expenditure	-	-	-	(24,979)	-	(24,979)	24,979	-
Use of the Major Repairs Reserve to Finance New Capital Expenditure	-	-	(15,550)	-	-	(15,550)	15,550	-
Application of Unapplied Capital Grants to Finance New Capital Expenditure	-	-	-	-	(5,348)	(5,348)	5,348	-
Cash Payments in Relation to Deferred Capital Receipts	-	-	-	135	-	135	(135)	-
Cash Payments in Relation to Long-Term Debtor Loans	-	-	-	914	-	914	(914)	-
<b>Total Adjustments to Capital Resources</b>	<b>-</b>	<b>-</b>	<b>(15,550)</b>	<b>(23,930)</b>	<b>(5,348)</b>	<b>(44,828)</b>	<b>44,828</b>	<b>-</b>
<b>Total Adjustments</b>	<b>34,695</b>	<b>10,356</b>	<b>-</b>	<b>24,416</b>	<b>5,953</b>	<b>75,420</b>	<b>(75,420)</b>	<b>-</b>

## Note 8 Movements in Earmarked Reserves

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

Transfers to/from Earmarked Reserves	Balance at 31 March 2022 £000's	2022/23			Balance at 31 March 2023 £000's	2023/24			Balance at 31 March 2024 £000's
		Transfers In £000's	Transfers Between £000's	Transfers Out £000's		Transfers In £000's	Transfers Between £000's	Transfers Out £000's	
<b>Specific Reserves</b>									
Corporate - Insurance Reserve	5,721	-	-	-	5,721	-	-	-	5,721
Corporate - Covid-19 Grant	10,890	369	-	(8,388)	2,871	-	-	(2,249)	622
Corporate - Collection Fund Equalisation Fund	13,661	5,153	-	(10,455)	8,359	647	-	(647)	8,359
Corporate - Other Reserves	11,982	414	-	(1,758)	10,638	6,389	-	(261)	16,766
Corporate - Economic Volatility Reserve	13,140	3,499	-	-	16,639	3,500	-	-	20,139
Service - Dedicated Schools Grant	781	3,881	-	(3,317)	1,345	341	1,854	(3,540)	-
Service - Others Reserves	14,482	10,238	-	(3,400)	21,320	6,879	-	(3,631)	24,568
Parking Places Reserve Account	7,756	-	-	(1,551)	6,205	783	-	(2,552)	4,436
PFI Reserves	25,159	762	-	(4,165)	21,756	-	-	(3,487)	18,269
	103,572	24,316	-	(33,034)	94,854	18,539	1,854	(16,367)	98,880
School Balances (ring-fenced)	20,294	953	-	(4,089)	17,158	174	-	(1,669)	15,663
<b>Total General Fund</b>	<b>123,866</b>	<b>25,269</b>	<b>-</b>	<b>(37,123)</b>	<b>112,012</b>	<b>18,713</b>	<b>1,854</b>	<b>(18,036)</b>	<b>114,543</b>
<b>HRA Reserves</b>									
Major Repairs Reserve	-	18,049	-	(18,049)	-	14,722	-	(14,722)	-
Estate Regeneration Delivery Service	15,249	-	-	(3,308)	11,941	826	-	(4,135)	8,632
<b>Total HRA</b>	<b>15,249</b>	<b>18,049</b>	<b>-</b>	<b>(21,357)</b>	<b>11,941</b>	<b>15,548</b>	<b>-</b>	<b>(18,857)</b>	<b>8,632</b>

### GENERAL FUND EARMARKED RESERVES

The **Insurance reserve** is held to cover future insurance claims.

The **Covid-19 Grant reserve** holds the general fund grants that have been received and are carried forward due to permitted use to fund future Covid pressures.

The **Collection Fund Equalisation Fund** is a technical reserve which is used to allow for distribution of collection fund balances relating to timing differences.

**Corporate Other reserves** is a group of reserves held corporately, some are held to cover against future costs the council will incur, such as Election Reserves, whilst others are held in order to provide funds to drive corporate strategy and efficiencies.

The **Economic Volatility reserve** is held to manage volatility in collection fund income and manage risks arising from the wider economic context such as the impact of inflation and the cost of living pressures.

The **Dedicated Schools Grant (DSG) reserve** is held to carry forward any unspent DSG to be used in future years. The operation of the DSG continues to allow the council to carry forward any DSG underspends to a ring-fenced reserve, and any deficits on DSG would be treated as an unusable reserve. In 2023/24 the council has recognised a £1.854m deficit which has been moved to an unusable reserve and is reported in Note 18.

**Service Other reserves** is a group of reserves held by services to provide financial resources for service-based projects such as recycling initiatives or school transport infrastructure.

The **Parking Places reserve** surplus will be reinvested, as per Section 55 of the Road Traffic Regulation Act 1984 (as amended), in improvements in the delivery of on and off-street parking services.

**The PFI Reserves** are in place to meet the difference between central government revenue grant and actual costs for the council's PFI schemes in future years and to fund future annual repayment liabilities.

**School Balances** (ring fenced) contains the school funds which are ring-fenced for schools' use.

## HRA EARMARKED RESERVES

**Major Repairs Reserve** funds are available to meet capital investment in council housing.

**Estate Regeneration Delivery** funds are held for future investment in Estate Regeneration.



## Note 9 Property, Plant & Equipment

Property, Plant & Equipment Movements in 2023/24	Council Dwellings £000's	Other Land & Buildings £000's	Other Land & Buildings (PFI) £000's	Vehicles, Plant & Equipment £000's	Community Assets £000's	Surplus Assets £000's	Assets Under Construction £000's	Total Property, Plant & Equipment £000's	Intangible Assets £000's
<b>Cost or Valuation</b>									
<b>At 1 April 2023</b>	<b>960,671</b>	<b>908,347</b>	<b>204,101</b>	<b>122,621</b>	<b>48,439</b>	<b>2,377</b>	<b>67,621</b>	<b>2,314,177</b>	<b>15,740</b>
Additions	46,126	11,522	91	4,884	674	-	61,174	124,471	48
* Revaluation increases/(decreases) recognised in the Revaluation Reserve	(14,483)	44,850	12,879	-	983	154	-	44,383	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(22,711)	(352)	-	-	1,257	(181)	-	(21,987)	-
Derecognition - disposals	(4,494)	-	-	-	-	-	-	(4,494)	-
Derecognition - other	(5,287)	(2,914)	-	-	-	-	(1,422)	(9,623)	-
Other Reclassifications	7,020	6,319	-	-	678	4,011	(21,441)	(3,413)	-
<b>At 31 March 2024</b>	<b>966,842</b>	<b>967,772</b>	<b>217,071</b>	<b>127,505</b>	<b>52,031</b>	<b>6,361</b>	<b>105,932</b>	<b>2,443,514</b>	<b>15,788</b>
<b>Accumulated Depreciation and Impairment</b>									
<b>At 1 April 2023</b>	<b>(1,266)</b>	<b>(2,439)</b>	<b>-</b>	<b>(107,311)</b>	<b>(27)</b>	<b>-</b>	<b>-</b>	<b>(111,043)</b>	<b>(4,926)</b>
Depreciation charge	(13,878)	(16,184)	(3,406)	(3,461)	(382)	(64)	-	(37,375)	(1,151)
* Depreciation written out to the Revaluation Reserve	11,492	12,927	3,406	-	50	64	-	27,939	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	2,038	1,340	-	-	287	-	-	3,665	-
Derecognition - disposals	59	-	-	-	-	-	-	59	-
Derecognition - other	285	84	-	-	-	-	-	369	-
<b>At 31 March 2024</b>	<b>(1,270)</b>	<b>(4,272)</b>	<b>-</b>	<b>(110,772)</b>	<b>(72)</b>	<b>-</b>	<b>-</b>	<b>(116,386)</b>	<b>(6,077)</b>
<b>Net Book Value</b>									
At 31 March 2024	965,572	963,500	217,071	16,733	51,959	6,361	105,932	2,327,128	9,711
At 31 March 2023	959,405	905,908	204,101	15,310	48,412	2,377	67,621	2,203,134	10,814

Property, Plant & Equipment Comparative Movements in 2022/23	Council Dwellings £000's	Other Land & Buildings £000's	Other Land & Buildings (PFI) £000's	Vehicles, Plant & Equipment £000's	Community Assets £000's	Surplus Assets £000's	Assets Under Construction £000's	Total Property, Plant & Equipment £000's	Intangible Assets £000's
<b>Cost or Valuation</b>									
<b>At 1 April 2022</b>	<b>946,103</b>	<b>885,043</b>	<b>183,731</b>	<b>117,964</b>	<b>51,084</b>	<b>2,666</b>	<b>88,168</b>	<b>2,274,759</b>	<b>15,389</b>
Additions	47,651	27,602	100	2,913	1,537	-	37,457	117,260	351
* Revaluation increases/(decreases) recognised in the Revaluation Reserve	(9,892)	16,489	20,270	-	547	(225)	-	27,189	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(34,012)	(11,699)	-	-	(4,802)	9	-	(50,504)	-
Derecognition - disposals	(23,283)	(8,841)	-	-	-	-	-	(32,124)	-
Derecognition - other	(110)	(14,328)	-	(1,012)	-	-	(71)	(15,521)	-
Other Reclassifications	34,214	14,081	-	2,756	73	(73)	(57,933)	(6,882)	-
<b>At 31 March 2023</b>	<b>960,671</b>	<b>908,347</b>	<b>204,101</b>	<b>122,621</b>	<b>48,439</b>	<b>2,377</b>	<b>67,621</b>	<b>2,314,177</b>	<b>15,740</b>
<b>Accumulated Depreciation and Impairment</b>									
<b>At 1 April 2022</b>	<b>(1,090)</b>	<b>(3,291)</b>	<b>-</b>	<b>(104,655)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(109,036)</b>	<b>(3,850)</b>
Depreciation charge	(14,216)	(17,884)	(3,051)	(3,668)	(439)	(56)	-	(39,314)	(1,076)
* Depreciation written out to the Revaluation Reserve	12,553	14,112	3,051	-	32	55	-	29,803	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,576	2,173	-	-	380	1	-	4,130	-
Impairment losses/reversals to Surplus/Deficit on Provision of Services	(166)	-	-	-	-	-	-	(166)	-
Derecognition - disposals	76	-	-	-	-	-	-	76	-
Derecognition - other	1	2,451	-	1,012	-	-	-	3,464	-
<b>At 31 March 2023</b>	<b>(1,266)</b>	<b>(2,439)</b>	<b>-</b>	<b>(107,311)</b>	<b>(27)</b>	<b>-</b>	<b>-</b>	<b>(111,043)</b>	<b>(4,926)</b>
<b>Net Book Value</b>									
At 31 March 2023	<b>959,405</b>	<b>905,908</b>	<b>204,101</b>	<b>15,310</b>	<b>48,412</b>	<b>2,377</b>	<b>67,621</b>	<b>2,203,134</b>	<b>10,814</b>
At 31 March 2022	<b>945,013</b>	<b>881,752</b>	<b>183,731</b>	<b>13,309</b>	<b>51,084</b>	<b>2,666</b>	<b>88,168</b>	<b>2,165,723</b>	<b>11,539</b>

\* The two figures in each of the tables shown above, plus £1.801m surplus in Note 11 Heritage Assets, totalling £74.123m surplus in 2023/24 (£56.992m surplus in 2022/23), reflect the deficit or surplus on revaluation that appears at the bottom of the Comprehensive Income and Expenditure Statement.

## INFRASTRUCTURE ASSETS

In accordance with the temporary relief offered by the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022, this note does not include disclosure of gross costs and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statement.

The council has chosen not to disclose the information as the previously reported practices and resultant information deficits mean that gross costs and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to the infrastructure assets.

<b>9a Property, Plant &amp; Equipment Infrastructure Assets Movements</b>	<b>Non PFI £000's</b>	<b>PFI £000's</b>	<b>TOTAL Infrastructure Assets £000's</b>
<b>Net Book Value 1 April 2023</b>	<b>153,486</b>	<b>22,730</b>	<b>176,216</b>
Additions	13,085	-	13,085
Reclassification from Asset Under Construction	3,413	-	3,413
Depreciation	(9,915)	(640)	(10,555)
<b>Net Book Value 31 March 2024</b>	<b>160,069</b>	<b>22,090</b>	<b>182,159</b>

<b>9b Property, Plant &amp; Equipment Infrastructure Assets Movements</b>	<b>Non PFI £000's</b>	<b>PFI £000's</b>	<b>TOTAL Infrastructure Assets £000's</b>
<b>Net Book Value 1 April 2022</b>	<b>147,390</b>	<b>23,369</b>	<b>170,759</b>
Additions	8,872	-	8,872
Reclassification from Asset Under Construction	6,882	-	6,882
Depreciation	(9,188)	(639)	(9,827)
Derecognition and Disposals	(470)	-	(470)
<b>Net Book Value 31 March 2023</b>	<b>153,486</b>	<b>22,730</b>	<b>176,216</b>

<b>9c Reconciliation to Property, Plant &amp; Equipment</b>	<b>1 April 2022</b>	<b>31 March 2023</b>	<b>31 March 2024</b>
Infrastructure Assets	170,759	176,216	182,159
Property Plant Equipment	2,165,723	2,203,134	2,327,128
<b>Total</b>	<b>2,336,482</b>	<b>2,379,350</b>	<b>2,509,287</b>

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

## DEPRECIATION

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

- Council dwellings – 60-80 years
- Other Operating buildings – 40-60 years
- Vehicles, plant, and equipment – 5-15 years
- Infrastructure Assets – 10-75 years
- Intangible Assets – 5-10 years

## REVALUATIONS

The council carries out a rolling programme that ensures that all property, plant and equipment required to be measured at fair value is revalued at least every five years. This includes Council Dwellings, Other Land & Buildings, Community Assets and Surplus Assets. Council Dwellings are valued annually. Valuations of land and buildings (including Council Dwellings) were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant and equipment are based on historic cost which is not considered to be materially different to current cost.

The significant assumptions applied in estimating the current values of property, plant and equipment are:

- Non-specialised properties occupied by the council or used for the purpose of service delivery, have been valued on the basis of Existing Use Value (EUV),
- Specialised properties, for which there is no recognised market, have been valued by the Depreciated Replacement Cost (DRC) method,
- Surplus assets have been valued on the basis of Fair Value (FV).

The table below shows the most recent year that assets were fully valued, though some assets may have had a desktop valuation more recently.

Revaluations	Council Dwellings & Buildings £000's	Other Land & Buildings £000's	Other Land & Buildings (PFI) £000's	Vehicles, Plant & Equipment £000's	Infrastructure Assets £000's	Infrastructure Assets (PFI) £000's	Community Assets £000's	Surplus Assets £000's	Assets Under Construction £000's	Total £000's
Carried at historical cost	3,321	1,514	-	16,732	160,070	22,091	17,397	4,011	105,932	331,067
Valued at current value as										
31 March 2024	960,681	242,462	85,925	-	-	-	14,900	1,414	-	1,305,382
31 March 2023	1,538	190,249	131,146	-	-	-	19,590	30	-	342,553
31 March 2022	-	113,305	-	-	-	-	-	65	-	113,370
31 March 2021	31	208,424	-	-	-	-	73	391	-	208,919
31 March 2020	-	207,545	-	-	-	-	-	450	-	207,995
<b>Total Cost or Valuation</b>	<b>965,572</b>	<b>963,500</b>	<b>217,071</b>	<b>16,732</b>	<b>160,070</b>	<b>22,091</b>	<b>51,960</b>	<b>6,361</b>	<b>105,932</b>	<b>2,509,287</b>

## Note 10 Capital Commitments

At 31 March 2024, the council has significant commitments for future capital expenditure in 2024/25 and future years, budgeted to cost £208.402m. Similar commitments at 31 March 2023 were £117.326m. The commitments are:

<b>Capital Commitments</b>	<b>31 March 2024 £000's</b>
<b>Council Housing - spend on existing Council housing</b>	
Health & Safety	3,902
Internal & External Refurbishment	10,569
Mechanical & Electrical works	2,237
Improving Energy Efficiency	6,237
Housing Stock Improvement	1,854
<b>Building New Affordable Housing</b>	
High Lane Estate Regeneration	486
Genuinely Affordable Homes	15,986
Providing Grant to Registered Providers	1,545
Copley Close Regeneration	1,379
Council House New Build Round 3	56,240
Other regeneration schemes	86,745
<b>Improving Energy Efficiency on Buildings</b>	
Green Homes Grant	5,020
Energy - Retrofits	2,098
<b>Other Schemes</b>	
School Building Improvements	7,268
Roads & Highways	738
Other spend	2,949
Parks	1,707
Grants to Adapt Private Homes (Disabled Facilities Grant)	1,340
Council Buildings	102
<b>Total</b>	<b>208,402</b>

## Note 11 Heritage Assets

### RECONCILIATION OF THE CARRYING VALUE OF HERITAGE ASSETS HELD BY THE COUNCIL

Heritage Assets Movements in 2023/24	Martinware £000's	Mace and Badge £000's	Furniture £000's	Art collections £000's	Others £000's	Total Heritage Assets £000's
Cost or Valuation						
At 1 April 2023	1,288	632	315	155	351	2,741
Disposals	(30)	-	-	-	-	(30)
Revaluations	1,793	-	-	-	8	1,801
<b>At 31 March 2024</b>	<b>3,051</b>	<b>632</b>	<b>315</b>	<b>155</b>	<b>359</b>	<b>4,512</b>

Heritage Assets Movements in 2022/23	Martinware £000's	Mace and Badge £000's	Furniture £000's	Art collections £000's	Others £000's	Total Heritage Assets £000's
Cost or Valuation						
At 1 April 2022	1,288	632	315	155	351	2,741
<b>At 31 March 2023</b>	<b>1,288</b>	<b>632</b>	<b>315</b>	<b>155</b>	<b>351</b>	<b>2,741</b>

The council has a number of heritage assets, comprising of the council's art collection, ceramics, figurine and other antiques and civic regalia. These assets are held at insurance valuations which are based on market values.

Additionally, there is a World War II underground bunker at one of the borough's schools. It is the opinion of the council that obtaining a valuation for the bunker would be disproportionate in relation to the benefits derived by users of the financial statements. This heritage asset is therefore not included on the balance sheet, although it is likely that this would have no monetary value as no market would exist for the sale of the asset.



## Note 12 Financial Instruments

### CATEGORIES OF FINANCIAL INSTRUMENTS (12A)

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

	31 March 2023					31 March 2024				
	Non-Current		Current			Non-Current		Current		
<b>Financial Assets</b>	<b>Investments £000's</b>	<b>Debtors £000's</b>	<b>Investments £000's</b>	<b>Debtors £000's</b>	<b>Total £000's</b>	<b>Investments £000's</b>	<b>Debtors £000's</b>	<b>Investments £000's</b>	<b>Debtors £000's</b>	<b>Total £000's</b>
Amortised Cost	646	48,516	493,470	77,873	620,505	894	54,612	530,165	74,808	660,479
Fair value through other comprehensive income	2,136	-	-	-	2,136	2,136	-	-	-	2,136
Fair value through Profit and Loss	-	-	-	-	-	-	-	-	-	-
<b>Total Financial Assets</b>	<b>2,782</b>	<b>48,516</b>	<b>493,470</b>	<b>77,873</b>	<b>622,641</b>	<b>3,030</b>	<b>54,612</b>	<b>530,165</b>	<b>74,808</b>	<b>662,615</b>
Non-Financial Assets	-	16	-	52,651	52,667	-	15	-	41,324	41,339
<b>Total</b>	<b>2,782</b>	<b>48,532</b>	<b>493,470</b>	<b>130,524</b>	<b>675,308</b>	<b>3,030</b>	<b>54,627</b>	<b>530,165</b>	<b>116,133</b>	<b>703,955</b>

	31 March 2023					31 March 2024				
	Non-Current		Current			Non-Current		Current		
<b>Financial Liabilities</b>	<b>Borrowings £000's</b>	<b>Creditors £000's</b>	<b>Borrowings £000's</b>	<b>Creditors £000's</b>	<b>Total £000's</b>	<b>Borrowings £000's</b>	<b>Creditors £000's</b>	<b>Borrowings £000's</b>	<b>Creditors £000's</b>	<b>Total £000's</b>
Financial liabilities at amortised cost	(836,076)	(89,954)	(49,297)	(102,127)	(1,077,454)	(814,184)	(82,782)	(62,721)	(131,178)	(1,090,865)
Fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
<b>Total Financial Liabilities</b>	<b>(836,076)</b>	<b>(89,954)</b>	<b>(49,297)</b>	<b>(102,127)</b>	<b>(1,077,454)</b>	<b>(814,184)</b>	<b>(82,782)</b>	<b>(62,721)</b>	<b>(131,178)</b>	<b>(1,090,865)</b>
Non-Financial Liabilities	-	(60,660)	-	(68,566)	(129,226)	-	(61,823)	-	(78,993)	(140,816)
<b>Total</b>	<b>(836,076)</b>	<b>(150,614)</b>	<b>(49,297)</b>	<b>(170,693)</b>	<b>(1,206,680)</b>	<b>(814,184)</b>	<b>(144,604)</b>	<b>(62,721)</b>	<b>(210,172)</b>	<b>(1,231,681)</b>

## CARRYING VALUE

Under accounting requirements, the carrying value of the financial instrument value is shown in the balance sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets/liabilities where the payments/receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

## FAIR VALUE

Fair value has been measured by:

- Direct reference to published price quotations in an active market; and/or
- Estimating using a valuation technique

## FINANCIAL INSTRUMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (12B)

The council has designated the following equity at 31 March 2023 as fair value through other comprehensive income:

Fair Value Through Other Comprehensive Income and Expenditure	Nominal £000's	Fair Value £000's	Change in fair value during 2023/24	Dividends £000's
Broadway Living Ltd Shares	2,136	2,136	0	0

The council has a shareholding in Broadway Living Limited (representing 100% of the company's Capital). The shares are carried at cost of £2.136m and have not been valued as a fair value cannot be measured reliably and are not considered to be material. There are no established companies with similar aims in the council's area whose shares are traded, and which might provide comparable market data. The council has no current intention to dispose of the shareholding.

## INCOME, EXPENSE, GAINS AND LOSSES (12C)

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

	2022/23		2023/24	
	(Surplus) or Deficit on the Provision of services £000's	Other Comprehensive Income and Expenditure £000's	(Surplus) or Deficit on the Provision of services £000's	Other Comprehensive Income and Expenditure £000's
<b>Income, Expenses, Gains &amp; Losses</b>				
<b>Net gains/losses on:</b>				
Financial liabilities measured at amortised cost	7,513	-	16,240	-
<b>Total net gains/losses</b>	<b>7,513</b>	<b>-</b>	<b>16,240</b>	<b>-</b>
<b>Interest Revenue:</b>				
Financial Assets Measured at Amortised Cost	(12,015)	-	(29,591)	-
<b>Total Interest Revenue</b>	<b>(12,015)</b>	<b>-</b>	<b>(29,591)</b>	<b>-</b>
<b>Interest Expense</b>	<b>42,519</b>	<b>-</b>	<b>47,604</b>	<b>-</b>

## FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (12D)

Basis for recurring fair value measurements:

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

Some of the council's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Financial Assets Measured as Fair Value	Input Level in Fair Value Hierarchy	Valuation Technique Used to Measure Fair Value	31 March 2023 £000's	31 March 2024 £000's
<b>Fair value through Other Comprehensive Income</b>				
Equity Shareholding in Broadway Living Ltd	Level 3	Acquisition amount	2,136	2,136
<b>Total</b>			<b>2,136</b>	<b>2,136</b>

## EQUITY SHAREHOLDING IN BROADWAY LIVING LTD

The council's shareholding in Broadway Living Ltd. The shares in this company are not traded in the active market and fair value of £2.136m is the acquisition amount at the current time as no assessment of its future trading prospects can be estimated with reasonable certainty. The fair value is not expected to be materially different to the carrying value.

## THE FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE NOT MEASURED AT FAIR VALUE (BUT FOR WHICH FAIR VALUE DISCLOSURES ARE REQUIRED) (12E)

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB payable, PWLB New Loan rates have been applied to provide the fair value;
- For non-PWLB loans payable, PWLB New Loan rates have been applied to provide the fair value;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised.

Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;

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

The fair values calculated are as follows:

Financial Liabilities - Fair Value	Fair Value Level	31 March 2023		31 March 2024	
		Carrying Amount £000's	Fair Value £000's	Carrying Amount £000's	Fair Value £000's
PWLB debt	2	(763,673)	(573,792)	(730,819)	(526,615)
Non-PWLB debt	2	(89,400)	(84,919)	(83,365)	(73,321)
Short term borrowing	2	(32,300)	(31,486)	(62,721)	(40,550)
<b>Total Borrowings</b>		<b>(885,373)</b>	<b>(690,197)</b>	<b>(876,905)</b>	<b>(640,486)</b>
PFI, service concessions and finance lease liabilities	-	(95,127)	(95,127)	(89,307)	(89,307)
Trade Creditors	-	(96,953)	(96,953)	(124,653)	(124,653)
<b>Financial Liabilities</b>		<b>(1,077,454)</b>	<b>(882,278)</b>	<b>(1,090,865)</b>	<b>(854,446)</b>

The fair value of the liabilities is lower than the carrying amount because the council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans in the market at the balance sheet date. This shows a notional future loss (based on economic conditions at 31 March 2024) arising from a commitment to pay interest to lenders below current market rates.

The council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the reduced interest that the council will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £730.819m would be valued at £526.615m.

Financial Assets - Fair Value	Fair Value Level	31 March 2023		31 March 2024	
		Carrying Amount £000's	Fair Value £000's	Carrying Amount £000's	Fair Value £000's
Cash and cash equivalents	-	46,259	46,259	140,283	140,283
Short term investments	2	447,211	447,211	389,882	389,882
Long term investments	2	645	695	894	894
Long term debtors	-	48,517	46,632	54,612	36,235
Short term debtors	-	77,873	77,873	74,808	74,808
<b>Total Assets</b>		<b>620,505</b>	<b>618,671</b>	<b>660,479</b>	<b>642,102</b>

Short-term investments & borrowing, and short-term debtors & creditors are all carried at cost as this is a fair approximation of their value.

## Note 13 Debtors

The short-term debtors shown in the table below are net of impairment allowance for doubtful debts.

	31 March 2023 £000's	31 March 2024 £000's
<b>Short-Term Debtors</b>		
Gross Trade Receivables	107,245	108,496
less Trade Receivables Impairment Allowance	(38,632)	(47,169)
<b>Net Trade Receivables</b>	<b>68,613</b>	<b>61,327</b>
<b>Payments in Advance</b>	<b>28,763</b>	<b>2,695</b>
Gross NNDR Payers	8,195	10,444
less NNDR Payers Impairment Allowance	(6,036)	(6,055)
<b>Net NNDR Payers</b>	<b>2,159</b>	<b>4,389</b>
Gross Council Tax Payers	23,747	26,934
less Council Tax Payers Impairment Allowance	(17,281)	(18,151)
<b>Net Council Tax Payers</b>	<b>6,466</b>	<b>8,783</b>
Gross Rent Arrears	41,908	47,055
less Rent Arrears Impairment Allowance	(39,447)	(38,940)
<b>Net Rent Arrears</b>	<b>2,461</b>	<b>8,115</b>
<b>Ealing Pension Fund</b>	<b>196</b>	<b>1,387</b>
Gross Other Receivables	23,943	31,448
less Other Receivables Impairment Allowance	(2,077)	(2,011)
<b>Net Other Receivables</b>	<b>21,866</b>	<b>29,437</b>
<b>Total Short-Term Debtors</b>	<b>130,524</b>	<b>116,133</b>

The gross total of the short-term debtors as at the 31 March 2024 is £228.459m (31 March 2023 was £233.997m).

