



Draft Statement of Accounts Newham Council 2024/25

CONTENTS

SECTION – 1

NARRATIVE REPORT BY CHIEF FINANCIAL OFFICER

Page 003

SECTION – 2

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

Page 010

SECTION – 3

INDEPENDENT AUDITOR'S REPORT

Page 013

- *Independent Auditor's Report to London Borough of Newham*
- *Independent Auditor's Report to London Borough of Newham Pension Fund*

Page 015

Page 018

SECTION – 4

GROUP AND SINGLE ENTITY FINANCIAL STATEMENTS

Page 020

- *SINGLE ENTITY COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT*
- *Group Comprehensive Income and Expenditure Statement*
- *GROUP AND SINGLE ENTITY MOVEMENT IN RESERVES STATEMENT*
- *Group and Single Entity Balance Sheet*
- *Group and Single Entity Cash Flow Statement*
- *Notes to the Accounts (General)*
-

Page 022

Page 023

Page 024

Page 025

Page 026

Page 027

SECTION – 5

SUPPLEMENTARY FINANCIAL STATEMENTS

Page 125

- *Housing Revenue Account (HRA) - Income and Expenditure Statement*
- *Statement on The Movement on The Housing Revenue Account*
- *Housing Revenue Account Notes*
- *Collection Fund Statement*
- *Notes to the Collection Fund*

Page 126

Page 127

Page 128

Page 132

Page 133

SECTION – 6

PENSION FUND ACCOUNTS AND NOTES

Page 135

SECTION – 7

GLOSSARY OF FINANCIAL TERMS

Page 174

SECTION – 1

NARRATIVE REPORT BY CHIEF FINANCIAL OFFICER

The Council's Statement of Accounts

The Statement of Accounts for the London Borough of Newham provides a summary of the Council's financial position as at 31st March 2025. They have been prepared in accordance with the code of practice on Local Authority Accounting (the CIPFA Code) and while the format and content of the accounts is largely prescribed by the code, every endeavour has been made to balance the statutory reporting requirements with the desire to make them clear and understandable to all interested parties.

The accounts are prepared on the basis of the authority being a 'going concern', that is to say that the organisation is financially stable enough to meet its obligations for the foreseeable future, a period of time generally accepted as being 12 months or more. These accounts report a substantial overspend against the budget set for 2024/25 of £41m, which has significantly reduced earmarked reserves, and the council's budget report for 2025/26 assesses that the financial pressures will continue for the medium term. However, the Council is assessed to be a going concern as;

a) a) Central Government have agreed, in principle, Exceptional Financial Support which allows the London Borough of Newham to utilise capital receipts from asset disposals to support ongoing revenue expenditure. The budget for 2024/25 and 2025/26 relies upon the use of capital receipts to achieved a balanced position, and whilst the Council is clear that this is not a long term sustainable solution, there are sufficient opportunities to generate capital receipts to fund operations for more than the next 18 months.

b) b) It is assumed that the functions of any London Borough will continue in their current or similar form for the foreseeable future. The Code requires that local authorities prepare their accounts on a going concern basis, as they can only be discontinued under statutory prescription, and there is no notice from Government to that effect.

There has been one major change to the accounting policies, with International Financial Reporting Standard 16 (IFRS16) being introduced to the local authority accounting code for 2024/25. This means that all assets and liabilities arising from major lease arrangements are now recognised on the balance sheet. Looking ahead, and subject to government direction, it is also expected that for 2024/25 the Local Government Pension Scheme accounts, known as the Pension Fund, will include a section in the annual report addressing the recommendations of the Taskforce for Climate related Financial Disclosures (TCFD). In preparation for this, the 2024/25 annual report contains a short summary explaining TCFD.

This narrative report provides the reader with key contextual information about the authority including its main objectives and strategies, the principal risks that it faces and the plans that are in place to manage and mitigate these risks. It also provides a commentary on how the Authority (including the Group Accounts) has used its resources to achieve its desired outcomes in line with its objectives and strategies.