## Note 14 Cash and Cash Equivalents

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

	31 March 2023 £000's	31 March 2024 £000's
<b>Cash and Cash Equivalents</b>		
Bank Current Accounts	(35,613)	4,910
Short-Term Deposits	48,000	106,000
Cash Held by the Council	190	393
School Bank Accounts	33,872	30,486
<b>Total Cash and Cash Equivalents</b>	<b>46,449</b>	<b>141,789</b>

The 2022/23 year-end overdraft reflects the bank position including all outstanding and unrepresented items, the council does not operate a physical overdraft to this value and this is part of its cash management policy. The presentation is a technical requirement under IFRS.

## Note 15 Creditors

	31 March 2023 £000's	31 March 2024 £000's
<b>Short-Term Creditors</b>		
Trade Payables	(89,519)	(118,268)
Receipts in Advance	(5,382)	(6,073)
NNDR Payers	(3,867)	(5,116)
Council Tax Payers	(13,683)	(14,798)
Collection Fund Preceptors	(34,800)	(36,881)
Ealing Pension Fund	-	(5,050)
Other Payables	(23,442)	(23,986)
<b>Total</b>	<b>(170,693)</b>	<b>(210,172)</b>

## Note 16 Provisions

	Insurance Provision £000's	Non-Domestic Rate Appeals £000's	Other Provisions £000's	Total £000's
<b>Current Provisions</b>				
<b>Balance at 31 March 2023</b>	<b>(1,189)</b>	<b>(10,030)</b>	<b>(3,218)</b>	<b>(14,437)</b>
Additional provisions made in 2023/24	-	(2,753)	(1,730)	<b>(4,483)</b>
Amounts used in 2023/24	-	3,933	1,551	<b>5,484</b>
<b>Balance at 31 March 2024</b>	<b>(1,189)</b>	<b>(8,850)</b>	<b>(3,397)</b>	<b>(13,436)</b>

	Insurance Provision £000's	Other Provisions £000's	Total £000's
<b>Long-Term Provisions</b>			
<b>Balance at 31 March 2023</b>	<b>(1,505)</b>	<b>(1,030)</b>	<b>(2,535)</b>
Additional provisions made in 2023/24	-	(886)	<b>(886)</b>
Amounts used in 2023/24	-	430	<b>430</b>
<b>Balance at 31 March 2024</b>	<b>(1,505)</b>	<b>(1,486)</b>	<b>(2,991)</b>

	Insurance Provision £000's	Non-Domestic Rate Appeals £000's	Other Provisions £000's	Total £000's
<b>Current Provisions</b>				
<b>Balance at 1 April 2022</b>	<b>(1,131)</b>	<b>(10,203)</b>	<b>(3,968)</b>	<b>(15,302)</b>
Additional provisions made in 2022/23	(58)	(1,780)	(123)	<b>(1,961)</b>
Amounts used in 2022/23	-	1,953	873	<b>2,826</b>
<b>Balance at 31 March 2023</b>	<b>(1,189)</b>	<b>(10,030)</b>	<b>(3,218)</b>	<b>(14,437)</b>

	Insurance Provision £000's	Other Provisions £000's	Total £000's
<b>Long-Term Provisions</b>			
<b>Balance at 1 April 2022</b>	<b>(1,505)</b>	<b>(1,030)</b>	<b>(2,535)</b>
<b>Balance at 31 March 2023</b>	<b>(1,505)</b>	<b>(1,030)</b>	<b>(2,535)</b>

Provisions have been made in the current and previous financial years to set aside amounts to meet future expenditure. These provisions are made at the point where a given liability arises but where the expenditure relating to the liability has not yet been made. The balance on the provisions account therefore reflects the balance of unpaid known liabilities which have already been charged to the council's revenue account. When the liability is paid the expenditure is charged against the provision. The provisions shown above include the material items detailed below:

### CLAIMS AND SELF-INSURANCE PROVISION

This provision is used to provide funding to cover liability claims, risk management and "all risks" cover for specified equipment in council establishments. On the basis of professional advice from the council's insurance brokers, officers are of the view that all known insurance risks are provided for.

### NON-DOMESTIC RATES APPEALS

This provision has been set up to cover potential losses following successful appeals by Business Ratepayers resulting in a reduction in their rateable values and consequent reduction in the collectable amounts.

## Note 17 Usable Reserves

Movements in the council's usable reserves are detailed in the Movement in Reserves Statement, Note 7 Adjustments between Accounting Basis and Funding Basis under Regulations and Note 8 Movements in Earmarked Reserves.



## Note 18 Unusable Reserves

	2022/23 £000's	2023/24 £000's
<b>Unusable Reserves</b>		
Revaluation Reserve	788,981	847,441
Capital Adjustment Account	764,452	858,852
Deferred Capital Receipts Reserve	4,868	4,132
Collection Fund Adjustment Account	(2,803)	3,234
Financial Instruments Adjustment Account	(1,386)	(1,352)
Accumulated Absences Account	(7,226)	(6,838)
Pensions Reserve	(118,273)	(56,125)
Dedicated Schools Grant Adjustment Account	-	(1,854)
<b>Total Unusable Reserves</b>	<b>1,428,613</b>	<b>1,647,490</b>

### REVALUATION RESERVE (NOTE 18A)

The Revaluation Reserve contains the gains made by the council arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

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

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

	2022/23 £000's	2023/24 £000's
<b>Revaluation Reserve</b>		
<b>Balance at 1 April</b>	<b>753,252</b>	<b>788,981</b>
Upward revaluation of assets	106,496	147,640
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(49,504)	(73,517)
<b>Surplus or (deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>56,992</b>	<b>74,123</b>
Difference between fair value depreciation and historical cost depreciation	(12,684)	(11,196)
Accumulated gains on assets sold or scrapped	(8,579)	(4,467)
<b>Amounts written off to the Capital Adjustment Account</b>	<b>(21,263)</b>	<b>(15,663)</b>
<b>Balance at 31 March</b>	<b>788,981</b>	<b>847,441</b>

### CAPITAL ADJUSTMENT ACCOUNT (NOTE 18B)

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or subsequent costs 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 subsequent costs.

The account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

Note 7 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

<b>Capital Adjustment Account</b>	<b>2022/23 £000's</b>	<b>2023/24 £000's</b>
<b>Balance at 1 April</b>	<b>787,764</b>	<b>764,452</b>
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	(49,306)	(47,930)
Revaluation losses on property, plant and equipment	(46,374)	(18,322)
Amortisation of intangible assets	(1,076)	(1,151)
Revenue expenditure funded from capital under statute	(26,897)	(20,243)
De-minimis Capital Expenditure	(897)	(779)
Amounts of non-current assets and assets held for sale written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(44,575)	(12,297)
<b>Sub-total</b>	<b>(169,125)</b>	<b>(100,722)</b>
Adjusting amounts written out of the Revaluation Reserve	21,263	15,663
<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>(147,862)</b>	<b>(85,059)</b>
Capital financing applied in the year:		
Use of Capital Receipts Reserve to finance new capital expenditure	24,979	47,801
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	44,388	76,809
Application of grants to capital financing from the Capital Grants Unapplied Account	5,348	15,275
Use of the Major Repairs Reserve to finance new capital expenditure	15,550	14,722
Statutory provision for the financing of capital investment charged against the General Fund Balance	23,871	23,980
Capital expenditure charged against the General Fund Balance	11,328	1,736
<b>Capital financing applied in the year</b>	<b>125,464</b>	<b>180,323</b>
Cash Payments in Relation to Long-Term Debtor Loans	(914)	(864)
<b>Balance at 31 March</b>	<b>764,452</b>	<b>858,852</b>

## DEFERRED CAPITAL RECEIPTS RESERVE (NOTE 18C)

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

	2022/23 £000's	2023/24 £000's
<b>Deferred Capital Receipts Reserve</b>		
<b>Balance at 1 April</b>	<b>5,064</b>	<b>4,868</b>
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(61)	-
Transfer to the Capital Receipts Reserve upon receipt of cash	(135)	(387)
Transfers between reserves	-	(349)
<b>Balance at 31 March</b>	<b>4,868</b>	<b>4,132</b>

### COLLECTION FUND ADJUSTMENT ACCOUNT (NOTE 18D)

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

	2022/23 £000's	2023/24 £000's
<b>Collection Fund Adjustment Account</b>		
<b>Balance at 1 April</b>	<b>(19,346)</b>	<b>(2,803)</b>
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	16,543	6,037
<b>Balance at 31 March</b>	<b>(2,803)</b>	<b>3,234</b>

### FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT (NOTE 18E)

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

	2022/23 £000's	2023/24 £000's
<b>Financial Instruments Adjustment Account</b>		
<b>Balance at 1 April</b>	<b>(1,418)</b>	<b>(1,386)</b>
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	32	34
<b>Balance at 31 March</b>	<b>(1,386)</b>	<b>(1,352)</b>

### ACCUMULATED ABSENCES ACCOUNT (NOTE 18F)

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

	2022/23 £000's	2023/24 £000's
<b>Accumulated Absences Account</b>		
<b>Balance at 1 April</b>	<b>(7,544)</b>	<b>(7,226)</b>
Settlement or cancellation of accrual made at the end of the preceding year	7,544	7,226
Amounts accrued at the end of the current year	(7,226)	(6,838)
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	318	388
<b>Balance at 31 March</b>	<b>(7,226)</b>	<b>(6,838)</b>

## PENSIONS RESERVE (NOTE 18G)

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the council makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible. The credit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2022/23 £000's	2023/24 £000's
<b>Pensions Reserve</b>		
<b>Balance at 1 April</b>	<b>(623,099)</b>	<b>(118,273)</b>
Remeasurements of the net defined benefit (liability) / asset	552,368	60,677
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(81,538)	(36,974)
Employer's pensions contributions and direct payments to pensioners payable in year	33,996	38,445
<b>Balance at 31 March</b>	<b>(118,273)</b>	<b>(56,125)</b>

## DEDICATED SCHOOLS GRANT ADJUSTMENT ACCOUNT (NOTE 18H)

The Dedicated Schools Grant adjustment account holds accumulated deficits relating to the schools' budget. Where the authority has incurred a deficit on its schools' budget between years beginning 1 April 2020 and ending 31 March 2026, the Local Authorities (Capital Finance and Accounting) Regulations do not allow for such amounts to be included in the General Fund and instead must be held in this adjustment account.

	2022/23 £000's	2023/24 £000's
<b>Dedicated Schools Grant Adjustment Account</b>		
<b>Balance at 1 April</b>	-	-
School budget deficit transferred from General Fund in accordance with statutory requirements	-	(1,854)
<b>Balance at 31 March</b>	-	<b>(1,854)</b>

## Note 19 Cash Flow Statements

### OPERATING ACTIVITIES (NOTE 19A)

The cash flows for operating activities include the following items:

The cash flows from operating activities include the following items:	2022/23 £000's	2023/24 £000's
Interest Received	11,944	28,018
Interest Paid	(49,129)	(47,244)

The Surplus/(Deficit) on the Provision of Services has been Adjusted for the Following Non-Cash Movements:	2022/23 £000's	2023/24 £000's
Depreciation and Amortisation	50,216	49,081
Impairment and Downward Valuations	46,541	18,322
Increase/(Decrease) in Impairment for Bad Debts	(4,267)	8,853
Increase/(Decrease) in Creditors	(26,237)	42,391
(Increase)/Decrease in Debtors	(55,639)	4,352
Movement in Pension Liability	47,541	(1,471)
Carrying Amount of Non-Current Assets and Non-Current Assets Held for Sale, Sold or Derecognised	44,575	13,719
<b>Other Non-Cash Items Charged to the Net Surplus or (Deficit) on the Provision of Services</b>		
Increase/(Decrease) in Provisions	(865)	(545)
Increase/(Decrease) in Accumulated Absences	(318)	(388)
<b>Total</b>	<b>101,547</b>	<b>134,314</b>

The Surplus/(Deficit) on the Provision of Services has been Adjusted for the Following Items that are Investing and Financing Activities:	2022/23 £000's	2023/24 £000's
Proceeds from the Sale of Property Plant and Equipment, Investment Property and Intangible Assets	(48,420)	(14,236)
Grant Receipts for the Financing of New Capital Expenditure	(55,689)	(115,618)
<b>Net cash flows from operating activities</b>	<b>(104,109)</b>	<b>(129,854)</b>

## INVESTING ACTIVITIES (NOTE 19B)

The cash flows for investing activities include the following items:

	2022/23 £000's	2023/24 £000's
<b>Investing Activities</b>		
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(121,499)	(131,556)
Purchase of Short-Term and Long-Term Investments	(2,014,000)	(1,805,245)
Payments for Other Long Term Loans	(20,211)	(8,701)
Proceeds From the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	48,420	14,235
Proceeds from Short-Term and Long-Term Investments	2,065,552	1,863,892
Proceeds from Other Long-Term Loans	8,150	2,469
Grant Receipts for the Financing of New Capital Expenditure	87,727	93,266
<b>Net cash flows from investing activities</b>	<b>54,139</b>	<b>28,360</b>

## FINANCING ACTIVITIES (NOTE 19C)

The cash flows for financing activities include the following items:

	2022/23 £000's	2023/24 £000's
<b>Financing Activities</b>		
Cash Receipts of Short-Term and Long-Term Borrowing	5,739	8,250
Cash Receipts from Other Short-Term and Long-Term Liabilities	503	545
Cash Payments for the Reduction of Outstanding Liabilities Relating to Finance Leases and on-Balance Sheet PFI Contracts	(5,802)	(5,820)
Repayments of Short-Term and Long-Term Borrowing	(15,930)	(16,589)
Repayments of Other Short-Term and Long-Term Liabilities	(486)	(582)
Billing Authorities - Council Tax and NDR Adjustments	886	547
<b>Net cash flows from financing activities</b>	<b>(15,090)</b>	<b>(13,649)</b>

## Note 20 Reconciliation of liabilities arising from Financing Activities

	1 April 2023 £000's	Financing Cash Flows (In- Flows) / Out- Flows £000's	Non-Cash Changes		31 March 2024 £000's
			Transfer between ST & LT Liabilities £000's	Other £000's	
Long-Term borrowings	(836,076)	6,035	15,857	-	(814,184)
Short-Term borrowings	(49,297)	2,304	(15,857)	129	(62,721)
PFI Liabilities - Long-Term	(89,169)	-	7,001	-	(82,168)
PFI Liabilities - Short-Term	(5,683)	5,683	(7,001)	-	(7,001)
Finance Lease Liabilities - Long-Term	(271)	-	133	-	(138)
Finance Lease Liabilities - Short-Term	(142)	137	(133)	-	(138)
<b>Total Liabilities from Financing Activities</b>	<b>(980,638)</b>	<b>14,159</b>	<b>-</b>	<b>129</b>	<b>(966,350)</b>

	1 April 2022 £000's	Financing Cash Flows (In- Flows) / Out- Flows £000's	Non-Cash Changes		31 March 2023 £000's
			Transfer between ST & LT Liabilities £000's	Other £000's	
Long-Term borrowings	(845,232)	66	9,090	-	(836,076)
Short-Term borrowings	(50,613)	10,125	(9,090)	281	(49,297)
PFI Liabilities - Long-Term	(94,852)	-	5,683	-	(89,169)
PFI Liabilities - Short-Term	(5,667)	5,667	(5,683)	-	(5,683)
Finance Lease Liabilities - Long-Term	(271)	-	-	-	(271)
Finance Lease Liabilities - Short-Term	(140)	(2)	-	-	(142)
<b>Total Liabilities from Financing Activities</b>	<b>(996,775)</b>	<b>15,856</b>	<b>-</b>	<b>281</b>	<b>(980,638)</b>

## Note 21 Members' Allowances

The total of the allowances paid to the members of the council in 2023/24 was £1.330m (£1.227m in 2022/23).



## Note 22 Officers' Remuneration

The remuneration of senior employees, which is defined as those who are members of the Strategic Leadership Team, those holding statutory posts, or those whose remuneration is £150,000 or more per year, is set out below. Salary (including Fees and Allowances) includes elements such as market supplements and honoraria. No payments were made for bonuses in either year.

2023/24 Post	Salary (including fees and allowances) £	Benefits in kind & expense allowances £	Compensation for loss of office £	Total remuneration (excluding pension contributions) £	Pension contributions £	Total £
Chief Executive (a)	201,195	544	-	201,739	44,263	246,002
Strategic Director - Resources (b)	172,489	-	-	172,489	37,947	210,436
Strategic Director - Resources (c)	20,700	-	-	20,700	4,554	25,254
Strategic Director - Children (d)	163,155	10	-	163,165	35,894	199,059
Strategic Director - Children (e)	27,214	-	59,304	86,517	3,825	90,343
Strategic Director - Adults and Public Health (f)	159,393	-	-	159,393	35,067	194,460
Strategic Director - Strategy and Change (g)	159,393	1,435	-	160,828	35,067	195,895
Strategic Director - Economy and Sustainability (h)	142,727	-	-	142,727	31,400	174,127
Strategic Director - Housing and Environment (i)	122,539	-	-	122,539	26,959	149,498
Director of Legal and Democratic Services	127,803	-	-	127,803	28,117	155,920

(a) This postholder is Tony Clements.

(b) This postholder, Emily Hill, started this permanent role on 6 April 2023.

(c) This postholder filled the post on an interim basis until 5 April 2023, and this relates to payments made in 2023/24 but relating to the interim period.

(d) This postholder, Robert South, started this role on 17 April 2023.

(e) This postholder acted up in the role on an interim basis from 3 October 2022 to 12 May 2023.

(f) This postholder is Kerry Stevens.

(g) This postholder is Amanda Askham.

(h) This postholder started this role on 11 April 2023.

(i) This postholder started this role on 3 July 2023.

<b>2022/23 Post</b>	<b>Salary (including fees and allowances) £</b>	<b>Benefits in kind &amp; expense allowances £</b>	<b>Compensation for loss of office £</b>	<b>Total remuneration (excluding pension contributions) £</b>	<b>Pension contributions £</b>	<b>Total £</b>
Chief Executive (a)	147,953	11	-	147,964	28,999	176,963
Chief Executive (b)	8,019	-	-	8,019	1,572	9,591
Chief Executive (c)	101,244	-	-	101,244	-	101,244
Executive Director for Children and Adults (d)	99,334	-	80,281	179,615	19,470	199,085
Strategic Director - Children (e)	73,516	-	-	73,516	14,409	87,925
Strategic Director - Adults and Public Health(f)	81,016	-	-	81,016	15,879	96,895
Executive Director Place (g)	70,920	30	89,753	160,703	13,900	174,603
Strategic Director - Housing and Environment (h)	111,435	-	-	111,435	-	111,435
Strategic Director - Strategy and Change (i)	20,167	-	-	20,167	3,953	24,120
Strategic Director - Strategy and Change (j)	68,450	-	-	68,450	13,416	81,866
Chief Finance Officer (k)	52,512	-	83,588	136,100	-	136,100
Strategic Director - Resources (l)	135,900	-	-	135,900	26,636	162,536
Director of Strategy and Engagement (m)	129,227	-	-	129,227	25,328	154,555
Director of HR and OD (n)	30,389	-	3,050	33,439	5,956	39,395
Director of HR and OD (o)	165,600	-	-	165,600	-	165,600
Strategic Director - Economy and Sustainability (p)	103,500	-	-	103,500	-	103,500
Director of ICT (CIO) and Property Services	126,480	-	-	126,480	24,790	151,270
Director of Legal and Democratic Services	123,480	-	-	123,480	24,202	147,682
Director of Public Health	111,132	-	-	111,132	21,782	132,914

A restructure of the Strategic Leadership Team was undertaken during 2022/23 with a new structure in place from 1 October 2022 with a number of posts filled on an interim or acting up basis until permanent recruitment to the roles was completed.

(a) The postholder, Tony Clements, started this role on 27 June 2022.

(b) The postholder, Paul Najsarek, left the council on 15 April 2022.

(c) This postholder, Paul Martin, covered the role on an interim basis from 1 February 2022 to 30 June 2022, the amount disclosed was paid to the agency.

(d) This postholder, stood down on 30 November 2022.

(e) This postholder acted up as the role on an interim basis from 3 October 2022 to 31 March 2023

(f) This postholder, Kerry Stevens, was the Director of Adult Social Services throughout 2022/23 and acted up as the role on an interim basis from 3 October 2022.

(g) This postholder stood down on 30 September 2022.

(h) This postholder, Darren Henaghan, acted up as the role on an interim basis from 1 October 2022, the amount disclosed was paid to the agency.

- (i) This postholder, Amanda Askham, started this role on 13 February 2023.
- (j) This postholder, Kieran Read, acted up as the role on an interim basis from 3 October 2022 to 31 March 2023.
- (k) This postholder stood down on 14 August 2022 and was covered on an interim basis from 4 July 2022.
- (l) This postholder, Emily Hill, started the role on an interim basis on 4 July 2022.
- (m) This postholder stood down as the role on 2 October 2022 to take up the post of Acting Strategic Director - Strategy and Change (j).
- (n) The postholder stood down on 30 June 2022.
- (o) The postholder, Sue Evans, started the role on an interim basis from 7 July 2022 and was paid via agency.
- (p) The postholder, Sandra Fryer, acted up as the role as an interim basis from 1 October 2022 and was paid via agency.

The number of employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) is shown below.

	2022/23		2023/24	
Remuneration band	Employee count Corporate	Employee count Schools	Employee count Corporate	Employee count Schools
£50,000 - £54,999	203	274	248	228
£55,000 - £59,999	121	233	166	245
£60,000 - £64,999	57	108	103	207
£65,000 - £69,999	27	86	44	93
£70,000 - £74,999	33	46	34	71
£75,000 - £79,999	23	26	34	49
£80,000 - £84,999	18	19	14	23
£85,000 - £89,999	8	23	19	25
£90,000 - £94,999	20	12	7	13
£95,000 - £99,999	8	11	18	12
£100,000 - £104,999	1	4	3	9
£105,000 - £109,999	-	4	3	5
£110,000 - £114,999	1	2	1	2
£115,000 - £119,999	1	2	1	6
£120,000 - £124,999	3	2	1	3
£125,000 - £129,999	3	3	3	3
£130,000 - £134,999	1	1	1	2
£135,000 - £139,999	2	1	2	2
£140,000 - £144,999	-	2	1	1
£145,000 - £149,999	2	-	-	-
Greater Than £150,000	-	-	5	-
Total	532	859	708	999

## Note 23 Termination Benefits

The numbers of exit packages with total cost per band and total cost of redundancies are set out in the table below:

Exit package cost band (including special payments)	2022/23				2023/24			
	Number of compulsory departures	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages £000's	Number of compulsory departures	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages £000's
£0 - £20,000	17	23	40	278	7	19	26	174
£20,001 - £40,000	-	7	7	210	1	5	6	165
£40,001 - £60,000	1	-	1	56	-	-	-	-
£60,001 - £80,000	-	2	2	146	-	-	-	-
£80,001 - £100,000	-	1	1	100	-	2	2	192
£100,001 - £150,000	-	1	1	100	1	4	5	577
Greater Than £150,001	-	1	1	423	1	-	1	207
<b>Total</b>	<b>18</b>	<b>35</b>	<b>53</b>	<b>1,313</b>	<b>10</b>	<b>30</b>	<b>40</b>	<b>1,314</b>

Termination benefits consist of redundancy payments to employees and pension strain costs payable to the Ealing Pension Fund, which arise from an employee retiring earlier than anticipated on the grounds of redundancy, without an actuarial reduction of their pension.

## Note 24 External Audit Costs

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

External Audit Costs	2022/23 £000's	2023/24 £000's
Fees payable to Forvis Mazars with regard to external audit services carried out by the appointed auditor for the year	-	438
Fees payable to Deloitte LLP with regard to external audit services carried out by the appointed auditor for the year	133	-
Fees payable to KPMG for the certification of grant claims and returns for the year	48	48
<b>Total</b>	<b>181</b>	<b>486</b>

The external audit fees disclosed for Deloitte LLP for the financial year 2022/23, are solely the published PSAA scale fees. This is due to not receiving the audit plan with the accompanying fees. These fees may change as they may be affected by the government's proposals to clear the local audit backlog. The results of the consultation and the implications for the 2022/23 and 2023/24 audits are not year clear.

## Note 25 Dedicated Schools Grant

	2022/23 Total £000's	2023/24 Central expenditure £000's	2023/24 Individual schools budget £000's	2023/24 Total £000's
<b>Dedicated Schools Grant</b>				
Final DSG for before academy and high needs recoupment	(374,878)			(400,345)
Academy and high needs figure recouped for the year	80,377			86,048
<b>Total DSG after academy and high needs recoupment</b>	<b>(294,501)</b>			<b>(314,297)</b>
Plus: Brought forward from prior year	(781)			(1,345)
<b>Agreed initial budgeted distribution in year</b>	<b>(295,282)</b>	<b>(74,005)</b>	<b>(241,637)</b>	<b>(315,641)</b>
In-year adjustments	(224)		(167)	(167)
<b>Final budget distribution for the year</b>	<b>(295,506)</b>	<b>(74,005)</b>	<b>(241,803)</b>	<b>(315,808)</b>
Less: Actual central expenditure	48,979	75,608		75,608
Less: Actual ISB deployed to schools	245,182		242,054	242,054
<b>In-year carry-forward</b>	<b>(1,345)</b>	<b>1,603</b>	<b>251</b>	<b>1,854</b>
<i>of which</i>				
DSG Usable Reserve	(1,345)			
DSG Unusable Reserve				1,854

## Note 26 Grant Income

The following grants and contributions (over £1m) were credited to the Comprehensive Income and Expenditure Statement.

In accordance with The Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 capital grants which are used to finance capital expenditure are recognised in the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement.

<b>Table a - Grant Income</b>	<b>2022/23 £000's</b>	<b>2023/24 £000's</b>
<b>Credited to Services</b>		
Dedicated Schools Grant	(292,582)	(310,882)
Housing Benefit Subsidy	(173,846)	(168,429)
Public Health Grant	(25,933)	(26,779)
16-19 Core Funding	(8,808)	(13,416)
Private Finance Initiative Grant	(15,806)	(15,806)
Pupil Premium	(12,646)	(13,776)
Universal Free School Meals	(2,519)	(7,296)
ESFA funding for young people	(2,456)	(6,304)
Homelessness Prevention Grant	-	(5,920)
Other Covid Grants	(10,204)	(5,023)
Local Authority Housing Fund	-	(3,360)
Unaccompanied Asylum Seeking Children	(1,510)	(2,350)
War Pensions Disregard Grant	-	(2,863)
Housing Benefit Admin Grant	(2,496)	(2,182)
Homes for Ukraine	(7,491)	(2,100)
Child Services Leaving Care Placements	(1,511)	(2,162)
Rough Sleepers Initiative	(1,888)	(1,980)
Troubled Families	(1,452)	(1,704)
Discretionary Housing Payment	-	(1,483)
Holiday Activities and Food Programme	(1,391)	(1,299)
PE and Sports Grant	-	(1,219)
Supplementary Substance Misuse Treatment & Recovery	-	(1,175)
Market Sustainability and Improvement Fund-Learning Disabilities	-	(1,078)
Disabled Facilities Grant (Capital REFCUS)	-	(3,453)
Green Homes Grant (Capital REFCUS)	-	(6,122)
Flexible Homelessness Support Grant	(2,799)	-
Energy Rebate Scheme	(1,866)	-
Other Grants	(28,555)	(19,037)
<b>Total</b>	<b>(595,759)</b>	<b>(627,196)</b>



<b>Table b - Grant Income Credited to Taxation and Non-Specific Grant Income</b>	<b>2022/23 £000's</b>	<b>2023/24 £000's</b>
Business Rates Top-Up	(31,499)	(25,183)
<b>Non-ringfenced Government Grants</b>		
Business Rates Compensation Grant (S31)	(18,172)	(24,031)
Revenue Support Grant	(18,085)	(20,444)
Adult Social Care Support Grant	(14,005)	(22,532)
Adult Social Care Sustainability Improvement Fund	-	(3,319)
Adult Social Care Discharge Grant	-	(1,778)
Improved Better Care Fund	(12,680)	(12,680)
Services Grant	-	(3,118)
New Homes Bonus	(4,492)	(4,888)
Lower Tier Services Grant	(6,919)	-
Other	-	(1,493)
<b>Capital Grants and Contributions</b>		
GLA Council New Build Grant	(13,624)	(36,352)
Schools Capital Grants (DfE)	(15,517)	(37,540)
Public Sector Decarbonisation Scheme Grant	(7,357)	(9,219)
Green Homes Grant (Capital)	(10,279)	-
Disabled Facilities Grant (Capital)	(3,880)	-
TfL Grant	(3,310)	(3,408)
Local Transport Capital Funding	(1,989)	(4,210)
Flexible Homelessness Support Grant - Capital	(2,849)	-
Other Contributions	(1,692)	(10,115)
Other Capital Grants	4,808	(5,199)
<b>Total</b>	<b>(161,541)</b>	<b>(225,508)</b>

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

## CURRENT LIABILITIES

	<b>Balance 31 March 2023 £000's</b>	<b>Balance 31 March 2024 £000's</b>
<b>Table c - Revenue Grants Receipts in Advance</b>		
Housing Benefit Subsidy	(187)	(1,931)
Dedicated Schools Grant	-	(313)
Pupil Premium	(779)	(219)
6th Form Funding	(596)	(946)
Flexible Homelessness Support Grant	(630)	(2,254)
DEFRA - Air Quality Grant	(87)	(58)
GLA Shared Property Fund	-	(554)
Covid Grants	(37)	(37)
Other	(2,870)	(5,433)
<b>Total</b>	<b>(5,186)</b>	<b>(11,746)</b>

## LONG-TERM LIABILITIES

	Balance 31 March 2023 £000's	Balance 31 March 2024 £000's
<b>Table d - Capital Grants Receipts in Advance</b>		
Disabled Facilities Grant	(1,992)	(2,608)
Local Implementation Plan	(852)	(869)
Council New Build	(11,400)	(11,021)
Schools Partnership Capital Grants	(3,108)	-
Green Homes Grant	(17,757)	(1,613)
Public Sector Decarbonisation Scheme	41	(1,567)
Other	(3,676)	(1,798)
<b>Total</b>	<b>(38,744)</b>	<b>(19,475)</b>

	Balance 31 March 2023 £000's	Balance 31 March 2024 £000's
<b>Table e - S106 Receipts in Advance</b>		
S106 Agreements	(60,660)	(61,823)
<b>Total</b>	<b>(60,660)</b>	<b>(61,823)</b>

## Note 27 Related Parties

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

Disclosure of these transactions with related parties provides transparency which allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the council.

## CENTRAL GOVERNMENT

The UK 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 a significant amount of its funding in the form of grants, and prescribes the terms of many of the transactions that the council has with other parties such as council tax bills, housing benefits. Grants received from government departments are set out in the Grant Income Note 26.

## PENSION FUND

The council charged the Pension Fund £0.977m (£0.979m in 2022/23) for expenses incurred in administering the fund. The council owed the Pension Fund £5.050m at 31 March 2024 (£0.816m at 31 March 2023) an increase largely due to contributions not paid within the year.

## ELECTED MEMBERS

Members of the council are required by section 30 of the Localism Act 2011 and the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012, to disclose outside interests and these are recorded in a register (details of these disclosures are recorded on the council's website) and the Code of Conduct for Members operated by the council requires Members to disclose any related interests they have, and to take no part in meetings or decisions on issues which pertain to those related interests.

Members of the council have direct control over the councils financial and operating policies. The total of members' allowance paid in 2023/24 is shown above in Note 21. Information relating to councillors has been obtained from their individual Declarations of Interest.

The significant declarations are:

- Two councillors are on the Mortlake Crematorium Board for the year ended 31 March 2024. The Board has £4.550m (£4.300m at 31 March 2023) invested with the council. Mortlake also purchased accountancy, internal audit and payroll services from the council, at a total cost of £19k (£17k in 2022/23).
- One councillor is on the West London Waste Authority (WLWA) Board for the year ended 31 March 2024. In 2023/24, the council paid a levy of £13.721m (£12.744m in 2022/23) and loaned a total of £14.539m (£14.907m in 2022/23) to WLWA. As at 31 March 2024, the council held £36m (£28m in 2022/23) from WLWA to invest on their behalf.
- One councillor is the Director of Finance at Villiers High School. There are no material transactions in the year in addition to the schools' grant paid over and services.
- A number of members and officers have made declarations of their interests in voluntary organisations which receive grants through council decisions and in positions as school governors. Records of their interests are shown in publicly available records, particularly in the Register of Members Interest which is available on the council website.

## REGISTERS OF OFFICERS INTERESTS

A register of chief officers' interests has been established in which their outside interests are recorded. Officers are required to comply with a Code of Conduct for officers and to declare interests and remove themselves from activities which may be a conflict of interests, including procurement.

## COUNCIL OFFICERS

Chief Officers of the council also hold positions in other organisations. Individual returns are completed by relevant officers of the council. The below table sets out the declarations made by those officers.

Position	Declaration of interest 23/24
Head of Corporate Health and Safety	Director of Broadway Living Limited
Assistant Director Leisure	Director of Broadway Living RP Limited
Director Adult Services	Non-Executive Director - Greener Ealing Ltd
Assistant Director - Financial Assessments	Non-Executive Director - Greener Ealing Ltd
Director Customer Services	Non-Executive Director - Greener Ealing Ltd until July 2023
Strategic Director of Economy and Sustainability	Voluntary advisory role with BPIC Network   Construction
Assistant Director Planning Resources and Service Development	Director of Broadway Living Limited and Broadway Living RP Limited

## OTHER PUBLIC BODIES (SUBJECT TO COMMON CONTROL BY CENTRAL GOVERNMENT)

The council and North West London Integrated Care System (ICS) have established a framework and governance to enable the further integration of health and wellbeing and social care services for adults and children. This arrangement is needed for establishing a pooled fund and thereby accessing the Better Care Fund (BCF) money from the government.

The partners agreed to the establishment of a reporting (or virtual) Pooled Fund for the Better Care Fund, with different arrangements for the various other services included within a Section 75 (S75) Agreement.

The pooled fund is funded from the Better Care Fund and from existing council budgets – comprising £125.702m in 2023/24 (council - £90.682m and ICS - £35.020m). This is a 'virtual pool' and unlike many other S75 agreements the council will not physically hold the ICS share, nor will it spend money on behalf of the ICS. In 2023/24, BCF plan was increased by £13.940m. This increase is due to:

- (a) The inclusion of the Adult Social Care Discharge Grant
- (b) Growth in additional contribution from the council in the placement budgets.
- (c) An alignment of schemes included in the BCF across NWL
- (d) Contract uplifts since the 2022/23 plan.

## POOLED FUND MEMORANDUM ACCOUNT FOR EALING COMMUNITY EQUIPMENT SERVICES

The council and the then clinical commissioning group, now the ICS, entered into a formal Section 75 pooled budget arrangement for Community Equipment Services with effect from 1 November 2003. The council is the lead for the arrangement. The costs are shown in the table below:

	2022/23 £000's	2023/24 £000's
Community Equipment costs	3,503	3,560
<b>Funding</b>		
Ealing Council	1,766	1,780
North West London Integrated Care System	1,737	1,780
<b>Total Funding</b>	<b>3,503</b>	<b>3,560</b>

## ENTITIES CONTROLLED OR SIGNIFICANTLY INFLUENCED BY THE AUTHORITY

The council has interests in other companies that have the nature of subsidiaries and associates. The council has produced group accounts in 2023/24 and these can be found in the Group Accounts section of the document.

### BROADWAY LIVING LIMITED AND BROADWAY LIVING RP LIMITED

The council has a wholly owned subsidiary (Broadway Living Limited) which was incorporated on 26 March 2014. Broadway Living Limited has a wholly owned subsidiary, Broadway Living RP Limited, which was incorporated on 11 April 2019. The companies have been established to provide more affordable homes over a range of tenures to assist in meeting the borough's current and future housing demand.

Broadway Living earns income through renting its own residential properties. The council had provided Broadway Living with loans with capitalised interest amounting to a total of £10.897m (2022/23: £8.035m). The council have shareholdings to the value of £2.136m in Broadway Living Ltd and this equity amount remains the same.

Broadway Living RP Limited earns income through renting its own residential properties. The council provided Broadway Living RP Limited with loans amounting to £24.512m (2022/23: £16.821m).

Broadway Living Limited and Broadway Living RP Limited are included in the Group Accounts section of this document.

### GREENER EALING LIMITED

The council has a wholly owned Local Authority Trading Company (Greener Ealing Limited) which was incorporated on 2 August 2019. Greener Ealing is an Environmental Services company, providing waste, recycling and street cleansing service to the council.

Greener Ealing commenced trading in July 2020, and further details can be found in the Group Accounts section of this document.

Greener Ealing received £25.9m income (2022/23 £24.3m) from the council, which is reflected within the Limited company accounts and have been matched in the inter-company transactions of the consolidation into the group accounts. The council had provided Greener Ealing Limited with loans, as at 31 March 2024

the outstanding balance of the loans was £611k (£488k due within 1 year and £122k due between 1-2 years).

### FUTURE EALING LIMITED

The council entered into a PFI agreement in 2010/11 for the provision of a new school under the Building Schools for the Future (BSF) scheme. The council has a 20% stake in the company Future Ealing Limited in relation to this project.

The financial figures of the company show that the sums involved are not material to the council's accounts - this will continue to be monitored going forward. The assets and liabilities acquired under the PFI scheme will be recognised in the council's single entity accounts in line with other PFI schemes and the council's accounting policies.

### VICTORIA HALL TRUST

The council is the corporate trustee of Victoria Hall Trust. The Trust was set up in 1893 accounting for approximately 20% of the site known as Ealing Town Hall. In the 2023/24 financial year the site has been closed and therefore no material transactions are reported. The council has undertaken a loan to the trust amounting to £885k.

## Note 28 Capital Expenditure and Capital Financing

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

<b>Capital Expenditure and Capital Financing</b>	<b>2022/23 £000's</b>	<b>2023/24 £000's</b>
<b>Opening Capital Financing Requirement</b>	<b>830,781</b>	<b>871,277</b>
Capital Investment:		
Property, Plant and Equipment	126,132	137,557
Intangible Assets	352	48
Long Term Debtor Loans	11,683	7,332
Revenue expenditure funded from capital under statute	26,897	20,243
De minimis Capital Expenditure	897	779
Write off Asset under Construction	-	(1,422)
Sources of finance:		
Capital receipts	(24,066)	(46,937)
Government grants and other contributions	(49,736)	(92,084)
Major Repairs Reserve	(15,550)	(14,722)
Repayment of loan principal	(914)	(864)
Sums set aside from revenue:		
Direct revenue contributions	(11,328)	(1,736)
Minimum Revenue Provision	(23,871)	(23,980)
<b>Closing Capital Financing Requirement</b>	<b>871,277</b>	<b>855,491</b>
Explanation of movements in year:		
(Decrease) / Increase in underlying need to borrow (unsupported by Government financial assistance)	40,496	(15,786)
<b>Increase / (decrease) in Capital Financing Requirement</b>	<b>40,496</b>	<b>(15,786)</b>

## Note 29 Leases

The council holds leases for Vehicle, Plant and Equipment, but these values are immaterial to the statement of accounts.

### AUTHORITY AS LESSEE

#### Operating Leases

The council uses various assets acquired under operating leases including office accommodation, photocopiers and vehicles.

The future minimum lease payments on this lease in future years are:

<b>Table a - Operating Lease - Other Land and Buildings</b>	<b>31 March 2023</b>	<b>31 March 2024</b>
	<b>£000's</b>	<b>£000's</b>
Not later than one year	2,764	241
Later than one year and not later than five years	4,941	965
Later than five years	1,402	1,751
<b>Minimum lease payments</b>	<b>9,107</b>	<b>2,957</b>

## AUTHORITY AS LESSOR

### Operating Leases

The council leases out property under operating leases for the following purposes:

- For the provision of community services, such as sports facilities, tourism services and community centres.
- For economic development purposes to provide suitable affordable accommodation for local businesses.

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

<b>Table b - Property</b>	<b>31 March 2023</b>	<b>31 March 2024</b>
	<b>£000's</b>	<b>£000's</b>
Not later than one year	1,616	2,112
Later than one year and not later than five years	4,258	4,191
Later than five years	8,066	18,855
<b>Minimum lease payments</b>	<b>13,940</b>	<b>25,158</b>

### Finance Leases

The council has leased out the vehicles obtained to Greener Ealing Limited on a finance lease for 5 years.

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, plant and equipment acquired by the lessee and finance income that will be earned by the council in future years while the debtor remains outstanding.

## Note 30 Private Finance Initiative (PFI)

PFI is a mechanism involving a partnership agreement with an external body in order to generate investment in council services. In return for this investment the council pays an annual fee.

The council has entered into a number of PFI commitments as shown below. These schemes all meet the criteria outlined in the accounting policies and the assets and liabilities are therefore on the council's balance sheet.

### EALING SCHOOLS' PFI

In December 2002, the council entered into a design, build, finance and operate contract with Ealing Schools' Partnership Ltd for the provision of school buildings and services for Brentside High, Downe Manor Primary, Gifford Primary and Ravenor Primary. The contract is for 27 years. The value of the unitary charge in 2023/24 was £8.2m (2022/23 £6.7m).



In July 2005, the council entered into a design, build, finance and operate contract with Seafort Ealing Ltd for the provision of school buildings and services for Featherstone Primary, Acton High and Greenford High. The contract is for 25 years. The value of the unitary charge in 2023/24 was £11.7m (2022/23 £9.7m).

### STREET LIGHTING PFI

The project involves the renewal and upgrading of street lighting across the borough. Southern Electric Contracting Ltd has taken over the responsibility for the management, design, installation, ongoing repairs and maintenance of the borough's entire street lighting stock from 1 August 2005.

The 25year contract includes a major capital investment programme for the replacement and renewal of over 20,000 items of highway electrical equipment, with a capital replacement value in excess of £20m. The council is funding the PFI project with the help of a £25m government grant.

The PFI lamp column replacement programme was completed in 2010/11. The value of the Unitary charge in 2023/24 was £4.9m (2022/23 £4.6m).

### CAREHOME FOR OLDER PEOPLES PFI

The PFI project is for a total of 31.5 years and involves the building and development of 4 new resource centres for Older People including residential and nursing care placements to replace 5 in-house homes. A PFI credit equivalent to £24m at 2001 prices will be paid over 25 years and used to fund the project with Ealing Care Alliance. The building of the homes was fully completed in 2009.

The value of the Unitary charge in 2023/24 was £20.2m (2022/23 £18.1m).

There are four homes, Elm Lodge, opened on the 8 August 2006 with a capacity of 75 beds, Martin House, opened on the 25 February 2008 with a capacity of 77 beds, Sycamore Lodge, opened on the 13 March 2008 with a capacity of 75 beds and Chestnut Lodge, opened on 28 July 2009 with a capacity of 64 beds. Ongoing care costs will be funded through original placement budgets.

### BUILDING SCHOOLS FOR THE FUTURE (BSF) PFI

On 15 December 2010 the council entered into a BSF PFI contract with Balfour Beatty Education. Balfour Beatty sold their interest to Amber Infrastructure in 2016. This contract provides for new building construction of Dormers Wells High School, followed by ongoing facilities management and lifecycle works over 25 years.

The main work completed in August 2012 and service availability began in September 2012. The value of the unitary charge in 2023/24 was £5.9m (2022/23 £5.5m).

### PRIVATE FINANCE INITIATIVE (PFI) PAYMENTS DUE

	2023/24					
	Schools 1 £000's	Schools 2 £000's	Street Lighting £000's	Care Homes £000's	BSF £000's	Total £000's
<b>To Write Down Liability</b>						
within 1 year	1,257	2,321	1,410	1,058	955	7,001
between 2 to 5 years	6,099	11,308	6,829	4,212	4,543	32,990
between 6 to 10 years	4,654	13,191	1,585	7,321	7,723	34,474
between 11 to 15 years	-	-	-	5,540	9,162	14,703
<b>Total</b>	<b>12,010</b>	<b>26,820</b>	<b>9,824</b>	<b>18,131</b>	<b>22,384</b>	<b>89,169</b>

	2023/24					
	Schools 1 £000's	Schools 2 £000's	Street Lighting £000's	Care Homes £000's	BSF £000's	Total £000's
<b>Interest Charges</b>						
within 1 year	704	2,236	858	1,375	2,027	7,200
between 2 to 5 years	2,004	6,871	2,113	4,759	7,180	22,927
between 6 to 10 years	502	2,521	114	3,900	6,341	13,378
between 11 to 15 years	-	-	-	769	2,210	2,979
<b>Total</b>	<b>3,210</b>	<b>11,628</b>	<b>3,085</b>	<b>10,803</b>	<b>17,758</b>	<b>46,484</b>

	2023/24					
	Schools 1 £000's	Schools 2 £000's	Street Lighting £000's	Care Homes £000's	BSF £000's	Total £000's
<b>Service Charges &amp; Lifecycle Costs</b>						
within 1 year	1,323	2,446	1,751	6,678	1,213	13,411
between 2 to 5 years	5,034	9,838	7,133	27,473	5,056	54,534
between 6 to 10 years	2,789	7,635	2,319	34,333	6,911	53,987
between 11 to 15 years	-	-	-	16,467	5,408	21,875
<b>Total</b>	<b>9,147</b>	<b>19,919</b>	<b>11,204</b>	<b>84,950</b>	<b>18,587</b>	<b>143,807</b>

	2022/23					
	Schools 1 £000's	Schools 2 £000's	Street Lighting £000's	Care Homes £000's	BSF £000's	Total £000's
<b>To Write Down Liability</b>						
within 1 year	648	2,032	1,300	867	835	5,682
between 2 to 5 years	5,834	10,350	6,293	3,911	4,241	30,629
between 6 to 10 years	6,175	16,470	3,532	6,736	7,242	40,155
between 11 to 15 years	-	-	-	7,485	10,901	18,386
<b>Total</b>	<b>12,657</b>	<b>28,852</b>	<b>11,125</b>	<b>18,999</b>	<b>23,219</b>	<b>94,852</b>

	2022/23					
	Schools 1 £000's	Schools 2 £000's	Street Lighting £000's	Care Homes £000's	BSF £000's	Total £000's
<b>Interest Charges</b>						
within 1 year	742	2,406	971	1,440	2,103	7,662
between 2 to 5 years	2,347	7,734	2,663	5,055	7,564	25,363
between 6 to 10 years	863	3,894	423	4,411	6,997	16,588
between 11 to 15 years	-	-	-	1,337	3,197	4,534
<b>Total</b>	<b>3,952</b>	<b>14,034</b>	<b>4,057</b>	<b>12,243</b>	<b>19,861</b>	<b>54,147</b>

	2022/23					
	Schools 1 £000's	Schools 2 £000's	Street Lighting £000's	Care Homes £000's	BSF £000's	Total £000's
<b>Service Charges &amp; Lifecycle Costs</b>						
within 1 year	1,894	2,567	1,747	6,803	1,257	14,268
between 2 to 5 years	4,955	9,933	7,120	27,477	4,975	54,460
between 6 to 10 years	4,191	9,986	4,084	34,407	6,736	59,404
between 11 to 15 years	-	-	-	23,066	6,877	29,943
<b>Total</b>	<b>11,040</b>	<b>22,486</b>	<b>12,951</b>	<b>91,753</b>	<b>19,845</b>	<b>158,075</b>

## MOVEMENTS IN PFI ASSETS AND LIABILITIES

	Assets at 31 March 2022 £000's	Movement In Year £000's	Assets at 1 April 2023 £000's	Movement In Year £000's	Assets at 1 April 2024 £000's
<b>Assets:</b>					
Ealing Schools' 1 PFI - Ealing Schools' Partnership Ltd	76,030	7,505	83,535	(25,984)	57,551
Ealing Schools' 2 PFI - Seafort Ealing Ltd	74,500	8,090	82,590	38,955	121,545
Street Lighting PFI - EDF / Southern Electric	23,369	(639)	22,730	(640)	22,090
Resource Centre for Older People PFI - Ealing Care Alliance	33,200	4,775	37,975	-	37,975
<b>Total</b>	<b>207,099</b>	<b>19,731</b>	<b>226,830</b>	<b>12,331</b>	<b>239,161</b>

See Note 9 for details of the movements in year Dormers Wells High converted to an academy in 2017/18, so the asset for Building Schools for the Future is no longer held on the council's balance sheet. Acton High converted to an academy in 2018/19 and the asset was removed from the Ealing Schools' 2 PFI. The council still holds the PFI liability for both of these.

	Liabilities at 31 March 2022 £000's	Movement In Year £000's	Liabilities at 1 April 2023 £000's	Movement In Year £000's	Liabilities at 31 March 2024 £000's
<b>Liabilities:</b>					
Ealing Schools' 1 PFI - Ealing Schools' Partnership Ltd	(13,912)	1,254	(12,658)	648	(12,010)
Ealing Schools' 2 PFI - Seafort Ealing Ltd	(30,873)	2,021	(28,852)	2,032	(26,820)
Street Lighting PFI - EDF / Southern Electric	(12,326)	1,201	(11,125)	1,301	(9,824)
Resource Centre for Older People PFI - Ealing Care Alliance	(19,398)	400	(18,998)	867	(18,131)
Building Schools for the Future - Future Ealing Limited	(24,009)	790	(23,219)	835	(22,384)
<b>Total</b>	<b>(100,518)</b>	<b>5,666</b>	<b>(94,852)</b>	<b>5,683</b>	<b>(89,169)</b>

## Note 31 Defined Benefit Pension Schemes

### PARTICIPATION IN PENSION SCHEMES (31A)

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

At 31 March 2024 the council's principal pension arrangement for its employees was the Ealing Pension Fund, which is part of the Local Government Pension Scheme (LGPS). The LGPS is a funded defined benefit pension arrangement for local authorities and related employers and is governed by statute (principally now the Local Government Pension Scheme Regulations 2013).

The 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 Panel and the Pensions Board. Policy is determined in accordance with the Pensions Fund Regulations.

## RISKS

The principal risks to the council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (such as large-scale withdrawals from the scheme), changes to inflation, discount rate, bond yields, market prices and the performance of investments held by the scheme.

These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and HRA the amounts required by statute as described in the accounting policies note.

## TRANSACTIONS RELATING TO POST-EMPLOYMENT BENEFITS (31B)

The cost of retirement benefits in the reported cost of services is recognised 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 real cost of post-employment/retirement benefits is reversed out of the General Fund and Housing Revenue Account 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.

	2022/23 £000's	2023/24 £000's
<b>Table 31b</b>		
Comprehensive Income and Expenditure Statement		
<i>Cost of Services:</i>		
Current service costs	62,457	29,702
Administration costs	1,599	1,713
Past service costs and settlements and curtailments	511	806
<i>Financing and Investment Income and Expenditure:</i>		
Net interest expense	16,971	4,753
<b>Total Post-employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>81,538</b>	<b>36,974</b>
<i>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</i>		
Remeasurement of the net defined benefit liability comprising :-		
Return on plan assets	103,165	(111,777)
Actual (Gain)/Loss arising on changes in demographic assumptions	-	(17,357)
Actual (Gain)/Loss arising on changes in financial assumptions	(802,049)	(21,761)
Other Experience (Gain)/Loss	146,516	12,532
Effect of asset ceiling	-	77,686
<b>Total Post-employment Benefit Remeasurments - Net (Gain)/Loss - Charged to Statement of Other Comprehensive Income and Expenditure</b>	<b>(552,368)</b>	<b>(60,677)</b>
<b>Total Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(470,830)</b>	<b>(23,703)</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(81,538)	(36,974)
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
Employers' contributions payable to the scheme	33,996	38,445

## PENSIONS ASSETS AND LIABILITIES RECOGNISED IN THE BALANCE SHEET (31C)

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

<b>Table 31c i)</b>	<b>2022/23 £000's</b>	<b>2023/24 £000's</b>
Present Value of the defined benefit obligation	(1,439,906)	(1,469,564)
Fair value of plan assets	1,321,633	1,491,125
<b>Net (liability)/asset arising from defined benefit obligation post asset ceiling</b>	<b>(118,273)</b>	<b>21,561</b>
Impact of asset ceiling*	-	(77,686)
<b>Net Liability arising from defined benefit obligation post asset ceiling</b>	<b>(118,273)</b>	<b>(56,125)</b>

\*IAS 19 allows for an asset ceiling which is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets:

<b>Table 31c ii)</b>	<b>2022/23 £000's</b>	<b>2023/24 £000's</b>
<b>Opening fair value of scheme assets</b>	<b>1,397,185</b>	<b>1,321,633</b>
Interest Income	38,878	63,344
Remeasurement gain/(loss) on the return on plan assets	(103,165)	111,777
Contributions from employer	33,996	38,445
Contributions from employees into the scheme	11,796	11,805
Benefits paid	(47,768)	(54,166)
Advance Payment of Past Service Deficit	(7,690)	-
Other	(1,599)	(1,713)
<b>Closing fair value of scheme assets</b>	<b>1,321,633</b>	<b>1,491,125</b>

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation):

<b>Table 31c iii)</b>	<b>2022/23 £000's</b>	<b>2023/24 £000's</b>
<b>Opening balance at 1 April</b>	<b>(2,012,594)</b>	<b>(1,439,906)</b>
Current service cost	(62,457)	(29,702)
Interest cost	(55,849)	(68,097)
Contributions from scheme participants	(11,796)	(11,805)
Remeasurement (gains) and losses:-		
Experience (gains) / loss	(146,516)	(12,532)
Actuarial (gains) and losses from changes in financial assumptions	802,049	21,761
Actuarial (gains) and losses from changes in demographic assumptions	-	17,357
Benefits paid	47,768	54,166
Past Service Cost	-	-
Losses / (gains) on curtailments	(511)	(806)
Liabilities extinguished on settlements	-	-
<b>Closing balance at 31 March</b>	<b>(1,439,906)</b>	<b>(1,469,564)</b>

The Pension Fund net liabilities must be reviewed every three years by an actuary and a recovery plan agreed to eliminate any deficit. An actuarial valuation of the London Borough of Ealing Pension Fund was carried out as at 31 March 2022 to determine the contribution rates with effect from 1 April 2023 to 31 March 2026. Consequently, the 2022 valuation rates are effective as at 1 April 2023.