Context - About the London Borough of Newham

The London Borough of Newham is situated in north east London, bordering the River Thames, and is home to the Olympic Park, the London Stadium and other legacy projects centred around the Olympic site. The Westfield Shopping Centre in Stratford, City Airport and the Excel Centre are also key landmarks situated within the borough. The borough continues to undergo significant redevelopment not just around Stratford but also in Custom House, Canning Town and the Royal Docks.

The borough is one of the fastest growing, young, and diverse boroughs in the country. Having experienced 14% growth in the preceding decade the population now stands at 362,552 , and around seven out of ten residents are from Black, Asian and ethnically diverse communities. In terms of demography, it has long been one of the younger boroughs in London; 21% of residents are aged 15 years or younger compared to a London average of 19%. However the number of pupils on roll in the borough's schools in 2024 has reduced compared to the previous year, suggesting a shift in demographic patterns may be under way.

There are over 125,000 dwellings in Newham, the vast majority of which are flats and terraced houses. Homes are typically smaller than elsewhere in the country, and 93% of dwellings are in Council Tax bands A to D. In terms of tenure 39% of homes are in the private rental sector, with social rented properties accounting for another 28%.

There are 15,865 businesses in the borough, 94% of which are micro business employing nine people or less. The rate of residents who are economically active (in employment / in training) is slightly lower than the national average, and in December 2024 the unemployment rate was 7.9% - twice the national average . There are also deep rooted inequalities. Newham is the third most deprived local authority in London: almost three out of every four residents live in the 30% most deprived neighbourhoods in the country . After housing costs are taken into account, it is estimated that almost 4 in 10 residents (38%) live in poverty.

In February 2024 the Council passed the 'Local Investment for Fairness in Tough Times' budget for the 2024/25 financial year which increased the General Fund budget from £363m to £395m. Budgetary growth of £10m was allocated in response to demographic growth in Adults and Children's social care, £19m was allocated to the temporary accommodation budget, and a total of £29m was budgeted for inflationary pressures including staff pay.

In total gross expenditure budgets were increased by £76m which was funded by £22m of savings and efficiencies, £28m from increase government funding and council tax rises, and £16m funded from expected flexibilities on use of receipts from disposal of capital assets. Funding from capital receipts was consistent with the previous government's intent, as shown in their January 2024 consultation proposal to allow local authorities greater freedom to use their capital assets.

In the first quarter of 2024/25 a General Election was held and this consultation did not develop further. Instead the Council applied for the same flexibility to use capital receipts under the new government’s Exceptional Financial Support programme. This has been agreed in principle by the Minister of State for Local Government and these accounts are prepared on this basis.

Despite the growth allocated as part of budget setting over the last two years to the temporary accommodation budget, the 2023/24 financial outturn shows that it would be insufficient to avoid an overspend in 2024/25. Tough economic conditions continue to put many residents at risk of homelessness, with rents in the private sector increasing above the general rate of inflation. The higher cost of accommodation in Newham has caused more residents to approach the council for assistance, and increased unit costs for the council. In response to the facts of the 2023/24 outturn position, and the evident trajectory on cost and demand, the council recast its demand and cost modelling for temporary accommodation so that it took account of both of these trajectories. This improved method informed the financial forecasting for 2024/25, where an overspend was reported early on, and informed a revised medium term financial position used for the budget setting process for 2025/26.

Revenue Budget Performance

An analysis of budget performance by directorate is shown in the table below, with a summary of the larger variances against budgets following below.

Directorate	2024/25 Revised Budget £m	2024/25 Outturn Budget £m	2024/25 Outturn Variance £m
Children and Young People	125.9	132.6	6.7
Inclusive Economy & Housing - Non TA	9.0	8.2	(0.8)
Adults & Health	122.1	132.4	10.3
Environment and Sustainable Transport	24.1	23.6	(0.5)
Marketing	8.4	8.5	0.1
Digital	0.3	0.3	-
Transformation	1.2	1.2	-
Resources	31.7	30.9	(0.8)
RMS	-	0.1	0.1
oneSource	1.4	2.6	1.2
Corporate Budgets - General	28.7	26.3	(2.4)
Sub Total	352.8	366.7	13.9
Housing (Temporary Accommodation)	41.7	68.6	26.9
Grand Total	394.5	435.3	40.8

The table above shows a large budget variance with an overspend of £41m against the budget set. This is a significant overspend, with sizeable pressures on social care budgets, but it was mainly driven by the £27m overspend position on temporary accommodation (within the Housing-Temporary Accommodation line). Note that this overspend is consistent with the revised forecasting models introduced for this budget as described above.