## STATEMENTS LOCAL GOVERNMENT PENSION SCHEME ASSETS COMPRISED (31D)

<b>Table 31d</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Fair Value of Scheme Assets</b>	<b>£000's</b>	<b>£000's</b>
<b>Cash &amp; Cash Equivalents</b>	<b>39,253</b>	<b>56,663</b>
<b>Bonds</b>		
UK Corporate	270,274	280,928
<b>Sub-total Bonds</b>	<b>270,274</b>	<b>280,928</b>
<b>Property</b>	<b>100,444</b>	<b>92,450</b>
<b>Sub-total Property</b>	<b>100,444</b>	<b>92,450</b>
<b>Private Equity</b>		
UK	30,794	33,550
Overseas	880,868	1,027,534
<b>Sub-total Private Equity</b>	<b>911,662</b>	<b>1,061,084</b>
<b>Total Assets</b>	<b>1,321,633</b>	<b>1,491,125</b>

## BASIS FOR ESTIMATING ASSETS AND LIABILITIES (31E)

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

The Local Government Pension Scheme has been estimated by Mercer Limited, an independent firm of actuaries, estimates for the council 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:

<b>Table 31e i)</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Mortality assumptions:</b>		
Longevity at 65 for current pensioners:		
Men current	22.0	22.9
Women current	24.3	25.7
Longevity at 65 for future pensioners:		
Men future	23.3	22.9
Women future	26.0	25.7
Rate of inflation - CPI	2.70%	2.70%
Rate of increase in salaries	3.95%	3.95%
Rate of increase in pensions	2.80%	2.80%
Rate for discounting scheme liabilities	4.80%	4.90%

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that 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, on an actuarial basis using the projected unit credit method.

The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

<b>Table 31e ii)</b>	<b>Increase in Assumptions £000's</b>	<b>Decrease in Assumptions £000's</b>
Longevity (increase or decrease in 1 Year)*	36,465	(36,465)
Rate of Inflation (increase or decrease by 0.25%)*	53,508	(53,508)
Rate of increase in salaries (increase or decrease by 0.25%)*	5,904	(5,904)
Rate of discounting scheme liabilities (increase or decrease by 0.5%)*	(101,442)	101,442

\*The figures above exclude the impact of the asset ceiling

## IMPACT ON THE AUTHORITY'S CASH FLOWS (31F)

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 11 years. Funding levels are monitored on a quarterly basis.

The latest triennial valuation of the Fund was carried out by Mercer, the Fund's Actuary, as at 31 March 2022 in accordance with the Funding Strategy Statement of the Fund and Regulation 36 of the Local Government Pension Scheme (Administration) Regulations 2008.

The scheme will take into account of the national changes to the scheme under the Public Pensions Services Act 2013. Under that act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide final salary benefits in relation to service after 31 March 2014.

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 expected contributions to the plan for the next annual reporting period for 2024/25 is £37.922m

The weighted average duration of the defined benefit obligation for scheme members is 17 years, 2023/24 (16 years 2022/23).

## Note 32 Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the council are members of the Teachers' Pension Scheme administered by the Teachers Pensions Agency (TPA), and those employees working in public health that transferred in from the NHS are members of the NHS Pension Scheme. These provide employees with defined benefits upon their retirement and the council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

Although both schemes are unfunded, they use a notional fund as the basis for calculating the employer's contribution rate to be paid by all local education authorities/NHS bodies. However, it is not possible for the council to identify a share of the underlying assets and liabilities of either scheme attributable to its own employees. For the purposes of this statement of accounts they are therefore accounted for on the same basis as a defined contribution scheme.

### TEACHERS PENSION AGENCY

In 2023/24 the council has paid £24.1m (2022/23 £23.2m) to the Teachers Pensions Agency in respect of teachers' retirement benefits, which represented 23.68% of pensionable pay in 2023/24 (2022/23 23.68%). At 31 March 2024 the pension contributions due to the scheme in respect of the salaries were £2.06m (£1.92m as at 31 March 2023). The teachers' pensions employer's contributions due to be paid in the next financial year are estimated to be £23.2m.



The council is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the scheme. In addition, the council is responsible for all pension payments relating to added years it has awarded, together with the related increases.

## NHS PENSION SCHEME

In 2023/24 the council has paid £0.016m (2022/23 £0.024m) to the NHS Pension Scheme in respect of public health employees' retirement benefits, which represented 14.38% of their pensionable pay for the year (14.38% in 2022/23). At 31 March 2024, the pension contributions due to the scheme in respect of the March 2024 salaries were £0.002m (£0.002m as at 31 March 2023). The NHS pensions employer's contributions due to be paid in the next financial year are estimated to be £0.016m.

The council is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the NHS Pension Scheme.

## Note 33 Contingent Liabilities

As part of the assessments with the Strategic Leadership Team and Directors, the council is not aware of any material contingent liabilities that should be recorded as at 31 March 2024.

## Note 34 Nature and Extent of Risks arising from Financial Instruments

### THE FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE NOT MEASURED AT FAIR VALUE (BUT FOR WHICH FAIR VALUE DISCLOSURES ARE REQUIRED) (34A)

The council's overall risk management programme focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the resources available. Risk management is carried out by a central treasury team under policies approved by the Full Council in the annual treasury management strategy. The procedures for risk management are set out through a legal framework underpinned by the Local Government Act 2003 and associated regulations which require the council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment statutory guidance. Overall, these procedures require the council to manage risk actively. The annual treasury management strategy for 2023/24, which incorporates the prudential indicators was approved by Full Council on 8 March 2023 and is available on the council's website.

The council's activities expose it to a variety of financial risks. The key risks are:

- Credit Risk – the possibility that other parties might fail to pay amounts due to the council
- Liquidity Risk – the possibility that the council might not have funds available to meet its commitments to make payments
- Re-financing Risk – the possibility that the council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market Risk – the possibility that financial loss may arise for the council as a result of changes in such measures as interest rates and stock market movements.

### Credit Risk - Investments

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the council's customers.

This risk is minimised through the Annual Investment Strategy, which is available on the council's website.

The council invests its cash balances on the basis of security first and returns second. As part of this prudent approach officers keep a daily watch on the council's investments, drawing upon the advice of experts whilst remaining cognisant of emerging economic themes that may pose risks from other sources including the financial press. This includes subscribing to the creditworthiness service provided by Link Asset Services.

The authority's credit risk management practices are set out in the Annual Investment Strategy, with particular regard to determining whether the credit risk of financial instruments has increased significantly since initial recognition.

The Annual Investment Strategy requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with either Fitch, Moody's and Standard & Poors Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and durations with a financial institution located in each category.

This council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- Credit Default Swap spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

The Investment Strategy for 2023/24 was approved by Full Council on 8 March 2023 and is available on the council's website.

The council's maximum exposure to credit risk in relation to its investments in financial institutions of £533.195m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverable amounts applies to all of the council's deposits, but there was no evidence at the 31 March 2024 that this was likely to crystallise.

## AMOUNTS ARISING FROM EXPECTED CREDIT LOSSES (34B)

The council has reviewed all financial assets and determined that the credit risk exposure on investments has been reviewed and calculated on a 12-month basis, which has been deemed immaterial for the financial assets held as at 31 March 2024.

## CREDIT RISK EXPOSURE (34C)

The table below shows the council's exposure to credit risk at 31 March 2024. This is not the recognised credit losses but outlines the exposure only:

	Credit Risk Rating	Gross Carrying Amount £000's
12-Month Expected Credit Losses	A	124,209
12-Month Expected Credit Losses	Other	55

The above does not include short term investments with local authorities or government as the Code does not allow a loss allowance to be recognised since statutory provisions prevent default.

## Credit Risk – Receivables

Trade receivables arise from the provision of goods and services and the carrying out of the council's functions. The impairment loss allowances shown in Note 13 reflect the credit quality of the debtors. These

have been calculated for each service or debt type (such as adult social care, parking or sundry debt), by reference to the council's historic experience of default with an adjustment for current and forecast economic conditions specific to each area. The impairment loss allowances for receivables are reviewed annually.

Debts owed from central government and other public bodies are excluded from impairment losses and credit risk.

### COLLATERAL AND OTHER CREDIT ENHANCEMENTS (34D)

During the reporting period the council held no collateral as security.

### LIQUIDITY RISK (34E)

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 system, as required by the CIPFA Treasury Management Code of Practice. This seeks to ensure that cash is available when needed.

The council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

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

	31 March 2023 £000's	31 March 2024 £000's
<b>Investments Outstanding:</b>		
Debt Management Office	446,830	446,996
UK Banks and Building Society	46,564	82,614
Other	2,857	3,585
<b>Total Investments outstanding</b>	<b>496,251</b>	<b>533,195</b>
Less than 1 year	493,469	530,174
Between 1 and 2 years	-	3
Between 2 and 5 years	64	882
Between 5 and 10 years	-	-
More than 10 years	2,718	2,136
<b>Total Investments outstanding</b>	<b>496,251</b>	<b>533,195</b>

### REFINANCING & MATURITY RISK (34F)

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

The council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The council's policy is to ensure that not more than 20% of loans are due to mature within any financial year through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved by Full Council in the Treasury Management Strategy):

	Approved minimum limits	Approved maximum limits	31 March 2023 £000's	31 March 2024 £000's
<b>Loans Outstanding:</b>				
Public Works Loans Board			762,323	751,698
Market Debt			90,750	84,657
Other			32,300	40,550
<b>Total Loans outstanding</b>			<b>885,373</b>	<b>876,905</b>
Less than 1 year	0%	10%	49,297	62,721
Between 1 and 2 years	0%	20%	15,857	16,396
Between 2 and 5 years	0%	20%	46,827	40,484
Between 5 and 10 years	0%	20%	64,004	65,653
More than 10 years	30%	90%	709,388	691,651
<b>Total Loans outstanding</b>			<b>885,373</b>	<b>876,905</b>

In the more than 10 years category, there are £45m of market loans Lenders Option Borrowers Option (LOBOs) which have call dates in the next 12 months, where the lender has the option to call the loan. The risk exposure and options for restructuring these loans are carried out on an ongoing basis. The maturity analysis of financial liabilities is outlined above and this falls within the maximum and minimum limits for fixed as agreed in the Treasury Management Strategy.

## MARKET RISK (34G)

### Interest Rate Risk

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

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

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments 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 a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

If the council were to maintain the current balance of fixed investments, deposits and cash equivalents of £533m and interest rates increased or decreased by 1% when these fixed terms expired and were renewed at a higher or lower rate, the council's interest receivable could increase or decrease by £5m.

The council has a number of strategies for managing interest rate risk. The annual Treasury Management Strategy draws together council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this strategy, a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance,

during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns, similarly the drawing of longer-term fixed rates borrowing would be postponed.

The treasury management team monitor the markets and forecast interest rates within the year to adjust exposures appropriately.

### Price Risk

The council, excluding the Pension Fund, does not generally invest in equity shares or marketable bonds.

However, it does have shareholdings to the value of £2.136m in Broadway Living Ltd. Whilst these holdings are generally illiquid, the council is exposed to gains or losses arising from movements in the price of the shares.

As the shareholdings have arisen in the acquisition of specific interests, the council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead, it only acquires shareholdings in return for “open book” arrangements with the company concerned so that the council can monitor factors that might cause a fall in the value of specific shareholdings.

The shares have all been elected/classified as Fair Value through Other Comprehensive Income, meaning that all movements in price will impact on gains and losses recognised in the Financial Instrument Revaluation Reserve.

### Foreign Exchange Risk

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

# 4.

# Supplementary Accounts and Explanatory Notes

# HOUSING REVENUE ACCOUNT

The HRA income and expenditure statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis upon which rents are raised, is shown in the movement on the Housing Revenue Account statement.

## HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

The HRA Income and Expenditure Statement records the transactions relating to the provision and maintenance of council housing. The account has to be self-financing and there is a legal prohibition on subsidy to or from council tax.

Housing Revenue Account Income and Expenditure Statement	Note	2022/23 £000's	2023/24 £000's
<b>Expenditure</b>			
Repairs and Maintenance		9,596	21,352
Supervision and management		29,932	32,770
Rent, rates, taxes and other charges		122	161
Depreciation and impairment of non-current assets	6	48,861	35,258
Debt Management Costs		44	46
Revenue expenditure funded from capital under statute	8	13,592	9,408
<b>Total Expenditure</b>		<b>102,147</b>	<b>98,995</b>
<b>Income</b>			
Dwelling rents		(56,867)	(61,217)
Non-dwelling rents		(817)	(1,147)
Charges for services and facilities		(4,752)	(6,721)
Contributions towards expenditure		(2,057)	(7,479)
<b>Total Income</b>		<b>(64,493)</b>	<b>(76,564)</b>
<b>Net Cost of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement</b>		<b>37,654</b>	<b>22,431</b>
HRA services' share of Corporate and Democratic Core		278	1,526
HRA share of other amounts included in the whole authority Cost of services but not allocated to specific services		4,948	1,067
<b>Net Cost of HRA Services</b>		<b>42,880</b>	<b>25,024</b>
(Gain) or loss on disposal of HRA fixed assets		(22,023)	(1,851)
Interest payable and similar charges		7,678	8,955
Interest and investment income		(235)	(844)
Pension Interest cost and expected return on pension assets		1,368	425
Capital grants and contributions receivable		(16,004)	(24,649)
<b>(Surplus) or deficit for the year on HRA services</b>		<b>13,664</b>	<b>7,060</b>



## MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

	2022/23 £000's	2023/24 £000's
<b>Movement on the HRA Statement</b>		
Balance on the HRA at the end of the previous reporting period	4,925	4,925
Surplus or (deficit) for the year on the HRA Income and Expenditure Statement	(13,664)	(7,060)
Adjustments between accounting basis and funding basis under statute	10,356	3,382
<b>Net increase or decrease before transfers to or from reserves</b>	<b>(3,308)</b>	<b>(3,678)</b>
Transfers from reserves	3,308	3,678
<b>Increase or decrease in year on the HRA</b>	<b>-</b>	<b>-</b>
<b>Balance on the HRA at the end of the current year</b>	<b>4,925</b>	<b>4,925</b>

	2022/23 £000's	2023/24 £000's
<b>Adjustments between accounting basis and funding basis under statute</b>		
Holiday Pay (transferred to the Accumulated Absences Reserve)	(12)	(76)
Net gain or loss on sale of non-current assets	(22,023)	(1,851)
Pensions Costs (transferred to (or from) the Pension Reserve)	3,991	14
Capital Expenditure Financed from Revenue Balances (transfer to the Capital Adjustment Account)	(2,500)	-
Posting of HRA Resources from Revenue to the Major Repairs Reserve	(15,550)	(14,722)
Reversal of Entries Included in the Surplus or Deficit on the Provision of Services in Relation to Capital Expenditure (these items are charged to the Capital Adjustment Account or Capital Grants Unapplied)	46,450	20,016
<b>Total Adjustments</b>	<b>10,356</b>	<b>3,382</b>

# NOTES TO THE HOUSING REVENUE ACCOUNT

## Note 1 Housing Stock Units

The council's stock of dwellings decreased during the year from 11,602 to 11,283, a net decrease of 319 dwellings. This decrease is due to the redevelopment on the regeneration estates. In addition to the units listed below, the council also owns the freehold on 4,765 flats with leaseholders paying service charges and contributing towards the cost of major works to the block.

The number of dwelling units at the end of the year was made up as follows:

	31 March 2023	Movement during the year			31 March 2024
Stock type	Units	RTB Disposals	Other Disposals	Acquisitions	Units
Flats	8,456	(43)	(276)	65	8,202
Houses	2,808	(12)	(40)	-	2,756
Temporary Accommodation (Hostels)	264	-	(62)	-	202
Shared Ownership	55	-	-	49	104
Short Leases	19	-	-	-	19
<b>Total Dwellings Units</b>	<b>11,602</b>	<b>(55)</b>	<b>(378)</b>	<b>114</b>	<b>11,283</b>

## Note 2 Non-current Assets Valuation

The vacant possession value of dwellings within the HRA as 31 March 2024 is £3,746m. The difference between the vacant possession value and the balance sheet value of dwellings within the HRA show the economic cost to government of providing council housing at less than market rents.

	31 March 2023	2023/24			31 March 2024
Non-current Assets Valuation	Total Non-Current Assets £000's	Council Dwellings £000's	Non-Dwellings £000's	Assets Under Construction £000's	Total Non-Current Assets £000's
<b>Opening Net Book Value</b>	<b>1,009,292</b>	<b>959,396</b>	<b>24,774</b>	<b>21,455</b>	<b>1,005,624</b>
Revaluations	(29,362)	(23,665)	1,550	-	(22,115)
Capital Expenditure	62,095	46,127	-	28,794	74,921
Disposals	(23,206)	(4,435)	-	-	(4,435)
Derecognitions	(109)	-	-	-	-
Depreciation for the year	(15,550)	(13,878)	(844)	-	(14,722)
Reclassification	-	7,020	-	(7,020)	-
Other movements	(168)	(5,001)	(2,459)	-	(7,460)
<b>Closing Net Book Value</b>	<b>1,002,993</b>	<b>965,562</b>	<b>23,021</b>	<b>43,229</b>	<b>1,031,813</b>

## Note 3a Rent & Service Charge Debtors

	2022/23 £000's	2023/24 £000's
<b>Tenants:</b>		
Dwellings	3,977	2,381
Temporary Accommodation (net)	1,888	4,223
Long Leases (net)	17	17
<b>Total</b>	<b>5,882</b>	<b>6,620</b>
<b>Leaseholders:</b>		
Service Charge - Capital	820	658
Service Charge - Revenue	147	(80)
<b>Total</b>	<b>967</b>	<b>578</b>

## Note 3b Impairment of Debtors

	2022/23 £000's	2023/24 £000's
<b>Tenants:</b>		
Balance at 1 April	3,423	3,951
Write-offs in year	(540)	(461)
Increase in Impairment Allowance	1,068	873
<b>Balance at 31 March</b>	<b>3,951</b>	<b>4,363</b>

## Note 4 Major Repairs Reserve (MRR)

	2022/23 £000's	2023/24 £000's
<b>Major Repairs Reserve (MRR)</b>		
<b>Balance at 1 April</b>	-	-
Depreciation charges for all dwellings	15,550	14,722
Capital projects funded from the MRR	(15,550)	(14,722)
<b>Balance at 31 March</b>	-	-

## Note 5 Capital Receipts

	2022/23 £000's	2023/24 £000's
<b>Capital Receipts</b>		
Council Dwellings	45,337	13,746
<b>Total</b>	<b>45,337</b>	<b>13,746</b>

## Note 6 Depreciation and Impairment Charge

	2022/23 £000's	2023/24 £000's
<b>Depreciation and Impairment Charge</b>		
<b>Depreciation Charges</b>		
Council Dwellings	14,216	13,878
Other Land & Buildings	1,259	761
Vehicles, Plant, Furniture and Equipment	18	18
Surplus Assets	57	64
<b>Total</b>	<b>15,550</b>	<b>14,722</b>
<b>Impairment Charges / Revaluation Losses/(Gains)</b>		
Dwellings and Other Land and Buildings	33,311	20,536
<b>Total</b>	<b>48,861</b>	<b>35,258</b>

## Note 7 Capital expenditure and funding

	2022/23 £000's	2023/24 £000's
<b>Capital expenditure and funding</b>		
<b>Total Capital Expenditure</b>	<b>78,326</b>	<b>84,329</b>
Funded by:		
Borrowing	26,062	-
Capital Receipts	18,312	44,899
Revenue contributions	2,499	-
Major Repairs Reserve	15,550	14,722
Leaseholder's Income	142	192
Capital Grants	15,761	24,515
<b>Total</b>	<b>78,326</b>	<b>84,329</b>

## Note 8 Revenue Expenditure Funded from Capital under Statute

	2022/23 £000's	2023/24 £000's
<b>Revenue Expenditure Funded from Capital under Statute</b>		
Other Properties	13,592	9,408
<b>Total</b>	<b>13,592</b>	<b>9,408</b>

This represents expenditure that may be capitalised under statutory provisions but does not result in creation of tangible assets. It reflects major external capital works on properties not owned by the council, and grants to assist house purchases in the open market and written out in year.

# COLLECTION FUND

## THE COLLECTION FUND STATEMENT

	Council Tax £000's	NNDR/ BRS £000's	31 March 2023 Total £000's	Council Tax £000's	NNDR/ BRS £000's	31 March 2024 Total £000's
<b>COLLECTION FUND 2023/24</b>						
<b>INCOME</b>						
Income from Council Tax Payers	(213,399)	-	(213,399)	(229,822)	-	(229,822)
Income Collectable from Business Ratepayers	-	(126,193)	(126,193)	-	(151,083)	(151,083)
Income Collectable from Business Ratepayers - BRS	-	(3,283)	(3,283)	-	(4,659)	(4,659)
<b>TOTAL INCOME</b>	<b>(213,399)</b>	<b>(129,476)</b>	<b>(342,875)</b>	<b>(229,822)</b>	<b>(155,742)</b>	<b>(385,564)</b>
<b>EXPENDITURE</b>						
<b>Precepts &amp; Demands</b>						
Local Demand (LBE)	158,976	38,420	197,396	171,079	49,549	220,628
Greater London Authority (GLA)	46,936	47,384	94,320	52,797	61,110	113,907
Central Government (DLUHC)	-	42,262	42,262	-	54,504	54,504
	<b>205,912</b>	<b>128,066</b>	<b>333,978</b>	<b>223,876</b>	<b>165,163</b>	<b>389,039</b>
<b>Contributions Towards Previous Year Estimated Surplus/(Deficit)</b>						
Local Demand (LBE)	263	(14,777)	(14,514)	1,338	(4,015)	(2,677)
Greater London Authority (GLA)	95	(18,225)	(18,130)	446	(4,952)	(4,506)
Central Government (DLUHC)	-	(16,255)	(16,255)	-	(4,417)	(4,417)
	<b>358</b>	<b>(49,257)</b>	<b>(48,899)</b>	<b>1,784</b>	<b>(13,384)</b>	<b>(11,600)</b>
<b>Charges to the Collection Fund</b>						
Transitional Protection Payment (Reveivable)/Payable	-	752	752	-	(17,080)	(17,080)
Less: Costs of Collection - NNDR	-	492	492	-	507	507
Less: Write (ons)/offs of uncollectable amounts	(33)	(211)	(244)	(3)	222	219
Less: Increase/(Decrease) in Bad Debt Provision	4,036	(293)	3,743	2,962	2,791	5,753
Less: Write offs of uncollectable amounts relating to appeals	-	(6,508)	(6,508)	-	(3,933)	(3,933)
Less: Increase/(Decrease) in Provision for Appeals	-	5,931	5,931	-	-	-
	<b>4,003</b>	<b>163</b>	<b>4,166</b>	<b>2,959</b>	<b>(17,493)</b>	<b>(14,534)</b>
<b>Business Rate Supplement (BRS)</b>						
Payment to Levying Authority (GLA)	-	3,280	3,280	-	4,668	4,668
Costs of Collection - BRS	-	9	9	-	11	11
	<b>-</b>	<b>3,289</b>	<b>3,289</b>	<b>-</b>	<b>4,679</b>	<b>4,679</b>
<b>TOTAL EXPENDITURE</b>	<b>210,273</b>	<b>82,261</b>	<b>292,534</b>	<b>228,619</b>	<b>138,965</b>	<b>367,584</b>
<b>MOVEMENTS ON THE COLLECTION FUND</b>						
Opening Fund Balance 1 April	2,572	57,691	60,263	(553)	10,476	9,923
Closing Fund Balance 31 March	(553)	10,476	9,923	(1,756)	(6,301)	(8,057)
<b>MOVEMENT ON FUND BALANCE</b>	<b>(3,125)</b>	<b>(47,215)</b>	<b>(50,340)</b>	<b>(1,203)</b>	<b>(16,777)</b>	<b>(17,980)</b>
<b>ANALYSIS OF CLOSING FUND BALANCE</b>						
Ealing Council	(339)	3,142	2,803	(1,344)	(1,890)	(3,234)
Central Government (DLUHC)	-	3,403	3,403	-	(2,080)	(2,080)
Greater London Authority (GLA)	(214)	3,931	3,717	(412)	(2,331)	(2,743)
<b>CLOSING FUND BALANCE</b>	<b>(553)</b>	<b>10,476</b>	<b>9,923</b>	<b>(1,756)</b>	<b>(6,301)</b>	<b>(8,057)</b>

# NOTES TO THE COLLECTION FUND STATEMENT

## Note 1 General

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of council tax and non-domestic business rates (NDR) and its distribution to precepting bodies and the Government. The precepting bodies are the Department for Levelling Up Housing and Communities (DLUHC) and the Greater London Authority (GLA).

The council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund, therefore, is to isolate the income and expenditure relating to council tax and non-domestic business rates. The administration costs associated with the collection process are charged to the General Fund.

## Note 2 Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into nine valuation bands (A to H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the council for the forthcoming year and dividing this by the council tax base (the equivalent number of Band D dwellings).

The council tax base was 121,613 for 2023/24 (118,649 for 2022/23).

The basic amount of council tax for a Band D property £1,840.89 for 2023/24 (£1,735.48 for 2022/23) is multiplied by the proportion specified for the particular band to give an individual amount due.

### COUNCIL TAX BASE

The Council Tax base for 2023/24 was approved at the Council meeting on 8 March 2023. Details are shown below:

Band	Estimated No. of properties after discounts, exemptions and council tax support	Ratio	Equivalent No. of Band D properties
A	3,594	6/9	2,396
B	8,252	7/9	6,418
C	26,852	8/9	23,868
D	39,379	9/9	39,379
E	20,884	11/9	25,525
F	9,314	13/9	13,454
G	6,672	15/9	11,120
H	967	18/9	1,935
<b>Total Council Tax Base</b>	<b>115,914</b>		<b>124,095</b>
Adjustment for actual collection rate			2,482
<b>Council Tax Base for 2023/24</b>			<b>121,613</b>

## Note 3 Non-Domestic Rates

The council collects Non-Domestic Rates (NDR), or business rates, for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set by government. The total non-domestic rateable value for the council's area at 31 March 2024 was £448.0m (£375.8m at 31 March 2023). The increase in the total non-domestic rateable value was as a result of the revaluation which came into effect in England and Wales from 1 April 2023.

The national multipliers for 2023/24 were 49.9p for qualifying small businesses (49.9p in 2022/23) and the standard multiplier being 51.2p for all other businesses (51.2p in 2022/23).

Under the Business Rates Retention Scheme, the council retains 30% of the business rates that it collects (reflected as a precept). This income is subject to set baselines and limits. The remainder of business rates collected are paid as a precept to the GLA and DLUHC.

NDR surpluses declared by the billing authority in relation to the Collection Fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year.

## Note 4 Business Rates Supplements

Since 2010/11 the GLA has raised a levy under the Business Rates Supplement Act 2009 to finance its contribution to the Crossrail project.



# PENSION FUND ACCOUNT

## FUND ACCOUNT

FUND ACCOUNT			
	Notes	31 March 2023 £000s	31 March 2024 £000s
<b>Dealings with members, employers and others directly involved in the fund</b>			
Contributions	6	(47,139)	(62,015)
Transfers in from other Pension Funds	6a	(9,133)	(7,089)
		<b>(56,272)</b>	<b>(69,104)</b>
Benefits	7	52,148	60,372
Payments to and on account of leavers	7a	5,910	7,814
		<b>58,058</b>	<b>68,186</b>
<b>Net (additions)/withdrawals from dealings with Members</b>			
		<b>1,786</b>	<b>(918)</b>
Management Expenses	8	5,556	5,519
<b>Net (additions)/withdrawals Including Fund Management Expenses</b>			
		<b>7,342</b>	<b>4,601</b>
<b>Returns on Investments</b>			
Investment Income	9	(25,998)	(32,522)
Profit and losses on disposal of investments and changes in Value of investments	15	92,641	(165,483)
<b>Net return on investments</b>			
		<b>66,643</b>	<b>(198,005)</b>
<b>Net (Increase)/Decrease in the Net Assets Available for Benefits During the Year</b>			
		<b>73,985</b>	<b>(193,405)</b>
<b>Opening Net Assets of the Scheme</b>			
		<b>(1,546,190)</b>	<b>(1,472,205)</b>
<b>Closing Net Assets of the Scheme</b>			
		<b>(1,472,205)</b>	<b>(1,665,610)</b>

## NET ASSET STATEMENT

NET ASSET STATEMENT			
	Notes	31 March 2023 £000s	31 March 2024 £000s
Investment Assets	10	1,462,372	1,657,148
Investment Liabilities	10	(314)	(1,513)
<b>Total net investments</b>		<b>1,462,058</b>	<b>1,655,635</b>
Current Assets	17	12,403	12,604
		<b>1,474,461</b>	<b>1,668,239</b>
<b>Current Liabilities</b>	18	(2,256)	(2,629)
<b>Net Assets of the Fund available to fund benefits at the end of the reporting period</b>		<b>1,472,205</b>	<b>1,665,610</b>

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

Emily Hill  
Strategic Director, Resources  
28 February 2025

Councillor Nagpal  
Chair of the Audit Committee  
28 February 2025

# NOTES TO THE PENSION FUND ACCOUNT

## Note 1 General Description of the Pension Fund

### a) GENERAL

The Ealing Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS) and is administered by the London Borough of Ealing (the Council). It is a contributory defined benefits scheme established, in accordance with statute, which provides for the payment of benefits to employees and former employees of the London Borough of Ealing Council and the admitted and scheduled bodies in the Fund. Scheduled bodies are automatically entitled to be members of the Fund by law, whereas admitted bodies participate in the Fund under admission agreements and include not for profit organisations or private contractors undertaking local authority functions. The fund is overseen by the Ealing Pension Fund Panel, which is a committee of Ealing Council.

Benefits payable, which are defined and set out in law, include retirement pensions, early payment of benefits on medical grounds and payment of death benefits where death occurs either in service or in retirement. The benefits payable in respect of service from 1st April 2014 are based on career average revalued earnings and the number of years of eligible service. Pensions are increased each year in line with the Consumer Price Index.

The Fund was established under section 7 of the Superannuation Act 1972 and is currently governed by the Public Service Pensions Act 2013 and the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (transitional Provisions, Savings and Amendment) Regulations 2014 (as amended) and
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

### b) FUNDING

The Fund is financed by contributions from members, the Council, the admitted and scheduled bodies and from interest and dividends on the Fund's investments. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.50% to 12.50% and 2.75% to 6.25% of pensionable pay for the main scheme and 50/50 section respectively, for the financial year ending 31 March 2024. Employers also pay contributions into the Fund based on rates determined by the appointed actuary following triennial funding valuations. The last such valuation was as at 31 March 2022, covering three financial years to 31 March 2026. Presently, the employer contributions rates range from 15.1% to 26.8% of the pensionable pay, as per the 2022 valuation.

### c) BENEFITS

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service, as summarised in the table below:

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

From 1 April 2014, the Fund became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is updated annually in line with the Consumer Prices Index. Benefits for service prior to 1 April 2014 are protected and continue to be based on the table shown above.

Ealing Pension Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested and accounted for separately from the Fund. AVCs are used to secure additional benefits on a money purchased basis. The scheme providers are Scottish Widows and Utmost. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

### d) GOVERNANCE

The Council has delegated day to day management of the Fund to the Pension Fund Panel (the Panel) who decide on the most suitable investment strategy and set policy and have delegated authority to make investment decisions. The Panel reports to the Council and obtains, as necessary, advice from the Fund's appointed investment advisors, fund managers and actuary.

In line with the provisions of the Public Service Pensions Act 2013 the Council set up a Local Pension Board to oversee the governance arrangements of the Pension Fund. Board members are independent of the Pension Fund Panel.

The Section 151 Officer is responsible for the preparation of the Pension Fund Statement of Accounts. The Audit Committee are responsible for approving the financial statements for publication.

### e) INVESTMENT PRINCIPLES

The LGPS (Management and Investment of Funds) Regulations 2016 require administering authorities to prepare and keep up to date a written statement recording the investment policy of the Pension Fund. The Investment Strategy Statement is publicly available on the Council's website.

The Pension Fund panel has delegated the management of the Fund's investments to external investment managers (see Note 12) appointed in accordance with regulations, and whose activities are specified in detailed investment management agreements and monitored on a quarterly basis.

### f) MEMBERSHIP

The Council is the administering authority for the Fund and has the major share of contributors and pensioners. Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme. New joiners are auto-enrolled but can choose to opt out.

Organisations participating in the Ealing Pension Fund include:

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

Scheduled bodies	Admitted bodies
Alec Reed Academy	City West Services
Ark Byron Academy	Engie Services Ltd
Ark Acton Academy	Equinox
Ark Priory Academy	Greener Ealing Ltd
Ark Soane	Intercontinental Facilities Services (IFS)
Beaconsfield Primary	Mitie
Brentside Primary Academy	Minster Care
Brentside High School	Olive Dining
Christ the Saviour CofE Primary School	Pabulum Ltd
Dormers Wells Infant School (Dormers Wells Learning Trust)	Serco
Dormers Wells Junior School (Dormers Wells Learning Trust)	SLM - Community leisure
Dormers Wells High School (Dormers Wells Learning Trust)	SLM - Dormers Wells
Dormers Wells Primary School Academy (Dormers Wells Learning Trust)	
Drayton Manor High	
Ellen Wilkinson High School	
Featherstone High (Grand Union Multi Academy Trust)	
Greenford High School	
Northolt High School	
North Primary School	
Selborne Primary	
St Marys	
Twyford Ce Academies Trust	
University of West London	
Wood End Academy	
Woodlands Academy (Grand Union Multi Academy Trust)	

The following table summarises the membership numbers of the Fund:

	31 March 2023 £000s	31 March 2024 £000s
<b>Number of employers</b>	<b>40</b>	<b>38</b>
<b>Number of Active Members</b>		
London Borough of Ealing	6,022	6,233
Other employers	2,513	2,595
<b>Sub Total</b>	<b>8,535</b>	<b>8,828</b>
<b>Number of pensioners</b>		
London Borough of Ealing	6,989	7,169
Other employers	1,035	1,087
<b>Sub Total</b>	<b>8,024</b>	<b>8,256</b>
<b>Number of Deferred pensioners</b>		
London Borough of Ealing	8,040	8,881
Other employers	2,368	1,633
<b>Sub Total</b>	<b>10,408</b>	<b>10,514</b>
<b>Total number of members in the scheme</b>	<b>26,967</b>	<b>27,598</b>

## Note 2 Basis of Preparation of Financial Statements

The Statement of Accounts (SoA) summarises the Fund's transactions for 2023/24 and its position as at 31 March 2024. The SoA has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which is based upon International Financial Reporting Standards (IFRS) as amended for the UK public sector. The Accounts have been prepared on an accruals basis, apart from individual transfer values which are accounted for on a cash basis as described below. The accounts have been prepared on a going concern basis.

The Code requires disclosure of any accounting standards issued but not yet adopted. IFRS 16, introduced on 1 January 2019, is due to be adopted by the Code for accounting periods commencing on or after 1 April 2022. This new accounting standard largely removes the distinction between operating and finance leases by introducing an accounting model that requires lessees to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. Implementation of IFRS 16 is not expected to have any impact on the Ealing pension fund because it does not hold any assets as a lessee.

The Accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year or the actuarial present value of promised retirement benefits. The code gives administering authorities the options to either disclose this information in the Net Assets Statement, Notes to the Accounts, or by appending an Actuarial report prepared for this purpose. The Fund has opted to disclose this information by attaching an Actuarial report as at appendix A. The Pension Fund Accounts have been prepared on a going concern basis, with the assumption that the functions of the authority will continue in operational existence for the foreseeable future.

## Note 3 Summary of Significant Accounting Policies

### FUND ACCOUNT – REVENUE RECOGNITION

#### a) CONTRIBUTIONS

Normal contributions, both from the members and from the employers, are accounted for on an accruals basis as below:

- Employer contribution rates are set at the percentage rate recommended by the actuary for the period to which they relate.
- Employee contribution rates are set in accordance with LGPS regulations using percentage rate bandings, which rise in line with pensionable pay.

Employer deficit funding contributions are accounted for on the due dates on which they are due under the schedule of contributions based on the Rates and Adjustment Schedule as set by the actuary or on receipt if earlier than the due date.

Augmentation and pension strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid is classed 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 LGPS Regulations. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged. Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

## c) INVESTMENT INCOME

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

Dividends from quoted securities are accounted for when the security is declared ex-dividend. Investment income is reported gross of withholding taxes which are accrued in line with the associated investment income.

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

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset. Where the amount of an income distribution has not been received from an investment manager by the balance sheet date, an estimate based upon the income received so far received is used.

Changes in the 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 are accounted for on an accruals basis from the date the option is exercised, in accordance with valid member claims. Retirement lump sums are accounted for in the period in which the member becomes a pensioner. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities, providing that payment has been approved.

### e) TAXATION

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

### f) LIFETIME ALLOWANCES

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

### g) MANAGEMENT EXPENSES

The Fund management expenses are accounted for in accordance with the CIPFA guidance accounting for Local Government Pension Scheme Management Costs 2016.

All administrative expenses are accounted for on an accruals basis. All staff costs of the pension administration team are charged direct to the fund. Associated management, accommodation and other overheads are apportioned to the fund in accordance with Council policy.

Oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight is charged direct to the fund. Associated management, accommodation and other overheads are apportioned and charged as expenses to the Fund in accordance with Council policy.

All investment management expenses are accounted for on an accruals basis. Fees for the fund managers and custodian are agreed in the respective mandates governing their appointments and are



broadly based on the market value of the investments under their management and therefore, increase or reduce as the value of these investments change. Where an investment management fee has not been received by the balance sheet date, an estimate based upon the market value of the mandate as at the end of the year is used for inclusion in the Accounts.

## NET ASSETS STATEMENT

### h) FINANCIAL ASSETS

Financial assets are included in the Net Assets Statement on a fair value basis as at the reporting date. Any amounts due in respect of trades entered into but not yet complete at 31 March each year are accounted for as financial assets held at amortised cost. A financial asset is recognised in the net asset statement on the date the fund becomes party to the contractual acquisition of the assets. From this date, any gains/losses are recognised in the Fund Account. The Net Assets Statement shows values of investments have been determined at fair value in accordance with the requirements of the code and IFRS13 "Fair Value Measurement". For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in accordance with the requirements of the Code and IFRS 13 (see Note 14d).

### i) FOREIGN CURRENCY TRANSACTIONS

Dividends, interest and purchases and sales of investments in foreign currencies are accounted for in sterling at the spot market exchange rate prevailing on the date of the transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period. Any exchange differences arising are recognised in profit or loss.

### j) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, cash held in UK bank accounts and deposits with financial institutions which are repayable on demand without penalty. All cash balances are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to minimal risk of changes in value.

### k) FINANCIAL LIABILITIES

The Fund recognises financial liabilities at fair value as at the reporting date. Any amounts payable in respect of trades entered into but not yet complete at 31 March each year are accounted for as financial liabilities held at amortised cost and reflected in the classification of financial instruments in Note 14D. 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.

### l) ADDITIONAL VOLUNTARY CONTRIBUTIONS

The fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund, and in accordance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. AVCs are not included in the accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, but their valuation is disclosed in Note 19 for information only.

### m) RECHARGES FROM THE GENERAL FUND

The LGPS (Management and Investment of Funds) Regulations 2016 permit the Council to charge administration costs to the Fund. A proportion of relevant Council costs have been charged to the Fund based on an apportionment of time spent on Pension Fund business. Costs incurred in the administration and the oversight and governance of the Fund are set out in Note 8 below.

## Note 4 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 3 above, the Fund may have to make certain critical judgements about complex transactions or those involving uncertainty about future events. There were no such critical judgements made during 2023/24.

## Note 5 Assumptions Made About the Future and Other Major Sources of Estimation

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year-end and the amounts reported for income and expenditure during the year. Estimates and assumptions are made taking into account historical experience, current trends, and future expectations. However, actual outcomes could be different from the assumptions and estimates made. The items in the net asset statement for which there is a significant risk of material adjustment the following year are as follows;

### PRIVATE EQUITY INVESTMENTS

These investments are not publicly listed and therefore a degree of estimation is involved in the valuation. For the purposes of estimation, private equity investments include infrastructure and private debt. The table below details items in the Net Assets Statement at 31 March 2024:

Item	Uncertainties	Effect of actual results differ from assumptions
Private Debt	Private debt investments are valued at fair value in accordance with British Venture Capital Association guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	Private debt investments are valued at £63,974m (£65.150m: 2022/23) in the financial statements. There is a risk that this investment may be under or overstated in the accounts. Further details are shown in note 14a if actual results differ from assumptions
Infrastructure	The Pension Fund contains investments in infrastructure funds, that are classified within the financial statements as level 3 investments. The final realised value of those funds may differ slightly from the valuations presented in the accounts as detailed in note 14a.	The value of these investments are £63.331m (£63.405m: 2022/23). Further details are shown in note 14a if actual results differ from assumptions

## Note 6 Contributions Receivable

Employees contributions are calculated on a sliding scale based on a percentage of their pensionable pay. The Council's scheduled and admitted bodies are required to make contributions determined by the Fund's actuary to maintain the solvency of the Fund. The table below shows a breakdown of the total amount of employers' and employees' contributions:

By Category	31 March 2023 £000s	31 March 2024 £000s
Employees' contributions	(14,022)	(14,457)
<b>Employer's contributions:</b>		
Normal contributions	(31,468)	(39,344)
Deficit recovery contributions	(1,022)	(7,199)
Augmentation contributions	(627)	(1,015)
<b>Total employers' contributions</b>	<b>(33,117)</b>	<b>(47,558)</b>
<b>Total contributions receivable</b>	<b>(47,139)</b>	<b>(62,015)</b>

By type of Employer	31 March 2023 £000s	31 March 2024 £000s
Administering Authority	(35,705)	(47,809)
Scheduled bodies	(10,964)	(13,727)
Admitted bodies	(470)	(479)
<b>Total</b>	<b>(47,139)</b>	<b>(62,015)</b>

## Note 6a Transfers In From Other Pension Funds

	31 March 2023 £000s	31 March 2024 £000s
Individual transfers	(4,733)	(7,089)
Bulk Transfers	(4,400)	-
<b>Total</b>	<b>(9,133)</b>	<b>(7,089)</b>

## Note 7 Benefits Payable

The table below shows a breakdown of the total amount of benefits payable by category and by employer:

By Category	31 March 2023 £000s	31 March 2024 £000s
Pensions	44,486	49,899
Commutation and lump sum retirement benefits	6,795	9,240
Lump sum death benefits	867	1,233
<b>Total</b>	<b>52,148</b>	<b>60,372</b>

By type of Employer	31 March 2023 £000s	31 March 2024 £000s
Administering Authority	47,474	54,564
Scheduled Bodies	4,222	5,323
Admitted Bodies	452	485
<b>Total</b>	<b>52,148</b>	<b>60,372</b>

## Note 7a Payments to and on Account of Leavers

By Type	31 March 2023 £000s	31 March 2024 £000s
Refunds to members leaving service	494	322
Individual transfers	5,416	7,492
<b>Total</b>	<b>5,910</b>	<b>7,814</b>

## Note 8 Management Expenses

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

	31 March 2023 £000s	31 March 2024 £000s
Administrative costs	1,577	1,660
Investment management expenses	3,578	3,430
Oversight and Governance costs	401	429
<b>Total</b>	<b>5,556</b>	<b>5,519</b>

Investment management expenses are further analysed below in line with the CIPFA Guidance on Accounting for Management Costs in the LGPS.

	31 March 2023 £000s	31 March 2024 £000s
Management fees	3,121	2,925
Performance fees	27	26
Custody fees	141	183
Transaction fees	289	296
<b>Total</b>	<b>3,578</b>	<b>3,430</b>

## Note 8a External Audit Costs

The fees payable to the Fund's external auditors as agreed with the external auditors and the Public Sector Audit Appointments Ltd (PSAA) was £80k (£16k: in 2022/23)

	31 March 2023 £000s	31 March 2024 £000s
Payable in respect of external audit	16	80
<b>Total</b>	<b>16</b>	<b>80</b>

## Note 9 Investment Income

Category	31 March 2023 £000s	31 March 2024 £000s
Fixed interest securities	14,131	15,454
Equity dividends	1	-
Pooled investments	11,566	15,513
Interest and cash deposits	303	1,555
<b>Investment income</b>	<b>26,001</b>	<b>32,522</b>
Other income	(3)	-
<b>Total before taxes</b>	<b>25,998</b>	<b>32,522</b>
<b>Total</b>	<b>25,998</b>	<b>32,522</b>

## Note 10 Investments

The table shows the analysis of investments held by the Fund as at 31 March 2024:

	Market Value 31 March 2023 £000s	Market Value 31 March 2024 £000s
<b>Investment Assets</b>		
<b>Private Equity</b>	-	150
<b>Bonds</b>	301,245	313,083
<b>Pooled Funds</b>		
Fixed Income Unit Trusts	10,743	12,091
Infrastructure Funds	63,405	63,331
Global Equity	875,128	1,041,252
<b>Sub Total</b>	<b>949,276</b>	<b>1,116,674</b>
<b>Other Investments</b>		
Pooled Property Investments	111,948	102,953
Private Debt	65,150	63,974
<b>Sub Total</b>	<b>177,098</b>	<b>166,927</b>
Cash Deposits	28,716	52,972
Investment Income Due	6,037	6,698
Amounts Receivable for Sales	-	644
<b>Sub Total</b>	<b>34,753</b>	<b>60,314</b>
<b>Total Investment Assets</b>	<b>1,462,372</b>	<b>1,657,148</b>
<b>Investment liabilities</b>		
Amounts payable for purchases	(314)	(1,513)
<b>Total Investment Assets</b>	<b>1,462,058</b>	<b>1,655,635</b>

\* Fund's shareholding in London CIV

## Note 11 Reconciliation in Movement in Investments

	Market value 1 April 2023 £000s	Purchases during the year £000s	Sales during the year £000s	Change in market value during the year £000s	Market value 31 March 2024 £000s
<b>2023/24</b>					
Private Equity*	-	-	-	150	150
Bonds	301,245	50,739	(49,862)	10,961	313,083
Pooled Investments	949,276	556	-	166,842	1,116,674
Pooled Property Investments	111,948	1,826	-	(10,821)	102,953
Private Debt	65,150	8,152	(6,915)	(2,413)	63,974
Cash Instruments	15,582	60,841	(48,107)	-	28,316
<b>Total</b>	<b>1,443,201</b>	<b>122,114</b>	<b>(104,884)</b>	<b>164,719</b>	<b>1,625,150</b>
Investment Cash	13,134			764	24,656
Amounts receivable from Sales	-			-	644
Investment Income due	6,037			-	6,698
Payable for Purchases	(314)				(1,513)
<b>Net investment assets</b>	<b>1,462,058</b>			<b>165,483</b>	<b>1,655,635</b>

\* Shareholding in London CIV

	Market value 1 April 2022 £000s	Purchases during the year £000s	Sales during the year £000s	Change in market value during the year £000s	Market value 31 March 2023 £000s
<b>2022/23</b>					
Bonds	352,223	44,289	(42,196)	(53,071)	301,245
Equities	6	-	(6)	-	-
Pooled Investments	968,357	5,633	(10,080)	(14,634)	949,276
Pooled Property Investments	136,588	3,170	-	(27,810)	111,948
Private Debt	52,510	12,462	(1,271)	1,449	65,150
Cash Instruments	18,300	65,352	(68,070)	0	15,582
<b>Total</b>	<b>1,527,984</b>	<b>130,906</b>	<b>(121,623)</b>	<b>(94,065)</b>	<b>1,443,201</b>
Investment Cash	9,183			(85)	13,134
Amounts receivable from Sales	64			-	-
Investment Income due	5,291			-	6,037
Payable for Purchases	(2,780)				(314)
<b>Net investment assets</b>	<b>1,539,742</b>			<b>(94,150)</b>	<b>1,462,058</b>

## Note 12 Investments Analysed by Fund Manager

All managers have discretion to buy and sell investments within the limits set by the Pension Fund Panel and their respective Investment Management Agreements. Each manager has been appointed with clear strategic benchmarks which place maximum accountability for performance against that benchmark on the investment manager.

The Bank of New York Mellon (BNYM) acts as the Fund's global custodian. They are responsible for safe custody and settlement of all investment transactions and collection of income and complete a

monthly reconciliation of its own portfolio valuation to external fund manager reports. The bank account for the Fund is held with Lloyds Bank.

Fund Manager	Mandate	Market Value 31 March 2023 £000s	%	Market Value 31 March 2024 £000s	%
<b>Investments managed within the London CIV</b>					
London CIV	Share Capital	-	0	150	0
Baillie Gifford	Global Equity (Active)	244,206	17	286,834	17
		<b>244,206</b>	<b>17</b>	<b>286,984</b>	<b>17</b>
<b>Investments managed outside of the LCIV</b>					
Royal London	UK Corporate (Active)	307,340	21	319,617	19
	UK corporate (Pooled)	10,743	1	12,091	1
BlackRock	Global Equities	46,528	3	57,413	3
Legal & General	Future World - Global Equities (Passive)	296,281	20	341,811	21
	MSCI World - Global Equities (Passive)	288,533	20	355,195	21
Brightwood	Private Debt (Overseas Pooled)	7,259	0	6,461	0
Churchill	Private Debt (Overseas Pooled)	23,608	2	20,155	1
Permira	Private Debt (UK Pooled)	34,283	2	37,358	2
Henley	Unit Trust (UK Property Pooled)	3,153	0	4,626	0
Lothbury	UK Property (Pooled)	39,490	3	34,459	2
Hermes	UK Property (Pooled)	45,255	3	43,639	3
Standard Life	UK Property (Pooled)	34,326	2	31,212	2
JP Morgan	Infrastructure (Overseas Pooled)	58,379	4	58,263	4
Darwin	Bereavement Services (UK Infrastructure Pooled)	5,077	0	5,068	0
Ealing In-house Cash		17,595	1	41,283	2
<b>Total outside the pool</b>		<b>1,217,852</b>	<b>83</b>	<b>1,368,651</b>	<b>83</b>
<b>Total Investments</b>		<b>1,462,058</b>	<b>100</b>	<b>1,655,635</b>	<b>100</b>

## Note 13 Investments Exceeding 5% of Net Assets

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

	31 March 2023 Market Value £000s	Holding %	31 March 2024 Market Value £000s	Holding %
LCIV Global Alpha Growth Fund	244,206	17	286,834	17
Future World Fund	296,281	21	341,811	22
MSCI World Carbon Target Fund	288,533	20	355,195	21
<b>Total</b>	<b>829,020</b>	<b>58</b>	<b>983,840</b>	<b>60</b>



## Note 14 Fair Value – Basis of Valuation

All investments are held at fair value in accordance with the requirements of the Code and IFRS 13. The valuation bases are set out below. All assets have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. There has been no change in the valuation techniques used during the year.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments – equities	Level 1	The published bid market price on the final day of the accounting period	Not required	Not required
Bonds - Corporate bonds and Government gilts	Level 2	Market value based on current yields	Current yields	Not required
Cash deposits and instruments	Level 1	Closing bid value on published exchanges	Not required	Not required
Pooled investments - property	Level 2	Average of broker prices	Evaluated price feeds	Not required
Pooled investments – infrastructure 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	Estimated acquisition and disposal costs
Unquoted equities	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines	EBITDA multiple Revenue multiple Discount for lack of marketability	Valuations could be affected by post balance sheet events, changes to expected cash flows, or by any differences between audited and unaudited accounts

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

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

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

**Level 3** – where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments and hedge fund of funds, the Fund currently invests in Private Equity and infrastructure, these assets have been valued at level 3.

The Fund considers that quoted equities and cash are highly liquid and have been valued at Level 1. Further, pooled investment vehicles and bonds are classified as Level 2 as these instrument's valuation are less frequently traded and prices for underlying assets are derived from independent valuation techniques.

## Note 14a Level 3 Assets Sensitivity

The fund has considered the current market trends, and also consulted with independent investment advisors, and has determined that the valuation methods described above are likely to be accurate to within the following ranges and has set out below the resulting potential impact on the closing value of investments held at 31 March 2024.

Asset Type	Value £000s	1 year expected Volatility %	Value on Increase £000s	Value on decrease £000s
<b>As at 31 March 2024</b>				
Private Debt	63,974	8.8	69,604	58,345
Infrastructure	63,331	13.6	71,944	54,718
<b>Total</b>	<b>127,305</b>		<b>141,548</b>	<b>113,063</b>
<b>As at 31 March 2023</b>				
Private Debt	65,150	9.6	71,404	58,896
Infrastructure	63,405	16.0	73,550	53,260
<b>Total</b>	<b>128,555</b>		<b>144,954</b>	<b>112,156</b>

## Note 14b Fair Value Hierarchy

The table below provides an analysis of the financial assets and liabilities of the Fund grouped into levels 1 to 3, based on the level at which fair value has been observed:

	31 March 2023*			31 March 2024		
	Quoted market price Level 1 £000s	Using observable inputs Level 2 £000s	With significant unobservable inputs Level 3 £000s	Quoted market price Level 1 £000s	Using observable inputs Level 2 £000s	With significant unobservable inputs Level 3 £000s
<b>Financial Assets</b>						
Held at fair value through profit and loss	13,132	1,279,022	164,181	52,971	1,432,626	164,370
Held at amortised cost	18,439	-	-	19,946	-	-
<b>Financial Liabilities</b>						
Payables	(2,060)	-	-	(3,447)	-	-
<b>Grand Total</b>	<b>29,511</b>	<b>1,279,022</b>	<b>164,181</b>	<b>69,470</b>	<b>1,432,626</b>	<b>164,370</b>

\* Note 31 March 2023 figures have been restated for consistency with 31 March 2024

## Note 14c Reconciliation of Fair Value Measurements within Level 3

	Opening balance £000s	Transfers out Level 3 £000s	Purchases £000s	Sales £000s	Unrealised gains/ losses £000s	Realised gains/ losses £000s	Closing balance £000s
<b>2023/24</b>							
Pooled investments - Private Debt	65,150	-	8,152	(6,915)	(2,413)	-	63,974
<b>Total</b>	<b>65,150</b>	<b>-</b>	<b>8,152</b>	<b>(6,915)</b>	<b>(2,413)</b>	<b>-</b>	<b>63,974</b>
Pooled investments - Infrastructure	58,379	-	-	-	(116)	-	58,263
Pooled investments - Private Equity	5,026	-	-	-	41	-	5,068
Pooled investments - Property	35,625	-	-	-	(2,657)	-	32,968
Corporate Bond	-	3,947	-	-	-	-	3,947
Share Capital	-	150	-	-	-	-	150
<b>Total</b>	<b>99,030</b>	<b>4,097</b>	<b>-</b>	<b>-</b>	<b>(2,731)</b>	<b>-</b>	<b>100,396</b>

	Opening balance £000s	Transfers out Level 3 £000s	Purchases £000s	Sales £000s	Unrealised gains/ losses £000s	Realised gains/ losses £000s	Closing balance £000s
<b>2022/23*</b>							
Pooled investments - Private Debt	52,510	-	12,462	(1,271)	1,449	-	65,150
<b>Total</b>	<b>52,510</b>	<b>-</b>	<b>12,462</b>	<b>(1,271)</b>	<b>1,449</b>	<b>-</b>	<b>65,150</b>
Pooled investments - Infrastructure	54,726	-	-	-	3,653	-	58,379
Pooled investments - Private Equity	-	-	5,000	-	26	-	5,026
Pooled investments – Property	42,376	-	-	-	(6,751)	-	35,625
<b>Total</b>	<b>97,102</b>	<b>-</b>	<b>5,000</b>	<b>-</b>	<b>(3,072)</b>	<b>-</b>	<b>99,030</b>

\*31 March 2023 figures have been restated for consistency with 31 March 2024.