The £27m overspend on temporary accommodation was caused by continued increases, both in demand and in the rental prices incurred. The total number of households in temporary accommodation grew during the year from 6,500 to over 7,200, for context this number was 5,800 as of April 2023. Likewise, rents continued to increase, with the nightly rates paid for accommodation rising by 19% during the course of the year.

The Adults & Health directorate has an overspend of £10.3m. The main causes for the overspend were; increased unit costs associated with out of borough adult social care placements, and a rise in the amount of provision of short term and preventative initiatives to manage the overall long-term care demand for adult social care services

Children and Young People Services overspent by £6.7m. The main causes of the overspend are were; the increased cost of placements, with some unit costs 50% higher than in 2022/23; more care leavers remaining in accommodation which is either fully funded or partially funded by the Council due to the lack of affordable accommodation; and increases in the number of pupils requesting and requiring home to school transport.

There was a net underspend across all other directorate budgets with only minor variances to the budget set.

Housing Revenue Account (HRA)

The Housing Revenue Account (HRA) is a ring-fenced account which manages income and expenditure in relation to the c.16,000 Council dwellings. The 2024/25 outturn was an underspend of £12.3m against the £122m budget set, and this surplus was put back into reserves to support the future activity to operate, maintain and improve the housing stock as detailed in the HRA business plan.

Dedicated Schools Budget (DSB)

The dedicated schools grant (DSG) funds local authority schools' budgets and is the main source of income for schools. The 2024/25 DSG outturn position was an underspend of £4m, against a total grant of £261m (net of academy recoupment). This underspend is the result of a planned strategy developed with school leaders, which reduces the brought forward DSG deficit down from £12.7m to £8.7m. This is against the national trend, where the deficits have increased. Government are consulting on extending the statutory override for a further two years, not yet clear what will follow it, but holding a smaller deficit, relative to the Council's peers, reduces financial risk.

Public Health Grant

The Public Health Grant of £34m was deployed in full and funded mandated prescribed functions as well as supporting Council Priorities for children and young people's health and wellbeing, adult's health improvement, and creating a healthy environment.

Pension Fund

The net position for the London Borough of Newham Local Government Pension Scheme is a surplus of £0.233bn which represents the difference between the estimated cost of pensions payable in the future (£1.701bn) and the value of assets in the pension fund (£1.935bn). The surplus resulted from a decrease from net liabilities of £0.04bn in 2023/24 to a net surplus of £0.233bn in 2024/25 primarily due to a change in the actuarial assumptions with a higher discount rate than in 2023/24.

The Pension Fund as a whole is revalued every three years to set future contribution rates and the latest valuation was as at 31 March 2022. The funding level as at 31 March 2022 was assessed as 100% (96% at the 31 March 2019 valuation). The work to revalue the fund as at 31 March 2025 is currently underway.

Remuneration

During 2024/25 the number of Council staff (officers and school staff) whose remuneration exceeded £50k totalled 1,903, which is an increase of 228 compared to the previous year. Note 33 to the accounts provides the detail on this, the threshold for this reporting has not increased since its introduction some years ago, with the result that due to pay inflation over one in five council officers are now paid more than the £50k reporting threshold. The increase was made up of 165 Council staff and 63 school staff and is primarily due to the impact of inflationary pay increases, with council staff receiving an average increase of 2.5%. The salary banding which has seen the highest increase in numbers is the £60k - £65k banding, where there was a total increase of 83 officers and teachers.