## Note 14d Classification of Financial Instruments

	31 March 2023			31 March 2024		
	Financial Assets held at Fair Value through Profit and Loss £000s	Financial Assets held at Amortised cost £000s	Financial liabilities at amortised cost £000s	Financial Assets held at Fair Value through Profit and Loss £000s	Financial Assets held at Amortised cost £000s	Financial liabilities at amortised cost £000s
Bonds	301,245	-	-	313,083	-	-
Equities	-	-	-	150	-	-
<b>Pooled investment vehicles</b>						
Fixed Income Unit Trusts	10,743			12,091		
Property	111,948	-	-	102,953	-	-
Infrastructure Funds	63,405		-	63,331		
Global Equity	875,128	-	-	1,041,252	-	-
Private Debt	65,150	-	-	63,974	-	-
<b>Cash Instruments</b>						
Cash deposits	28,716	-	-	52,972	-	-
Unsettled sales	-	-		-	644	-
Accrued income	-	6,037	-	-	6,698	-
<b>Total investment assets</b>	<b>1,456,335</b>	<b>6,037</b>	<b>-</b>	<b>1,649,807</b>	<b>7,342</b>	<b>-</b>
<b>Investment Liabilities</b>						
Unsettled Purchases	-	-	(314)	-	-	(1,513)
<b>Net Investment assets</b>	<b>1,456,335</b>	<b>6,037</b>	<b>(314)</b>	<b>1,649,807</b>	<b>7,342</b>	<b>(1,513)</b>
<b>Other financial assets</b>						
Contributions Due		683	-	-	5,667	-
Cash Balances	-	10,852	-	-	6,722	-
Other debtors	-	867	-	-	215	-
	<b>1,456,335</b>	<b>18,439</b>	<b>(314)</b>	<b>1,649,807</b>	<b>19,946</b>	<b>(1,513)</b>
<b>Financial Liabilities</b>						
Current Liabilities	-	-	(1,746)	-	-	(1,934)
	-	-	<b>(1,746)</b>	-	-	<b>(1,934)</b>
<b>Total</b>	<b>1,456,335</b>	<b>18,439</b>	<b>(2,060)</b>	<b>1,649,807</b>	<b>19,946</b>	<b>(3,447)</b>
<b>Grand Total</b>	<b>1,472,714</b>			<b>1,666,306</b>		

The classification of current liabilities excludes the Fund's liability for PAYE of £695k (2023: £510k) as this is not classified as a financial instrument.

## Note 15 Net Gains and Losses on Financial Instruments

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

	31 March 2023 £000s	31 March 2024 £000s
<b>Financial Assets</b>		
Held at fair value through profit and loss	(98,593)	158,021
Financial Assets held at amortised cost	5,952	7,462
<b>Total</b>	<b>(92,641)</b>	<b>165,483</b>

## Note 16 Nature and extent of risks arising from Financial Instruments

### RISK AND RISK MANAGEMENT

The Fund's primary long-term risk is that its assets will fall short of its liabilities to the extent that it is unable to meet its obligations to members as they fall due. Therefore, the aim of investment management is to minimise the risk of an overall reduction in the value of the Fund whilst at the same time maximising the opportunity for investment income. The Fund achieves this through:

- engaging multiple investment management firms with different strategies, philosophies and expertise to manage the various asset in the Fund;
- setting each investment manager clear performance benchmarks and incentivising outperformance against those benchmarks once agreed;
- reporting investment performance to the Pension Fund Panel on a quarterly basis so that Panel Members can review performance, question investment managers and seek explanations as necessary; and
- monitoring investment performance against independent benchmarks and actual performance achieved by a peer group of other local authorities.

Responsibility for the Fund's risk-management strategy rests with the Pension Fund Panel. Risk management policies are established as part of the Funding Strategy Statement and the Investment Strategy Statement which aim to identify and analyse the investment risks faced by the Fund. These are regularly reviewed in the light of changing market and other conditions.

### MARKET RISK

Market risk is the risk of loss emanating from general market fluctuations in equity and commodity prices or interest and foreign exchange rates. The Fund is exposed to market risk across all of its investment activities. In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of asset class, geographical and industry sectors and by limiting the maximum value of investments in individual securities. Equity fund managers are appointed on an active mandate which helps to manage risk by focusing on the performance of specific investments rather than broad sector movements. The Panel and its investment advisors undertake regular monitoring of market conditions and benchmark analysis in order to mitigate market risk.

### PRICE RISK

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

The Fund is exposed to direct share price risk because all of its investments other than cash holdings are traded on open markets where the future price is uncertain. The Fund is also exposed to direct price risk arising from unquoted equities held as part of its equity pooled holdings. All such securities represent a potential risk of loss of capital, with the maximum risk determined by the fair value of each financial instrument. The Fund's investment managers aim to mitigate this price risk through diversification in the selection of securities and other financial instruments.

The following table demonstrates the change in the net assets available to pay benefits if the market price had increased or decreased by 11.2% (12.4%: 2023). The Fund believes that 11.2% is consistent

with the level of sensitivity that should be applied. The analysis excludes debtors, creditors, and non-equity investment balances as these financial instruments are not subject to price risk:

Assets exposed to price risk	Value £000s	Value on price increase £000s	Value on price decrease £000s
As at 31 March 2024	1,625,150	1,807,167	1,443,134
As at 31 March 2023	1,050,481	1,180,741	920,221

## INTEREST RATE RISK

The Fund invests in financial assets for the primary purpose of obtaining a return in terms of both investment income and increased capital value. Cash based deposits and investments in fixed interest are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates. The Pension Fund Panel and its investment advisors regularly monitor the Fund's interest rate risk exposure during the year.

The table below demonstrates the change in value of these assets had the interest rate increased or decreased by 100bps (100bps: 2023). It should be noted that an increase in the interest rates results in a decrease in the value of the portfolio and vice versa.

Assets exposed to interest rate risk	Value £000s	Value on interest rate increase £000s	Value on interest rate decrease £000s
As at 31 March 2024	442,120	437,699	446,542
As at 31 March 2023	405,854	401,795	409,912

## 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 Sterling but diversifies this risk by investing in securities in multiple currencies. Management recognises that a strengthening or weakening of the pound against the various currencies in which the Fund holds investments would increase or decrease the net assets available to pay benefits accordingly.

The Fund does not hedge against currency risk on a long-term basis, as the movements in foreign exchange rates can lead to losses as well as gains. Overseas equities, some fixed interest securities, cash in foreign currencies, and some elements of the pooled investment vehicles are exposed to currency risk.

The following table demonstrates the change in value of these assets had there been a 9.3% (9.9%: 2023) strengthening/weakening of the pound against foreign currencies:

Assets exposed to currency risk	Value £000s	Value on foreign exchange rate increase £000s	Value on foreign exchange rate decrease £000s
As at 31 March 2024	1,131,198	1,236,400	1,025,997
As at 31 March 2023	969,400	1,065,371	873,430

## 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. The selection of high-

quality fund managers, counterparties, brokers, and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner. The Fund sets both maximum investment limits and minimum credit rating limits.

There is a risk that some admitted bodies may not honour their pension obligations with the result that any ensuing deficit might fall upon the Fund. To mitigate this risk, the Fund regularly monitors the state of its admitted bodies and bond agreements are in place for scheme employers to ensure liabilities would be met in the event of an employer being dissolved, wound up, liquidated, or otherwise ceasing to exist.

The Fund has no financial assets past their due date as at 31 March 2024 and has not identified any events or conditions to date that would suggest that any impairment or provision in respect of credit risk is required.

The investment credit exposure is summarised in the table below;

Summary	Rating	Balances as at 31 March 2023 £000's	Balances as at 31 March 2024 £000's
<b>Bank Current Accounts</b>			
Lloyds Bank	A+	10,852	6,722
<b>Money Market Funds</b>			
BNY Mellon Goldman Sachs MMF	AAA	15,582	28,316
<b>Total</b>		<b>26,434</b>	<b>35,038</b>

## LIQUIDITY RISK

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Pension Fund Panel monitors cash flows and takes steps to ensure that there are adequate cash resources to meet its commitments. The Fund has immediate access to its cash holdings, and all of its investments can be liquidated within a matter of days if required.

## Note 17 Current Assets

	31 March 2023 £000s	31 March 2024 £000s
<b>Debtors:</b>		
Contributions due - employers	510	4,504
Contributions due - employees	174	1,163
Sundry debtors	867	215
<b>Sub total</b>	<b>1,551</b>	<b>5,882</b>
Cash balances - Lloyds Bank	10,852	6,722
<b>Total</b>	<b>12,403</b>	<b>12,604</b>

Analysis of Debtors	31 March 2023 £000s	31 March 2024 £000s
Central government bodies	467	284
Local authorities	828	5,055
Other entities and individuals	256	543
<b>Total</b>	<b>1,551</b>	<b>5,882</b>

## Note 18 Current Liabilities

Item	31 March 2023 £000s	31 March 2024 £000s
Unpaid benefits	(78)	(90)
Sundry creditors and accrued expenses	(2,178)	(2,539)
<b>Total</b>	<b>(2,256)</b>	<b>(2,629)</b>

Analysis of Current Liabilities	31 March 2023 £000s	31 March 2024 £000s
Central government bodies	(510)	(695)
Local authorities	(1,380)	(1,463)
Other entities and individuals	(366)	(471)
<b>Total</b>	<b>(2,256)</b>	<b>(2,629)</b>

## Note 19 Additional Voluntary Contributions

The Pension Fund's Additional Voluntary Contributions (AVC) providers are Scottish Widows and Utmost. The table below shows information about these separately invested AVCs. The AVC providers secure benefits on a money purchase basis for those members electing to pay AVCs. Members of the AVC schemes each receive an annual statement confirming the amounts held in their account and the movements in the year.

Provider	Contributions 31 March 2023 £000's	Market Value 31 March 2023 £000's	Contributions 31 March 2024 £000's	Market Value 31 March 2024 £000's
Scottish Widows (as at 31 March 2024)	58	605	56	607
Utmost (as at 31 October 2023)	96	260	-	194
<b>Total</b>	<b>154</b>	<b>865</b>	<b>56</b>	<b>800</b>

## Note 20 Related Party Transactions

The Fund is administered by the London Borough of Ealing (the Council). In 2023/24, the Council charged the pension fund £1.0m for expenses incurred in administering the Fund (£1.0m: 2022/23). Through its administration of the fund, the council has a related party interest with the Pension Fund.

The creditor balance due to the Council at year end was £1.4m at 31 March 2024 (£0.2m: 31 March 2023). The amount owing to Pension Fund from the Council was £5.1m at 31 March 2024 (£0.8m: 31 March 2023).

Each member of the Pension Fund Panel (PFP) and Board is required to declare their interests at each meeting. Two members of the Board were scheme members in the Fund, the same as in 2022/23.

The council is also the single largest employer of members of the Pension Fund and contributed £47.81m to the fund in 2023/24 (£35.71m in 2022/23)

The Pension Fund is a minority shareholder in the London CIV (LCIV) Asset Pool, and shares valued at £150k at 31 March 2024 are included in the net asset statement. Part of the portfolio of pension fund investments is managed by the LCIV, as shown in Note 12.



## Note 21 Key Management Personnel Remuneration

The key management personnel of the Pension Fund are the Members of the Pension Fund Panel and Pension Board, and the Strategic Director Resources. There was a £1k (£1k: 2022/23) remuneration for the Pension Board Chair. No remuneration is paid to other Members in relation to their duties.

The Strategic Director Resources' remuneration is not paid directly by the fund; costs are instead recovered as part of the management costs disclosed in Note 8, this amounted to £39k in 2023/24 (£27k: 2022/23).

## Note 22 Contingent Liabilities and Contractual Commitments

The total capital commitments as at 31 March 2024 were 20.9m (£38.2m: 2022/23). These commitments relate to outstanding call payments due on the Private Debt and Secure Income Property portfolios. The amounts called by these funds are irregular in both size and timing over a period of between four and six years from the date of each original commitment. The Fund has no other material contingent assets or liabilities as at 31 March 2024.

## Note 23 Events After the Net Asset Statement Date

Management have reviewed and can confirm that there are no significant events occurring after the reporting period.

## Note 24 Funding Arrangements and Actuarial Present Value of Promised Retirement Benefits

The London Borough of Ealing Pension Fund is financed through contributions from employees, the administering authority, and other participating employers, as well as returns on investments. The Fund's funding policy aims to ensure that sufficient assets are available to meet the benefits promised to members as they fall due. Contributions are determined by an independent actuarial valuation, undertaken triennially, with the most recent valuation as of 31 March 2022.

As at 31 March 2024, the actuarial present value of promised retirement benefits, calculated under IAS 26 principles, was £1,657 million (compared to £1,620 million in the prior year). The Fund's net assets available to pay benefits at the same date were £1,666 million (compared to £1,472 million in the prior year). This results in a funding position of approximately 101%, indicating that the Funds available assets slightly exceed the present value of promised benefits. Further details and assumptions underpinning this valuation are provided in Appendix A.

## Appendix A - Actuarial Statement

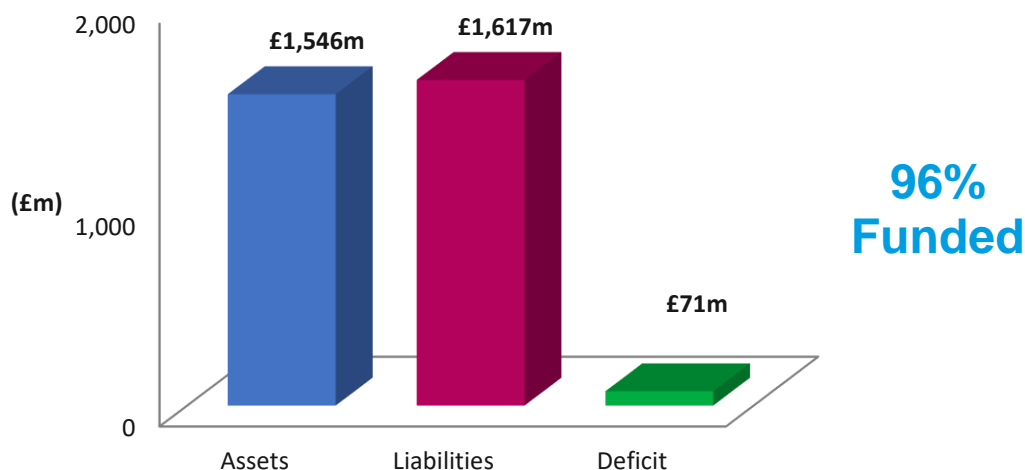
# LONDON BOROUGH OF EALING PENSION FUND

## ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024 – STATEMENT BY THE CONSULTING ACTUARY

This statement has been provided to meet the requirements under Regulation 57(1)(d) of The Local Government Pension Scheme Regulations 2013.

An actuarial valuation of the London Borough of Ealing Pension Fund was carried out as at 31 March 2022 to determine the contribution rates with effect from 1 April 2023 to 31 March 2026.

On the basis of the assumptions adopted, the Fund's assets of £1,546 million represented 96% of the Fund's past service liabilities of £1,617 million (the "Solvency Funding Target") at the valuation date. The deficit at the valuation was therefore £71 million.



The valuation also showed that a Primary contribution rate of 18.6% of pensionable pay per annum was required from employers. The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the FSS is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall. Equally, where there is a surplus it may be appropriate to offset this against contributions for future service, in which case contribution reductions will be put in place to allow for this.

The FSS sets out the process for determining the recovery plan in respect of each employer. At the 2022 actuarial valuation the average recovery period adopted for employers in deficit was 11 years (12 years for employers in surplus). The total recovery payment (the “Secondary rate”) for 2023/26 was, on average, an addition of approximately £7m per annum (which allows for the contribution plans which have been set for individual employers under the provisions of the FSS), although this varies year on year.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated March 2023.

In practice, each individual employer’s position is assessed separately, and the contributions required are set out in the report. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Any different approaches adopted, e.g. with regard to the implementation of contribution increases and deficit recovery periods, are as determined through the FSS consultation process.

The valuation was carried out using the projected unit actuarial method. Full yield curves were used in calculating the liabilities and the approximate single equivalent rates for the main actuarial assumptions used for assessing the Solvency Funding Target and the Primary rate of contribution, were as follows:

	For past service liabilities (Solvency Funding Target)	For future service liabilities (Primary rate of contribution)
<b>Rate of return on investments (discount rate)</b>	4.45% per annum	5.10% per annum
<b>Rate of pay increases (long term)</b>	4.35% per annum	4.35% per annum
<b>Rate of increases in pensions in payment (in excess of GMP)</b>	3.10% per annum	3.10% per annum

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2025. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2026.

## Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS 26

IAS 26 requires the present value of the Fund’s promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes. The assumptions adopted are shown in Appendix 2.

The movement in the value of the Fund’s promised retirement benefits for IAS 26 is as follows:

<b>2023/24 Start of period liabilities</b>	<b>£1,620m</b>
Interest on liabilities	£77m
<b>Net benefits accrued/paid over the period*</b>	<b>(£9m)</b>
<b>Actuarial (gains)/losses (see below)</b>	<b>(£31m)</b>
<b>End of period liabilities</b>	<b>£1,657m</b>

*\*this includes any increase in liabilities arising as a result of early retirements*

<b>2022/23 Start of period liabilities</b>	<b>£2,290m</b>
Interest on liabilities	£64m
<b>Net benefits accrued/paid over the period*</b>	<b>£44m</b>
<b>Actuarial (gains)/losses (see below)</b>	<b>(£778m)</b>
<b>End of period liabilities</b>	<b>£1,620m</b>

*\*this includes any increase in liabilities arising as a result of early retirements*

Key factors leading to actuarial gains above are:

- **Change in financial assumptions:** Corporate bond yields increased slightly over the year, with a corresponding increase in discount rate from 4.8% p.a. to 4.9% p.a. The long-term assumed CPI is the same at the end of year as it was at the start of year. In combination, these factors lead to a small reduction in liabilities.
- **Change in demographic assumptions:** As noted in Appendix 2, the assumptions have been updated to reflect the new CMI model available. This acts to reduce the liabilities.
- **Pension increases / recent high short-term inflation:** The figures allow for the impact of the April 2024 pension increase of 6.7%, to the extent it wasn't allowed for in the 2023 statement, along with known CPI since September 2023 (which will feed into the 2025 pension increase). As current inflation is higher than the long-term assumption, this increases the liabilities.

**Michelle Doman**  
Fellow of the Institute and  
Faculty of Actuaries

**Clive Lewis**  
Fellow of the Institute and  
Faculty of Actuaries

**Mercer Limited**

**February 2025**

# Appendix 1 - additional considerations

**The “McCloud judgment”:** The figures above allow for the impact of the judgment based on the proposed remedy.

**GMP indexation:** The above figures allow for the provision of full CPI pension increases on GMP benefits for members who reach State Pension Age after 6 April 2016.

**Covid 19 / Ukraine / Gaza conflict:** The financial assumptions allow for these factors to the degree that they are reflected in the market values on which the assumptions are based. The mortality assumption includes no specific adjustment for COVID as our view is that it is not possible at this point to draw any meaningful conclusions on the long-term impact.

**High inflation over last two years** The period-end figures above allow for the impact of actual known CPI at the accounting date as noted above. The period-end assumptions then allow for expected (market implied) CPI from that point.

**Virgin Media Court Case** In June 2023, a High Court judgement in the case of Virgin Media vs NTL Pension Trustees II Limited provided a ruling related to Section 37 of the Pension Scheme act 1993 and changes to scheme rules. However, Mercer understands (from the Government Actuary Department) that all requirements were met and so public sector schemes are unlikely to be affected by this issue. The Fund continues to monitor the situation and the potential impact of the final decision.

## Appendix 2 - financial and demographic assumptions

To assess the liability value of the benefits, we have used the following assumptions as at 31 March 2024 (the 31 March 2023 assumptions are included for comparison):

### Financial assumptions

	31 March 2023	31 March 2024
Rate of return on investments (discount rate)	4.80% per annum	4.90% per annum
Rate of CPI Inflation / CARE benefit revaluation	2.70% per annum	2.70% per annum
Rate of pay increases	3.95% per annum	3.95% per annum
Increases on pensions (in excess of GMP) / Deferred revaluation	2.80% per annum	2.80% per annum

### Post retirement mortality (normal health)

	31 March 2023 (M/F)	31 March 2024 (M/F)
Base mortality table	SAPS 3 / SAPS 3 middle	SAPS 3 / SAPS 3 middle
Future improvements	CMI 21 1.5%	CMI 22 1.5%
Additional parameters	S=7.5, A=0, W20=W21=0	S=7, A=0 W20=W21=0%, W22=25%
<i>Non-retired members (current age 45):</i>		
Weightings	110% / 100%	105% / 95%
Life expectancies at age 65	23.3 / 26.0	22.9 / 25.7
<i>Retired members (current age 65):</i>		
Weightings	106% / 98%	101% / 95%
Life expectancies at age 65	22.0 / 24.3	21.6 / 24.0

The base tables are set based on the most recent mortality analysis for the Fund (undertaken as part of the 2022 actuarial valuation). The future improvements allow for a best estimate long-term improvement rate of 1.5%, and have been updated to allow for the latest CMI tables available (CMI 2022), with a reweighting to maintain consistency with the underlying mortality analysis.

The above table shows the key parameters and resulting life expectancies.

**Other demographic assumptions**

The other demographic assumptions are the same as those used for 2022 actuarial funding valuation – full details are set out in the formal report on the actuarial valuation dated March 2023.

# 5. Group Accounts



## INTRODUCTION

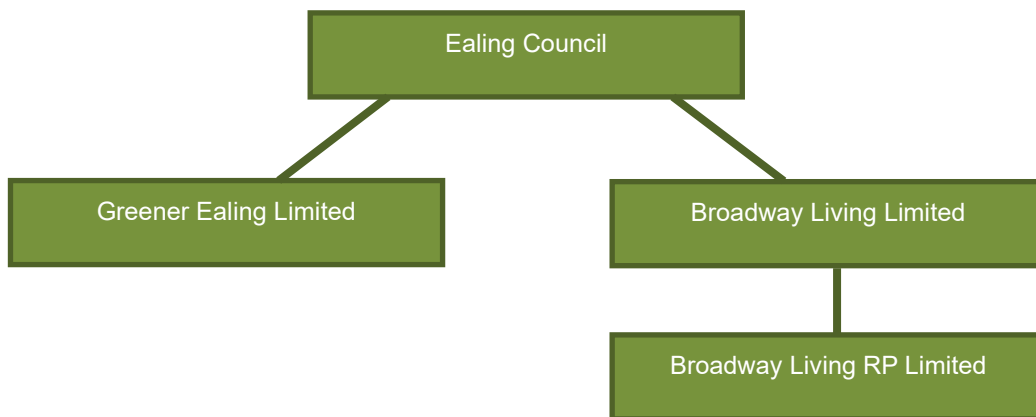
The CIPFA Code of Practice sets out a requirement for authorities to prepare group accounts where the authority has interests in subsidiaries, associates and/or joint ventures, subject to consideration of materiality.

The council has consolidated its subsidiaries Broadway Living Limited, Broadway Living RP Limited and Greener Ealing Ltd on a line-by-line basis with all intra-group transactions and balances removed.

## GROUP STRUCTURE

The Group structure is as set out below. Greener Ealing is a wholly owned subsidiary of the council. Broadway Living Ltd is a wholly owned subsidiary of the council, and Broadway Living RP Limited is a wholly owned subsidiary of Broadway Living Limited.

The Council has investment in Future Ealing Ltd (20% minority shareholding). The Council's group accounts does not consolidate the Future Ealing Ltd balances due to immaterial balances and include any trading transactions in the Council's single entity accounts.



# GROUP CORE FINANCIAL STATEMENTS

## GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	2022/23			2023/24		
	Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's	Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's
<b>Continuing Services</b>						
Adults' Services & Public Health	169,124	(76,140)	92,984	183,943	(84,476)	99,467
Children's Services	486,713	(395,680)	91,033	523,487	(435,070)	88,417
Corporate Budgets	19,089	(11,470)	7,619	12,207	(5,936)	6,271
Economy & Sustainability	32,364	(12,301)	20,063	27,736	(13,464)	14,272
Housing & Environment	291,498	(202,498)	89,000	287,911	(227,318)	60,593
Resources	200,249	(165,933)	34,316	198,429	(157,042)	41,387
Strategy And Change	21,670	(2,805)	18,865	14,296	(2,780)	11,516
<b>Cost of Services</b>	<b>1,220,707</b>	<b>(866,827)</b>	<b>353,880</b>	<b>1,248,009</b>	<b>(926,086)</b>	<b>321,923</b>
<b>Other Operating Expenditure &amp; Income</b>						
Precepts and Levies			14,015			14,294
(Gains)/Losses on Disposal of Non-Current Assets			(3,845)			(2,075)
			<b>10,170</b>			<b>12,219</b>
<b>Financing and Investment Income &amp; Expenditure</b>						
Interest Payable and Similar Charges			42,708			47,895
Net Interest on the Net Defined Benefit Liability (Asset)			16,971			4,753
Interest Receivable and Similar Income			(11,415)			(29,202)
Impairment Losses			7,513			16,240
			<b>55,777</b>			<b>39,686</b>
<b>Taxation and Non-Specific Grants</b>						
Council Tax Income			(161,617)			(173,421)
Non-Domestic Rates Income and Expenditure			(37,807)			(50,567)
Business Rates Top-Up			(31,499)			(25,183)
Non-Ringfenced Government Grants			(74,353)			(94,282)
Capital Grants and Contributions			(55,689)			(106,043)
			<b>(360,965)</b>			<b>(449,496)</b>
<b>Tax Expenses of Subsidiaries</b>			<b>50</b>			<b>58</b>
<b>(Surplus) / Deficit on Provision of Services</b>			<b>58,912</b>			<b>(75,610)</b>
(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			(56,848)			(70,434)
Remeasurement of the Net Defined Benefit Liability / (Asset)			(552,368)			(60,677)
Deferred Taxation			19			158
<b>Other Comprehensive (Income) / Expenditure</b>			<b>(609,197)</b>			<b>(130,953)</b>
<b>Total Comprehensive (Income) / Expenditure</b>			<b>(550,285)</b>			<b>(206,564)</b>

The 2022/23 Cost of Services figures have been updated to reflect the new management reporting format in 2023/24.

## GROUP MOVEMENT IN RESERVES STATEMENT

	Revenue Reserves				Capital Reserves							
	General Fund	Housing Revenue Account	Housing Revenue Account	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves	Council's Share Reserves of Subsidiaries	Total Group Reserves
MOVEMENT IN RESERVES STATEMENT	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Balance at 31 March 2022	15,919	123,866	4,925	15,249	-	49,013	27,943	236,915	894,673	1,131,588	(2,230)	1,129,358
Movement in Reserves during 2022/23												
Total Comprehensive Income & Expenditure	(23,654)	-	(13,664)	-	-	-	-	(37,318)	609,361	572,043	(21,758)	550,285
Adjustments Between Accounting Basis & Funding Basis Under Regulations	34,696	-	10,356	-	-	24,416	5,953	75,421	(75,421)	-	-	-
Adjustments between group accounts and authority accounts	(21,083)	-	-	-	-	-	-	(21,083)	-	(21,083)	21,083	-
Net Increase/(Decrease) before Transfers to Reserves	(10,041)	-	(3,308)	-	-	24,416	5,953	17,020	533,940	550,960	(675)	550,285
Transfers (to)/from Reserves	11,854	(11,854)	3,308	(3,308)	-	-	-	-	-	-	-	-
Increase/(Decrease) in Year 2022/23	1,813	(11,854)	-	(3,308)	-	24,416	5,953	17,020	533,940	550,960	(675)	550,285
Balance at 31 March 2023	17,732	112,012	4,925	11,941	-	73,429	33,896	253,935	1,428,613	1,682,548	(2,905)	1,679,643
Movement in Reserves during 2023/24												
Total Comprehensive Income & Expenditure	105,983	-	(7,060)	-	-	-	-	98,923	134,800	233,723	(27,159)	206,564
Adjustments Between Accounting Basis & Funding Basis Under Regulations	(80,882)	-	3,382	-	-	(32,314)	23,534	(86,280)	86,280	-	-	-
Adjustments between group accounts and authority accounts	(22,754)	-	-	-	-	-	-	(22,754)	-	(22,754)	22,754	-
Net Increase/(Decrease) before Transfers to Reserves	2,347	-	(3,678)	-	-	(32,314)	23,534	(10,111)	221,080	210,969	(4,405)	206,564
Transfers (to)/from Reserves	(677)	2,531	3,678	(3,309)	-	(20)	-	2,203	(2,203)	-	-	-
Increase/(Decrease) in Year 2023/24	1,670	2,531	-	(3,309)	-	(32,334)	23,534	(7,908)	218,877	210,969	(4,405)	206,564
Balance at 31 March 2024	19,402	114,543	4,925	8,632	-	41,095	57,430	246,027	1,647,490	1,893,517	(7,310)	1,886,207

## GROUP BALANCE SHEET

	31 March 2023 £000's	31 March 2024 £000's
<b>BALANCE SHEET</b>		
Property, Plant & Equipment	2,418,414	2,550,977
Intangible Assets	11,246	9,958
Heritage Assets	2,741	4,512
Long-Term Investments	646	894
Long-Term Debtors	20,472	19,424
<b>Long-term Assets</b>	<b>2,453,519</b>	<b>2,585,765</b>
Short-Term Investments	446,624	389,393
Short-Term Debtors	129,043	114,155
Cash and Cash Equivalents	51,645	149,074
Inventories	170	170
<b>Current Assets</b>	<b>627,482</b>	<b>652,792</b>
Short-Term Borrowings	(49,345)	(63,270)
Short-Term Creditors	(174,310)	(214,900)
Short-Term Provisions	(14,437)	(13,436)
Grants Receipts in Advance - Revenue	(5,186)	(11,746)
<b>Current Liabilities</b>	<b>(243,278)</b>	<b>(303,352)</b>
Long-Term Borrowings	(836,076)	(813,695)
Long-Term Creditors	(152,163)	(146,381)
Long-Term Provisions	(48,679)	(29,390)
Grants Receipts in Advance - Capital	(2,535)	(2,991)
Pensions Liability	(118,366)	(56,143)
Deferred Tax Liability	(261)	(398)
<b>Long-term Liabilities</b>	<b>(1,158,080)</b>	<b>(1,048,998)</b>
<b>Net Assets</b>	<b>1,679,643</b>	<b>1,886,207</b>
Represented by:		
General Fund	17,732	19,402
Earmarked Reserves	112,012	114,543
Housing Revenue Account	4,925	4,925
Capital Receipts Reserve	73,429	41,095
Capital Grants Unapplied	33,896	57,430
Housing Revenue Account Earmarked Reserves	11,941	8,632
Profit and Loss Account	(4,216)	(9,997)
<b>Usable Reserves</b>	<b>249,719</b>	<b>236,030</b>
<b>Unusable Reserves</b>	<b>1,429,924</b>	<b>1,650,177</b>
<b>Total Reserves</b>	<b>1,679,643</b>	<b>1,886,207</b>

## GROUP CASH FLOW

	2022/23 £000's	2023/24 £000's
<b>CASH FLOW STATEMENT</b>		
Net Surplus / (Deficit) on the Provision of Services	(58,912)	75,610
Adjustments to Net Surplus / (Deficit) on the Provision of Services for Non-Cash Movements	103,369	137,237
Adjustments for Items Included in Net Surplus / (Deficit) on the Provision of Services that are Investing or Financing Activities	(104,127)	(129,854)
<b>Net Cash Inflows from Operating Activities</b>	<b>(59,670)</b>	<b>82,993</b>
Investing Activities	52,775	21,349
Financing Activities	(18,264)	(6,913)
<b>Net Increase or (Decrease) in Cash and Cash Equivalents</b>	<b>(25,159)</b>	<b>97,429</b>
Cash and Cash Equivalents at the Beginning of the Reporting Period	76,804	51,645
<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	<b>51,645</b>	<b>149,074</b>

# GROUP NOTES TO THE CORE FINANCIAL STATEMENTS

Where figures in the group accounts differ materially from the council's single entity accounts, the relevant explanatory notes have been prepared on a consolidated basis. The notes below give information on the areas that have materially changed on consolidation of the group entities into the council's accounts.

## ACCOUNTING POLICIES

The Accounting Policies of the council's subsidiary companies have been aligned with the council's Accounting Policies contained in Section 6. Any statutory adjustments between accounting basis and funding basis included in the council's Accounting Policies do not apply to the subsidiary companies.

## Note 1 Audit Cost

	2022/23 £000's	2023/24 £000's
<b>External Audit Costs</b>		
Fees payable to Forvis Mazars with regard to external audit services carried out by the appointed auditor for the year	-	438
Fees payable to Deloitte LLP with regard to external audit services carried out by the appointed auditor for the year	133	-
Fees payable to Beever and Struthers Services Ltd with regard to external audit services carried out for the year	112	78
Fees payable to KPMG for the certification of grant claims and returns for the year	48	48
<b>Total</b>	<b>293</b>	<b>564</b>

## Note 2 Cash Flow Statement

### OPERATING ACTIVITIES (NOTE 2A)

	2022/23 £000's	2023/24 £000's
Interest Received	11,334	27,670
Interest Paid	(47,795)	(46,549)

The Surplus/(Deficit) on the Provision of Services has been Adjusted for the Following Non-Cash Movements:	2022/23 £000's	2023/24 £000's
Depreciation and Amortisation	50,666	49,597
Impairment and Downward Valuations	46,541	18,164
Increase/(Decrease) in Impairment for Bad Debts	(4,258)	8,866
Increase/(Decrease) in Creditors	(27,116)	42,498
(Increase)/Decrease in Debtors	(53,319)	6,872
(Increase)/Decrease in Inventories	21	-
Movement in Pension Liability	47,460	(1,546)
Carrying Amount of Non-Current Assets and Non-Current Assets Held for Sale, Sold or Derecognised	44,557	13,719
<b>Other Non-Cash Items Charged to the Net Surplus or (Deficit) on the Provision of Services</b>		
Increase/(Decrease) in Provisions	(865)	(545)
Increase/(Decrease) in Accumulated Absences	(318)	(388)
<b>Total</b>	<b>103,369</b>	<b>137,237</b>

The Surplus/(Deficit) on the Provision of Services has been Adjusted for the Following Items that are Investing and Financing Activities:	2022/23 £000's	2023/24 £000's
Proceeds from the Sale of Property Plant and Equipment, Investment Property and Intangible Assets	(48,438)	(14,236)
Grant Receipts for the Financing of New Capital Expenditure	(55,689)	(115,618)
<b>Net cash flows from operating activities</b>	<b>(104,127)</b>	<b>(129,854)</b>

## INVESTING ACTIVITIES (NOTE 2B)

	2022/23 £000's	2023/24 £000's
<b>Investing Activities</b>		
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(141,909)	(138,200)
Purchase of Short-Term and Long-Term Investments	(1,995,505)	(1,804,627)
Payments for Other Long Term Loans	(20,211)	(8,701)
Proceeds From the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	48,438	14,235
Proceeds from Short-Term and Long-Term Investments	2,064,985	1,863,885
Proceeds from Other Long-Term Loans	9,250	1,491
Grant Receipts for the Financing of New Capital Expenditure	87,727	93,266
<b>Net cash flows from investing activities</b>	<b>52,775</b>	<b>21,349</b>

## FINANCING ACTIVITIES (NOTE 2C)

	2022/23 £000's	2023/24 £000's
<b>Financing Activities</b>		
Cash Receipts of Short-Term and Long-Term Borrowing	1,163	7,593
Cash Receipts from Other Short-Term and Long-Term Liabilities	503	545
Cash Payments for the Reduction of Outstanding Liabilities Relating to Finance Leases and on-Balance Sheet PFI Contracts	(4,402)	(5,758)
Repayments of Short-Term and Long-Term Borrowing	(15,930)	(9,258)
Repayments of Other Short-Term and Long-Term Liabilities	(486)	(582)
Billing Authorities - Council Tax and NDR Adjustments	886	547
<b>Net cash flows from financing activities</b>	<b>(18,264)</b>	<b>(6,913)</b>



## Note 3 Property, Plant and Equipment

Property, Plant & Equipment Movements in 2023/24	Council Dwellings £000's	Other Land & Buildings £000's	Other Land & Buildings (PFI) £000's	Vehicles, Plant & Equipment £000's	Community Assets £000's	Surplus Assets £000's	Assets Under Construction £000's	Total Property, Plant & Equipment £000's	Intangible Assets £000's
<b>Cost or Valuation</b>									
<b>At 1 April 2023</b>	<b>960,671</b>	<b>930,347</b>	<b>204,101</b>	<b>124,718</b>	<b>48,439</b>	<b>2,377</b>	<b>83,107</b>	<b>2,353,760</b>	<b>16,663</b>
Additions	46,126	11,522	91	4,948	674	-	67,747	131,108	55
* Revaluation increases/(decreases) recognised in the Revaluation Reserve	(14,483)	46,260	12,879	-	983	154	-	45,793	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(22,711)	(352)	-	-	1,257	(181)	-	(21,987)	-
Derecognition - disposals	(4,494)	-	-	-	-	-	-	(4,494)	-
Derecognition - other	(5,287)	(2,914)	-	-	-	-	(1,422)	(9,623)	-
Other Reclassifications	7,020	6,319	-	-	678	4,011	(21,441)	(3,413)	-
<b>At 31 March 2024</b>	<b>966,842</b>	<b>991,182</b>	<b>217,071</b>	<b>129,666</b>	<b>52,031</b>	<b>6,361</b>	<b>127,991</b>	<b>2,491,144</b>	<b>16,718</b>
<b>Accumulated Depreciation and Impairment</b>									
<b>At 1 April 2023</b>	<b>(1,266)</b>	<b>(2,619)</b>	<b>-</b>	<b>(107,650)</b>	<b>(27)</b>	<b>-</b>	<b>-</b>	<b>(111,562)</b>	<b>(5,417)</b>
Depreciation charge	(13,878)	(16,471)	(3,406)	(3,497)	(382)	(64)	-	(37,698)	(1,343)
* Depreciation written out to the Revaluation Reserve	11,492	13,051	3,406	-	50	64	-	28,063	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	2,038	1,340	-	-	287	-	-	3,665	-
Impairment losses/reversals to Surplus/Deficit on Provision of Services	-	-	-	-	-	-	(5,222)	(5,222)	-
Derecognition - disposals	59	-	-	-	-	-	-	59	-
Derecognition - other	285	84	-	-	-	-	-	369	-
<b>At 31 March 2024</b>	<b>(1,270)</b>	<b>(4,615)</b>	<b>-</b>	<b>(111,147)</b>	<b>(72)</b>	<b>-</b>	<b>(5,222)</b>	<b>(122,326)</b>	<b>(6,760)</b>
<b>Net Book Value</b>									
At 31 March 2024	965,572	986,567	217,071	18,519	51,959	6,361	122,769	2,368,818	9,958
At 31 March 2023	959,405	927,728	204,101	17,068	48,412	2,377	83,107	2,242,198	11,246

Property, Plant & Equipment Comparative Movements in 2022/23	Council Dwellings £000's	Other Land & Buildings £000's	Other Land & Buildings (PFI) £000's	Vehicles, Plant & Equipment £000's	Community Assets £000's	Surplus Assets £000's	Assets Under Construction £000's	Total Property, Plant & Equipment £000's	Intangible Assets £000's
<b>Cost or Valuation</b>									
<b>At 1 April 2022</b>	<b>946,103</b>	<b>900,107</b>	<b>183,731</b>	<b>118,833</b>	<b>51,084</b>	<b>2,666</b>	<b>91,544</b>	<b>2,294,068</b>	<b>16,330</b>
Additions	47,651	34,792	100	4,142	1,537	-	49,567	137,789	351
* Revaluation increases/(decreases) recognised in the Revaluation Reserve	(9,892)	16,235	20,270	-	547	(225)	-	26,935	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(34,012)	(11,699)	-	-	(4,802)	9	-	(50,504)	-
Derecognition - disposals	(23,283)	(8,841)	-	-	-	-	-	(32,124)	-
Derecognition - other	(110)	(14,328)	-	(1,013)	-	-	(71)	(15,522)	(18)
Other Reclassifications	34,214	14,081	-	2,756	73	(73)	(57,933)	(6,882)	-
<b>At 31 March 2023</b>	<b>960,671</b>	<b>930,347</b>	<b>204,101</b>	<b>124,718</b>	<b>48,439</b>	<b>2,377</b>	<b>83,107</b>	<b>2,353,760</b>	<b>16,663</b>
<b>Accumulated Depreciation and Impairment</b>									
<b>At 1 April 2022</b>	<b>(1,090)</b>	<b>(3,364)</b>	<b>-</b>	<b>(104,952)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(109,406)</b>	<b>(4,167)</b>
Depreciation charge	(14,216)	(18,098)	(3,051)	(3,710)	(439)	(56)	-	(39,570)	(1,268)
* Depreciation written out to the Revaluation Reserve	12,553	14,219	3,051	-	32	55	-	29,910	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,576	2,173	-	-	380	1	-	4,130	-
Impairment losses/reversals to Surplus/Deficit on Provision of Services	(166)	-	-	-	-	-	-	(166)	-
Derecognition - disposals	76	-	-	-	-	-	-	76	-
Derecognition - other	1	2,451	-	1,012	-	-	-	3,464	18
<b>At 31 March 2023</b>	<b>(1,266)</b>	<b>(2,619)</b>	<b>-</b>	<b>(107,650)</b>	<b>(27)</b>	<b>-</b>	<b>-</b>	<b>(111,562)</b>	<b>(5,417)</b>
<b>Net Book Value</b>									
At 31 March 2023	959,405	927,728	204,101	17,068	48,412	2,377	83,107	2,242,198	11,246
At 31 March 2022	945,013	896,743	183,731	13,881	51,084	2,666	91,544	2,184,662	12,163

<b>3a Property, Plant &amp; Equipment Infrastructure Assets Movements</b>	<b>Non PFI £000's</b>	<b>PFI £000's</b>	<b>TOTAL Infrastructure Assets £000's</b>
<b>Net Book Value 1 April 2023</b>	<b>153,486</b>	<b>22,730</b>	<b>176,216</b>
Additions	13,085	-	13,085
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	-	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	-
Reclassification from Asset Under Construction	3,413	-	3,413
Depreciation	(9,915)	(640)	(10,555)
Derecognition and Disposals	-	-	-
<b>Net Book Value 31 March 2024</b>	<b>160,069</b>	<b>22,090</b>	<b>182,159</b>

<b>3b Property, Plant &amp; Equipment Infrastructure Assets Movements</b>	<b>Non PFI £000's</b>	<b>PFI £000's</b>	<b>TOTAL Infrastructure Assets £000's</b>
<b>Net Book Value 1 April 2022</b>	<b>147,390</b>	<b>23,369</b>	<b>170,759</b>
Additions	8,872	-	8,872
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	-	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	-
Reclassification from Asset Under Construction	6,882	-	6,882
Depreciation	(9,188)	(639)	(9,827)
Derecognition and Disposals	(470)	-	(470)
<b>Net Book Value 31 March 2023</b>	<b>153,486</b>	<b>22,730</b>	<b>176,216</b>

<b>3c Reconciliation to Property, Plant &amp; Equipment</b>	<b>1 April 2022 £000's</b>	<b>31 March 2023 £000's</b>	<b>31 March 2024 £000's</b>
Infrastructure Assets	170,759	176,216	182,159
Property Plant Equipment	2,184,662	2,242,198	2,368,818
<b>Total</b>	<b>2,355,421</b>	<b>2,418,414</b>	<b>2,550,977</b>

In accordance with the temporary relief offered by the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022, this note does not include disclosure of gross costs and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statement.

The council has chosen not to disclose the information as the previously reported practices and resultant information deficits mean that gross costs and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to the infrastructure assets.

# 6. Accounting Policies

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

The council is required to prepare an annual statement of accounts in accordance with proper accounting practice by the Accounts and Audit Regulations 2015. These practices under Section 21 of the Local Government Act 2003 (the Act) primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the Act.

The accounts have been prepared on a going concern basis, under the assumption that the council will continue in existence for the foreseeable future.

## II. ACCRUALS OF EXPENDITURE & INCOME

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 or 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 highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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.

## IV. 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.

## V. 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 amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund (Minimum Revenue Provision (MRP)) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

## VI. COUNCIL TAX AND NON-DOMESTIC RATES

In its capacity as a billing authority the Council acts as agent; it collects and distributes council tax and non-domestic (business) rates (NDR) income on behalf of the preceptors (the Greater London Authority (GLA) and the Department for Levelling Up, Housing and Communities (DLUHC)) and itself. Billing authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

### ACCOUNTING FOR COUNCIL TAX AND NDR

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

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

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the

revised future cash flows.

## VII. EMPLOYEE BENEFITS

### BENEFITS PAYABLE DURING EMPLOYMENT

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

### TERMINATION BENEFITS

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

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund or Housing Revenue Account 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 may be members of three separate pension schemes:

- i) The Teachers' Pension Scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE)
- ii) NHS Pension Scheme administered by NHS Pensions
- iii) The Local Government Pensions Scheme administered by Ealing Council

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

However, the arrangements for the teachers' and NHS scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the council. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children and Schools' line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year. The Adults & Public Health line incurs the NHS Pension employer costs.



## THE LOCAL GOVERNMENT PENSION SCHEME

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

- The liabilities of the Ealing Council pension fund attributable to the council are included in the Balance Sheet on an actuarial basis using the projected unit method – 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 projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.
- The assets of the Ealing Council pension fund attributable to the council are included in the Balance Sheet at their fair value:
  - (1) quoted securities – current bid price
  - (2) unquoted securities – professional estimate
  - (3) unitised securities – current bid price
  - (4) property – market value

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

- Service cost comprising:
  - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
  - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs
- Net interest on the net defined benefit liability/(asset), the net interest expense – the change during the period in the net defined benefit liability/(asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability/(asset) at the beginning of the period – taking into account any changes in the net defined benefit liability/(asset) during the period as a result of contribution and benefit payments.
- Re-measurements comprising:
  - Return on plan assets – excluding amounts included in net interest on the net defined benefit liability/(asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
  - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
  - Contributions paid to the 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 to be charged with the amount payable by the council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting



standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

## DISCRETIONARY BENEFITS

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

## VIII. 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.

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

## IX. 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 rate of interest 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 is repaid. The reconciliation of the amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund is managed by a transfer to or from the Financial Instrument Adjustment Account in the Movement in Reserves Statement.

## FINANCIAL ASSETS

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

- Amortised cost
- Fair value through profit or loss (FVPL)
- Fair value through other comprehensive income (FVOCI)

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

## FINANCIAL ASSETS MEASURED AT AMORTISED COST

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

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

## 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 expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the council.

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 significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

## FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets that are measured at FVOCI 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 accounted for through a reserve account and recognised in the Comprehensive Income and Expenditure Statement when the asset is disposed of.

## 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 arise in the Surplus or Deficit on the Provision of Services.

## FAIR VALUE MEASUREMENTS OF FINANCIAL ASSETS

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. 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 assess 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 and 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.

## X. 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 contribution have been satisfied.

Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of 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 and Expenditure (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

## XI. INFRASTRUCTURE ASSETS

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (such as bridges), street lighting, street furniture (such as 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 council 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 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. Useful lives of the various parts of the highways network are assessed by the Chief Highways Engineer using industry standards where applicable as follows:

Part of the Highways Network	Useful Life
Carriageways/Roads	10 to 41 years
Community infrastructure	10 to 30 years
Drainage systems	20 to 75 years
Footways and cycle tracks	10 to 30 years
Street Furniture	10 to 30 years
Street Lighting	20 years
Structure (bridges and footbridge)	15 to 25 years
Traffic Management Systems	10 to 40 years

### 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.

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 in the Movement in Reserves Statement.

## **XII. HERITAGE ASSETS**

Heritage assets are assets with historic, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture and this purpose is central to the objectives of the entity holding them.

Heritage assets (other than operational heritage assets) will be measured at valuation in accordance with FRS 30. Where this is not practicable, they will be valued at historical cost (less any accumulated depreciation, amortisation and impairment losses). Where possible, heritage assets have been reported in the Balance Sheet at insurance valuation, which is based on market values. This is because to procure valuers to carry out detailed valuation work would involve a disproportionate cost in comparison to the benefits to the users of the financial statements and consequently the council uses the insurance valuation as its basis for estimating the carrying value. There is no requirement for valuations to be carried out or verified by external valuers, nor is there any prescribed minimum period between valuations. However, where heritage assets are measured at valuation, the carrying amounts have been reviewed with sufficient frequency to ensure the valuations remain current. The council does not consider that reliable cost or valuation information can be obtained for some of its heritage assets, which are detailed in the disclosure notes. The cost of obtaining professional valuations is prohibitive due to the diverse nature of the assets held and the lack of comparable values on some collections. Consequently, the council does not recognise all its heritage assets on the Balance Sheet.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the general policies on impairment. The proceeds of such items are accounted for in accordance with the general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

All the council's heritage assets are considered to have an indefinite useful life and are not depreciated.

## **XIII. 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 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 cost. Amounts are only revalued where the fair value of the assets held by the council can be determined by reference to an active market. No intangible asset held by the council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines 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. The gains and losses are therefore reversed out of the General Fund in the Movement in Reserves Statement and posted to the Capital Adjustment Account of the Capital Receipts Reserve for any sale proceeds greater than £10,000.

#### **XIV. INTERESTS IN COMPANIES AND OTHER ENTITIES**

The council has material interests in companies and other entities that have the nature of subsidiaries, associates, and joint ventures and require it to prepare group accounts. In the council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

#### **XV. JOINT OPERATIONS**

Joint operations are arrangements where the parties that have joint control of the arrangements have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the council in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the council as a joint operator recognises:

- Its assets, including its share of any assets held jointly
- Its liabilities, including its share of any liabilities incurred jointly
- Its share of the revenue from the sale of the output by the joint operation
- Its expense, including its share of any expenses incurred jointly

#### **XVI. 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 AUTHORITY 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
- 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, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **Operating Leases**

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

## **THE AUTHORITY 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 (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)
- 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 and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund 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 to the Deferred Capital Receipts Reserve. When future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund 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 (for example 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.

## **XVII. OVERHEADS AND SUPPORT SERVICES**

The cost of overheads and support services are charged to service segments in accordance with the council's arrangements for accountability and financial performance.

## **XVIII. 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 (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 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 (will not lead to a variation in the cash flows of the council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income and Expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- Community assets and assets under construction – depreciated historical cost
- Dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- School buildings – current value, determined as the amount that would be paid for the asset in its existing use (existing use value (EUV)) or where there is no market



because of their specialist nature, are measured at depreciated replacement cost (DRC) which is used as an estimate of current value

- Surplus asset – the current value measurement base is fair value, estimated at highest and best use from a market participants perspective
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (EUV).

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

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but 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 Surplus or Deficit on the Provision of Services 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 is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

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

## IMPAIRMENT

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

Where impairment losses are identified, they are accounted for by:

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted 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 (assets under construction).

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- Intangible assets – straight-line allocation over the useful life of the asset, as advised by a suitably qualified officer

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately if they have different economic useful lives. The minimum value for separate components has been set at £1m as it is believed that anything below this would result in a trivial impact on the council's accounts. However, the major components of land and buildings are separated, with no depreciation being applied to the land element.

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

## DISPOSALS AND NON-CURRENT ASSETS HELD FOR SALE

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

The written off value of disposals is not a charge against council tax, as the cost of the 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 in the Movement in Reserves Statement.

## **XIX. PRIVATE FINANCE INITIATIVES (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 five elements:

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

## **XIX. PROVISIONS AND CONTINGENT LIABILITIES**

### **PROVISIONS**

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the council has an 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 line in the Comprehensive Income and Expenditure Statement.

Where some or all of the payment required to settle a provision is expected to be

recovered from another party (such as from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that the 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 where material.

## XX. RESERVES

The council sets aside specific amounts as reserves for future policy purposes or to cover future contingencies and risks. Reserves are created by transferring amounts out of the General Fund. 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 transferred back into the General Fund 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, retirement and employee benefits and do not represent usable resources for the council – these reserves are explained in the relevant policies.

## XXI. 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 to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

## XXII. SCHOOLS

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for council maintained schools (those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the council. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the council financial statements (and not the Group Accounts). Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the council as if they were the transactions, cash flows and balances of the council.

## XXII. VALUE ADDED TAX

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

## XXIII. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

The council's accounting policy for fair value measurement of financial assets is set out in note IX. The Council measures some of its non-financial assets such as surplus assets and some of its financial instruments such as equity shareholdings at fair value at the end of the reporting date. Fair value is the price that would be received to sell an asset 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
- 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, 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 suitable 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

# 7. Glossary

# GLOSSARY OF TERMS

## ACCOUNTING PERIOD

The period of time covered by the accounts, 12 months commencing on 1 April and ending on 31 March (the balance sheet date).

## ACCRUAL

The concept is that income and expenditure are recognised as they are earned or incurred and not as money is received or paid.

## 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.

## AGENCY SERVICES

Services provided by the council, as an agent on behalf of the responsible body, where that body reimburses the council for the cost of the work carried out.

## ANNUAL GOVERNANCE STATEMENT (AGS)

The formal statement that recognises, records and publishes a local authority's governance arrangements.

## ASSET

A resource controlled by the council as a result of past events and from which future economic or service potential is expected to flow to the council.

## AUDITOR'S OPINION

The opinion required by statute, from the council's external auditors, indicating whether the statement of accounts give a true and fair view of the financial position of the council.

## BALANCE SHEET

A statement of recorded assets, liabilities and other balances at the end of the accounting period.

## BALANCES

The capital or revenue reserves of the council made up of the accumulated surplus of income over expenditure on the General Fund or any other fund.

## BUDGET

A statement of the council's spending plans for revenue and capital expenditure over a specified period of time.

## CAPITAL ADJUSTMENT ACCOUNT

Represents the amounts set aside from revenue resources or capital receipts to finance expenditure on property, plant and equipment or to make repayments relating to external loans or other types of capital finance.

## CAPITAL CHARGE

A charge to revenue accounts to reflect the cost of property, plant and equipment used in the provision of services.



## CAPITAL EXPENDITURE

Spending on the acquisition and substantial renovation of assets either directly by the council or indirectly in the form of grants to other persons or bodies. The Code of Practice on Local Authority Accounting in the UK defines “expenditure for capital purposes”. Expenditure which does not fall within the definition must be charged to a revenue account.

## CAPITAL FINANCING COSTS

The annual cost of borrowing (principal repayments and interest charges), leasing charges and other costs of funding capital expenditure.

## CAPITAL GRANTS UNAPPLIED

Government grants and other contributions are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with. This reserve holds the balance of grants unapplied at year-end.

## CAPITAL RECEIPTS

Income from the sale of capital assets. Such income may only be used for purposes authorised by regulations under Local Government Act 2003, for example to repay loan debt and to finance new capital expenditure.

## CAPITAL RECEIPTS - DEFERRED

These represent amounts derived from the sale of assets, which will be received in instalments over agreed periods of time.

## CARRYING AMOUNT

Is the amount at which an asset is recognised after deducting any accumulated depreciation and impairment losses.

## CIPFA

The Chartered Institute of Public Finance and Accountancy is the accountancy body which recommends accounting practice for the preparation of local authority accounts.

## CIPFA PRUDENTIAL CODE

The Prudential Code was introduced from 1 April 2004 and has since been updated. The basic principle is that local authorities will be free to invest so long as their capital spending plans are affordable, prudent and sustainable. The Prudential Code sets out indicators that the council must use and report and factors that they must take into account to demonstrate that they have fulfilled this objective.

## CODE OF PRACTICE

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) specifies the principles and practices of accounting required to give a ‘true and fair’ view of the financial position and transactions of a local authority.

The Code sets out the proper accounting practices required by section 21(2) of the Local Government Act 2003. These proper practices apply to:

- Statements of Accounts prepared in accordance with the statutory framework established for England by the Accounts and Audit Regulations 2015 and 2020
- The audit of those accounts undertaken in accordance with the statutory framework established by the Local Audit and Accountability Act 2014

The Code prescribes the accounting treatment and disclosures for all transactions of a local Authority, and is based on the following hierarchy of standards:



- International Financial Reporting Standards (IFRSs) (including International Accounting Standards (IASs) and International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC) interpretations) as adopted by the European Union (EU-adopted IFRS)
- International Public Sector Accounting Standards (IPSASs)
- UK Generally Accepted Accounting Practice (GAAP) (Financial Reporting Standards (FRSs), Statements of Standard Accounting Practice (SSAPs) and Urgent Issues Task Force (UITF) Abstracts)

The Code has effect for financial years commencing on or after 1 April 2010 and is issued annually.

## COLLECTION FUND

The Collection Fund shows the transactions of the council in relation to the collection from taxpayers and distribution to precepting authorities, the council, the government and the Greater London Authority, of council tax and non-domestic (business) rates. The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to preceptors.

## 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.

## CONSISTENCY

The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.

## CONSOLIDATED BALANCE SHEET

The combined fund balance sheets of the council.

## CONTINGENCY SUM

A sum set aside to provide for foreseen but unquantifiable future commitments or for unforeseen expenditure which may become necessary during the year.

## CONTINGENT LIABILITY

A contingent liability is either:

- (a) A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the council's control, or
- (b) A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

## CORPORATE GOVERNANCE

The authoritative rules and controls in place within the council required to promote openness, inclusivity, integrity and accountability and which support good decision making.

## COST OF MANAGEMENT AND ADMINISTRATION

An allocation to service accounts of the net cost of the administrative and professional departments which support all of the council's services.

## CREDITORS

Financial liabilities arising from the contractual obligation to pay cash in the future for goods or services or other benefits that have been received or supplied and have been invoiced or formally agreed with the supplier.

## CURRENT ASSET

Is an asset that is intended to be sold (or cash received) within the normal operating cycle; the asset is held primarily for the purpose of trading or the Council expects to realise the asset within 12 months after the reporting date, this includes debtors/receivables.

## CURRENT LIABILITY

An amount which will become payable or could be called in within the next accounting period such as creditors/payables or cash overdrawn.

## CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

## DEBT REDEMPTION

The repayment of external loans previously raised to finance capital expenditure.

## DEBTORS

Financial assets not traded in an active market with fixed or determinable payments that are contractual rights to receive cash or cash equivalents.

## DEFERRED DEBTORS

Debts of a capital nature repayable over a period of time in excess of one accounting period such as mortgages.

## DEPRECIATION

The measure of the cost or revalued amount of the benefits of the property, plant and equipment that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of the property, plant and equipment whether arising from use, passage of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

## EXCEPTIONAL ITEMS

Material items which derive from events or transactions that fall within the ordinary activities of the council and which need to be disclosed separately by virtue of their size or incidence to give a fair presentation of the accounts.

## EXPECTED RATE OF RETURN ON PENSIONS ASSETS

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

## EXPENSES

Decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or increases of liabilities that result in decreases in reserves. Expenses include expenses that arise in the course of the ordinary activities and losses such as revaluation of property, plant and equipment.

## FAIR VALUE

Is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms-length transaction.

## FINANCE LEASE

A finance lease is one that transfers substantially all of the risks and rewards of ownership of property, plant and equipment to the lessee. It should be presumed that such a transfer of risks and rewards occurs if at the inception of a lease the present value of the minimum lease payments including any initial payment amounts to substantially all (normally 90% or more) of the fair value of the leased asset.

## FINANCIAL YEAR

In the context of a local authority this means the period from 1 April to the following 31 March inclusive.

## GENERAL FUND

The main revenue fund of the council. Day-to-day spending on services is met from the fund.

## GOING CONCERN

The council's financial statements have been prepared on a going concern basis; that is, the accounts have been prepared on the assumption that the functions of the council will continue in operational existence for the foreseeable future.

## GROSS EXPENDITURE

The cost of service provision before allowing for government grants, council taxes and other income like fees and charges.

## HISTORICAL COST

Is deemed to be the carrying amount of an asset as at 1 April 2007 (brought forward from 31 March 2007) or at the date of acquisition, whichever date is the later, and adjusted for subsequent depreciation or impairment (if applicable).

## IMPAIRMENT

This is where the useful working life of an asset is significantly reduced – for example, because of damage to a piece of equipment or changes in technology which mean that a service can be provided more efficiently in other ways.

## INCOME

Is the gross inflow of economic benefits or service potential during the reporting period when those inflows or enhancements of assets or decreases of liabilities result in an increase in reserves. Income includes both revenue arising in the course of ordinary activities and gains such as the revaluation of property, plant and equipment.

## INFRASTRUCTURE ASSETS

Property, plant and equipment that is inalienable, expenditure on which are recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

## INTANGIBLE ASSET

An intangible asset is an identifiable non-monetary asset without physical substance. It must be controlled by the council as a result of past events, and future economic or service benefits must be expected to flow from the intangible asset to the council. The most common class of intangible asset in local authorities is computer software.

## INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

## INVENTORIES

Items of stores and raw materials which have been procured for use on an on-going basis and which have not yet been used at the end of the accounting period.

## INVESTMENT PROPERTY

An investment property is one that is used solely to earn rentals or for capital appreciation or both.

## LEASING

A method of utilising assets where a rental charge is paid for a specified period of time, instead of outright purchase.

## LIABILITIES

Are present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential.

## LOANS OUTSTANDING

The total amounts borrowed from external lenders for capital and temporary revenue (cashflow) purposes but not repaid at the balance sheet date.

## MATERIALITY

The relevance of information contained in the financial statements is affected by its nature and materiality. Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor. Therefore, materiality provides a threshold or cut-off point rather than a primary qualitative characteristic which information must have if it is to be useful. An authority need not comply with the Code, as to both disclosure and accounting principles, if the information is not material to the true and fair view of the financial statements and to the understanding of users.

## MINIMUM REVENUE PROVISION

The minimum amount that the council must charge to the income and expenditure account to provide for the repayment of debt.

## NON-DOMESTIC RATES (NDR)

With effect from April 1990 all non-domestic properties were revalued and the government determines a national non-domestic rating multiplier every year which is applicable to all local authorities. The rateable values are set by the Valuation Office Agency of HM Revenue & Customs, and there is a statutory revaluation every 3 years. The proceeds of the business rates are partly retained by the council and the balance is redistributed to the government and Greater London Authority.

## NET EXPENDITURE

Gross expenditure less specific government grants and other income.

## NET BOOK VALUE

The amount at which property, plant and equipment are included in the balance sheet, their historical cost or current value, less the cumulative amounts provided for depreciation.

## NON-OPERATIONAL ASSETS

Property, plant and equipment held by the council but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment property and assets that are surplus to requirements, pending sale or redevelopment.

## OPERATING LEASE

A lease under which the ownership of the asset remains with the lessor; for practical purposes it is equivalent to contract hiring.

## OPERATIONAL ASSETS

Property, plant and equipment held and occupied, used or consumed by the council in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

## PAST SERVICE COST

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

## PRECEPT

The levy made by precepting authorities, in the council's case the Greater London Authority, on the council, requiring the council to collect income from council taxpayers on behalf of the precepting authorities and paying over the cash collected to them. For business rates the Department for Levelling Up Housing and Communities is also a preceptor

## PROPERTY, PLANT & EQUIPMENT

Tangible assets that yield benefits to the council and the services it provides for a period of more than one year.

## PROVISION

An amount set aside in the accounts for liabilities which are certain to be incurred in the future but cannot be quantified accurately at the balance sheet date.

## PRUDENCE

Accounts should be prepared in accordance with the concept of prudence. Income should only be anticipated to the extent that it will be received, as cash or other assets, with reasonable certainty and full and proper allowance should be made for all known and foreseeable losses and liabilities.

## PRUDENTIAL FRAMEWORK

One of the principal features of the Local Government Act 2003 was to provide the primary legislative requirements to introduce a new prudential regime for the control of local authority capital expenditure. The regime relies upon both secondary legislation in the form of regulations, and a prudential code which has been published by CIPFA.

Under the prudential framework local authorities are free to borrow without specific government consent if they can afford to service the debt without extra government support. The basic principle is that authorities will be free to invest as long as their capital spending plans are affordable, sustainable and prudent. As a control mechanism to ensure this occurs all authorities must follow the Prudential Code. This involves setting various prudential limits and indicators that must be approved by Full Council.

## PUBLIC WORKS LOAN BOARD (PWLb)

A body, now part of the Debt Management Office (a government agency), which lends money to public bodies for capital purposes. At present nearly all borrowers are local authorities. Monies are drawn from the National Loans Fund and rates of interest are determined by the Treasury.

## RELATED PARTIES

Two or more parties are related parties when at any time during the financial period:

- One party has direct or indirect control of the other party; or
- The parties are subject to common control from the same source; or
- One party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

## RELATED PARTY TRANSACTIONS

A related party transaction is the transfer of assets or liabilities or the performance of services by, to, or for, a related party irrespective of whether a charge is made. The materiality of related party transactions should be judged not only in terms of their significance to the Council, but also in relation to its related party.

## RENT ALLOWANCE

A subsidy (housing benefit) payable by the council to low-income tenants in private rented accommodation.

## RESERVE

The residual interest in the assets of the council after deducting all its liabilities. The Movement in Reserves Statement shows the true economic cost of providing the council's services, represented by the line 'Surplus or (deficit) on the provision of services. Some income and expenditure is required to be recognised on a different basis or in a different accounting period (in accordance with legislation) in the General Fund. These differences are shown in the line 'Adjustments between accounting basis and funding basis under regulations'. Voluntary transfers to or from the General Fund Balance also affect the amount to be funded from council tax; these are shown in the line 'Transfers to or from reserves available to fund services'. The Movement in Reserves Statement also shows Other Comprehensive Income and Expenditure, for example revaluation gains.

## RESIDUAL VALUE

Of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

## REVALUATION RESERVE

From April 2007, this replaced the former Fixed Asset Restatement Account. The Revaluation Reserve, like the Fixed Asset Restatement Account, measures the gains or losses on assets where a revaluation has taken place.

## REVENUE ACCOUNT

An account that records a council's day-to-day expenditure and income on such items as salaries and wages and other running costs of services.

## REVENUE EXPENDITURE FINANCED FROM CAPITAL UNDER STATUTE (REFFCUS)

Expenditure to be classified as capital for funding purposes when it does not result in it being carried on the balance sheet as property, plant and equipment.

## REVENUE SUPPORT GRANT (RSG)

A grant paid by government to every local authority to help to finance its expenditure generally and not specific services. It is based on the government's assessment of how much the council needs to spend in order to provide a standard level of service.

## TEMPORARY LOANS

Loans where repayment is due to be made or repayment can be demanded, within one year from the date of advance.

## TREASURY MANAGEMENT

This relates to borrowing and cash activities (including investment) of the council, and the effective management of any associated risks. Local authorities' treasury management activities are prescribed by statute. In England & Wales the source of such powers is the Local Government Act 2003, which simplified past complexities and gave further clarification. A local authority may borrow or invest for any purpose relevant to its functions, under any enactment (law) for the purpose of the prudent management of its financial affairs. The council also applies the CIPFA code of practice on treasury management in public services.

# 8. Annual Governance Statement



# ANNUAL GOVERNANCE STATEMENT

## Introduction

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

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

The council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA / SOLACE Framework Delivering Good Governance in Local Government 2016 Edition. A copy of the code can be located on the council's website at [https://www.ealing.gov.uk/download/downloads/id/2550/corporate\\_code\\_of\\_governance.doc](https://www.ealing.gov.uk/download/downloads/id/2550/corporate_code_of_governance.doc), or can be obtained from the Monitoring Officer.

This statement explains how the council has complied with the code and also meets the requirements of regulation 6(2) Accounts and Audit Regulations 2015, in relation to the Annual Governance Statement. It also highlights how the council's financial management arrangements conform to the governance requirements of CIPFA's Statement on the Role of the Chief Finance Officer in Local Government (2016).

## Key Elements of the Council's Governance Framework

### Key Elements of the Council's Governance Framework are:

<p>Council, Cabinet and Leader</p> <ul style="list-style-type: none"> <li>• Providing leadership, developing and setting policy.</li> <li>• Supporting diverse communities and distinctive neighbourhoods to thrive and succeed.</li> </ul>	<p>Decision Making</p> <ul style="list-style-type: none"> <li>• All meetings are held in public.</li> <li>• Decisions are recorded on the council website.</li> <li>• All council decisions are supported by detailed officer reports which consider the financial, legal and other implications.</li> </ul>	<p>Risk Management</p> <ul style="list-style-type: none"> <li>• Risk registers identify operational and strategic risks.</li> <li>• Key risks are considered by Strategic Leadership Team and reported to Audit Committee.</li> <li>• Oversight of financial outcomes, governance and key partnership arrangements.</li> </ul>
<p>Scrutiny and Review</p> <ul style="list-style-type: none"> <li>• Scrutiny Committees review council policy and can challenge decisions.</li> </ul>	<p>Strategic Leadership Team (SLT) and statutory officers</p> <ul style="list-style-type: none"> <li>• SLT are responsible for overall management of the council.</li> <li>• Chief Executive is the Head of Paid Service who is responsible for all council staff and leading SLT.</li> <li>• Strategic Director, Resources is the Section 151 officer and responsible for safeguarding the council's financial position.</li> <li>• Director of Legal and Democratic Services is the council's Monitoring Officer.</li> </ul>	

## How we Comply with the CIPFA/Solace Framework

Standard	Council Framework
Behave with Integrity	<p>The Code of Conduct for Councillors is contained within the Constitution. The council operates a Standards Committee, which oversee and promote high standards of conduct for members.</p> <p>All members and chief officers are required to complete statements relating to related party transactions and a register of members' interests, which is updated by members, is maintained and published on the council's website.</p> <p>The Employee Code of Conduct is also contained within the Constitution and a copy of this is provided to all new employees when they start work for the council. Organisational values and behaviours demonstrate expectations with regards approach, attitude and underpinning of our people processes and training interventions.</p> <p>The Constitution sets out the responsibilities of both members and officers. In particular the council has identified the following six statutory posts:</p> <ul style="list-style-type: none"> <li>• Head of Paid Service – Chief Executive</li> <li>• Chief Financial Officer (Section 151 Officer) – Strategic Director, Resources</li> <li>• Monitoring Officer – Director of Legal and Democratic Services</li> <li>• Director of Children's Services – Strategic Director, Children's Services</li> <li>• Director of Adult Social Services – Strategic Director, Adults and Public Health</li> <li>• Director of Public Health – Director of Public Health</li> <li>• Data Protection Officer – Corporate Information and Governance Manager</li> </ul> <p>The council's Head of Paid Service, Section 151 Officer, and Monitoring Officer meetings are scheduled every six weeks for a "statutory officers meeting" where issues of particular governance concern are raised, and approaches agreed.</p>

Standard	Council Framework
	<p>Whistle-blowing, anti-fraud and anti-corruption / bribery policy is in place and publicised.</p>
Engage with Stakeholders	<p>The council's strategic planning priorities are directly aligned with those of the Local Strategic Partnership (LSP), through the LSP Borough Plan 2018-22. The council is therefore better able to relate its own performance to the outcomes it seeks for the borough. This also facilitates greater alignment of priorities between the council and other key partners and service delivery agencies, such as the NHS and the Police.</p> <p>The Ealing Borough Based Partnership (BBP) brings together the NHS, Ealing Council, the voluntary and community sector and local residents, to improve health and care outcomes for all the people in the borough. The partnership does not replace or merge organisations but will bring together organisations and teams to work more effectively around a shared purpose. Each partnership is collaborating at borough level to tackle local challenges, improve the health and wellbeing of the local population and reduce the health inequalities that exist within their borough.</p> <p>The Safer Ealing Partnership (SEP) acts as the formal Community Safety Partnership for the borough, which is a statutory requirement as set out by the Crime and Disorder Act 1998. The board is made up of statutory partners including Police; Directors from social care and public health; the London Fire Brigade borough commander, MOPAC (Mayor's Office for Crime and Policing), Probation service, Drug and Alcohol Intervention services and representatives from the Voluntary and Community Sector.</p> <p>The focus of the partnership is working collectively to set the strategic direction to address the key drivers of crime, violence, Anti-Social Behaviour and exploitation within the borough and ensure that partners are accountable to each other and residents. The partnership also works to ensure that services are working to deliver shared objectives like delivering an inclusive and proportionate based policing and wider enforcement approach when keeping residents safe and ensuring we are maximising the opportunities to prevent victimisation and offending taking place in the first instance.</p>

Standard	Council Framework
Define Outcomes	<p>The council has put in place arrangements for the key systems and processes that comprise its governance framework. The administration's three priorities form the basis of the Councils Plan and provides focus for improvement. The Council Plan specifies three strategic objectives for Ealing:</p> <ul style="list-style-type: none"> <li>• Creating good jobs</li> <li>• Tackling the climate crisis</li> <li>• Fighting inequalities</li> </ul> <p>The Council Plan is supported by an annual Delivery Plan 2023-24 and progress against this and other key performance indicators are reported to Cabinet on a quarterly basis and any amendments or updates to it are considered and approved by Full Council.</p>
Ensure planned outcomes are achieved	<p>All Cabinet and Committee reports reference one or more of the three priorities.</p> <p>The council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control.</p> <p>The council's review of the effectiveness of its system of internal control is informed by:</p> <ul style="list-style-type: none"> <li>• Annual Assurance Opinion of the Head of Internal Audit</li> <li>• Performance against targets</li> <li>• Annual Assurance Statements completed by Strategic Directors</li> <li>• A review of the previous year's Annual Governance Statement.</li> </ul>
Develop capacity, capability and leadership	<p>A member training and development programme is in place and there is a comprehensive induction programme for all councillors within the first few weeks of their election to office. Training on the council's Code of Conduct for Councillors is compulsory. The council has adopted specific codes of conduct for</p>

Standard	Council Framework
	<p>councillors involved in planning or licensing decision-making and these councillors receive additional training in these areas as a pre-condition of their participation.</p> <p>The New Starters Induction Programme requires all new joiners, whether council employees or agency staff, to undertake a corporate induction when they join the council.</p> <p>All new assistant directors, directors and strategic directors meet with the Director of Legal and Democratic Services for a one to one induction briefing on governance.</p> <p>There is a corporate learning programme which consists of a variety of learning resources available to staff.</p>
<p>Manage risk and performance effectively</p>	<p>The council has an Audit Committee that provides independent, effective assurance on the adequacy of the council's governance environment. The Audit Committee has clear terms of reference and an annual work programme for internal audit and risk management. Its membership included and independent member during the year.</p> <p>The council maintains an Internal Audit and Risk Management service that operates in accordance with the published internal audit standards expected of a local authority in the United Kingdom. The Assistant Director Internal Audit and Investigation has direct access to the Chief Executive, the Strategic Director Resources (Section 151 Officer) and the Chair of the Audit Committee.</p> <p>An embedded Risk Management Framework is in place, with each Directorate maintaining a risk register. The risk management framework was approved by the Strategic Leadership Team and the Audit Committee. A comprehensive review and refresh of the Strategic Risk Register was completed by SLT during the year.</p> <p>The council has a four-year Medium Term Financial Strategy, which is reviewed and updated annually as part of the budget setting process to support the achievement of the council's corporate priorities.</p>

Standard	Council Framework
	<p>The Strategy and Change directorate works with all directorates to monitor performance against the agreed corporate performance indicator suite. Regular performance reports are taken to the SLT. In addition, a number of governance mechanisms are in place to support performance management across the council, including monitoring the delivery of the revenue budget and capital programme.</p> <p>Members play a regular role in performance management, providing challenge to officers. Cabinet receives a report on performance each quarter. Cabinet portfolio holders have regular meetings with Strategic Directors and review finance and performance indicators.</p>
Demonstrate transparency and accountability	<p>The statutory Forward Plan is published monthly on the internet, and details all key decisions proposed to be made by the council during the relevant period. Any key decision which is not on the Forward Plan may not be taken within that period, unless the report author is able to demonstrate to the Monitoring Officer and relevant members that urgency procedure requirements are met. All urgent decisions taken are monitored by the Monitoring Officer and reports taken to Full Council.</p> <p>Senior officers' remuneration is published on the council website and within the statutory Statement of Accounts.</p> <p>Reports and minutes of formal meetings are also published on the council's website. This includes delegated decisions made by individual Cabinet Members, and key decisions by officers.</p>

## Inspection and Assessments

There were no significant inspections completed in 2023/24.

## Assurances from Internal and External Audit

The Internal Audit service is a key means of assurance and reviews the adequacy of the controls throughout all areas of the council.

The council's Internal Audit service carries out a comprehensive programme of review activity consistent with the Audit Strategy and the Public Sector Internal Audit Standards. The work is based around the core risks faced by the council and includes significant work on the main financial and information management systems, corporate programmes and partnerships. Based upon the programme of work for 2023/24, the Assistant Director of Audit and Investigation's opinion on the Council's control environment, governance arrangements and risk management arrangements are that they are reasonable. A definition of assurance levels is included in annex A.

**External Audit** – Forvis Mazars have been appointed as the council's external auditor from 2023/24 replacing Deloitte who were the council's appointed external auditor in previous years. As well as an examination of the council's financial statements, the work of the council's external auditor includes an assessment of whether significant arrangements to secure economy, efficiency and effectiveness from the use of resources has come to their attention.



## Update on Issues Identified in 2022/23

Issue Raised	Performance in 2023/24
<b>Financial pressures and uncertainty with regards to the wider economic context and inflation and local government funding (including future reform).</b>	<p>Significant work was completed in-year to deliver services, savings and operate within overall budgets. However, the 2023/24 and the 2024/25 Local Government Settlements continued to provide only single year settlements and there is no clear timetable or details of expected local government funding reform. The issue of ongoing financial pressures due primarily to the cost and complexity of demand led services and uncertainty over medium term funding will continue for 2024/25 and has been identified as an issue for this year.</p>
<b>Housing Health and Safety</b>	<p>Ongoing work to address the Health and Safety issues. Significant progress has been made in line with the council's agreed action plan. The council is now responding to new standards for Housing and Building Safety as set out in the issues for 2024/25.</p>
<b>Recruitment and Retention</b>  <b>National and local pressures on the Council's workforce.</b>	<p>Following the appointment of a new Director of Workforce and OD, significant work has been undertaken to review policies, process and structures to support this work. Work is ongoing and this is set out in the issues for 2024/25 below.</p>

## Significant Governance Issues 2023/24

Issue	Actions
<p><b>Financial</b></p> <p>Financial pressures and uncertainty with regards to the wider economic context, inflation, demand and local government funding (including future reform).</p>	<ul style="list-style-type: none"> <li>Continued financial monitoring and planning with increased focus on more regular monitoring and oversight of demand led budgets.</li> <li>Continual review of government funding and other budget and medium-term financial strategy assumptions.</li> <li>Close monitoring of key risks demand level services.</li> <li>Strategy to build financial resilience and reserves to ensure financial sustainability.</li> <li>Capital programme board being established, and new approvals and controls introduced.</li> </ul>
<p><b>Workforce Retention</b></p> <p>National and local pressures on the council's workforce around recruitment and retention. A need to reduce use of interims and a risk of corporate memory from turnover and shift to new employees.</p>	<ul style="list-style-type: none"> <li>Updating workforce strategy and Organisational Development Plans and linking our vision of connected communities.</li> <li>Monitoring and oversight arrangements.</li> <li>Monitoring and oversight of use of interims, with controls over engagements tightened and monitored by SLT.</li> </ul>
<p><b>Compliance with Regulations and Policy</b></p> <p>Ensuring that we adopt systems and processes to ensure compliance/continued compliance with new regulations.</p>	<ul style="list-style-type: none"> <li>SLT and members have increased oversight of corporate performance and risks.</li> <li>A revised reporting/KPI suite set-up aligned to service plans and connected communities.</li> <li>Quality assurance/ data improvement programmes in key areas.</li> <li>SLT monitoring follow-up work for internal audit recommendations.</li> <li>Joint Contracts Board reviewing compliance with financial regulations and standing orders and reviewing new Procurement Act requirements.</li> <li>A training programme being developed for budget holders/contract managers.</li> </ul>

## Conclusion

As Leader and Chief Executive, we have been advised of the implications of the results of the review of the effectiveness of the council's governance framework.

Our overall assessment is that this Annual Governance Statement is a balanced reflection of the governance environment and that an adequate framework exists within the London Borough of Ealing to ensure effective internal control is maintained.

We are also satisfied that there are appropriate plans in place to address the weaknesses and ensure continuous improvement in the system of internal control.

Signed:



Chief Executive – Ealing Council

Tony Clements

28 February 2025

Signed:



Leader of the Council

Cllr. Peter Mason

28 February 2025

## Annex A

An assurance mechanism is used to reflect the effectiveness of the council's internal control environment. The table below details the four levels of assurance provided.

Level	Definition
<b>Substantial</b>	There is a sound system of internal control designed to achieve the council's objectives. The control processes tested are being consistently applied.
<b>Reasonable</b>	While there is a basically sound system of internal control, there are weaknesses, which put some of the council's objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the council's objectives at risk.
<b>Limited</b>	Weaknesses in the system of internal controls are such as to put the client's objectives at risk. The level of non-compliance puts the council's objectives at risk.
<b>None</b>	Control processes are generally weak leaving the processes / systems open to significant error or abuse. Significant non-compliance with basic control processes leaves the processes / systems open to error or abuse.