Considering the more senior roles, the number of council staff paid over £100k has dropped by eight employees, and the total cost of the corporate leadership team has reduced compared to the previous year.

Capital Investments

The Council maintains a rolling capital investment programme such that projects are approved and scheduled over a time period of at least three financial years.

During 2024/25 £385m worth of capital investments (including expenditure incurred by Schools) were delivered, and a significant amount of that, £210m, was on regeneration schemes and investment in new and affordable homes, delivered through the HRA and the Council's wholly owned housing investments company, Populo.

The Council had budgeted to invest £655m across the various directorates and programmes. The total spend of £385m against this budget is higher than last year. Nonetheless the outturn reflects expenditure slippage which to some extent might be expected across a large and varied capital programme, but which is also felt to reflect the optimism bias inherent in many public sector organisations. In a bid to mitigate this, the in-year financial monitoring also considers the 'lifetime' forecasts and the profiling of each project.

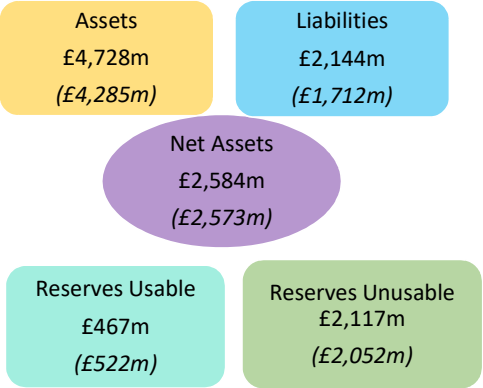
Below is a summary of the capital expenditure by directorate:

Directorate	2024/25 Budget	2024/25 Outturn	Variance between Outturn and Budget
	£m	£m	£m
Adults & Public Health	30.9	3.9	(27.0)
Children & Young People	0.6	0.6	-
Digital	2.8	0.5	(2.3)
Environment and Sustainable Transport	52.8	35.0	(17.8)
Inclusive Economy & Housing	61.2	25.9	(35.3)
Marketing	0.8	0.4	(0.4)
OneSource	1.7	0.5	(1.2)
Resources	108.4	41.1	(67.3)
Schools (Capital)	28.0	14.9	(13.1)
Council Total Excluding Populo	287.2	122.8	(164.4)
Populo	18.1	21.2	3.1
Housing Revenue Account	349.6	241.1	(108.5)
Grand Total	654.9	385.1	(269.8)

The Council periodically borrows money from authorised lenders in line with its treasury management strategy to meet cash-flow and capital funding requirements. Amounts that need to be repaid within 12 months are classified as short term and amounts held for more than 12 months are classified as long term. As at the close of 2024/25, the Council's short term borrowing was £72m and long term borrowing was £1,333m.

Balance Sheet Position

The diagram below illustrates the Authority's single entity Balance Sheet position as at the end of 2024/25. The figures shown in brackets are for 2023/24.



Looking Ahead

Looking Ahead there is uncertainty on the local authority funding review currently underway; although it seems likely this will lead to a redistribution of local government funding rather than substantial real terms increases. The outcome of this review for Newham is not yet clear, but it is expected that balancing the budget will remain challenging. There are £80m of savings planned over the next three years, but without some combination of increased funding, changes to what councils are required to do under statute, and improved conditions in the London housing and rental market, it is hard to avoid the conclusion that Exceptional Financial Support will be required again in future years.

Newham is not alone in finding the position challenging, nationally the picture is of growth in demand for services and costs outstripping the funding sources made available, with the result that more councils have had to apply for EFS. Across London all boroughs are expected to report overspends for 2024/25, with the average forecast overspend being £21m. Nonetheless the council continues its transformation and its efforts to find ways to prioritise and deliver quality services for its residents whilst closing the budget gap over the medium term.

SECTION – 2

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

011

The Authority's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Chief Financial Officer) has the responsibility for the administration of those affairs;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the statement of accounts.

The Chief Financial Officer's Responsibilities

The Chief Financial Officer 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 ('the Code').

In preparing this statement of accounts, the CFO has:

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

Certification of the Chief Financial Officer

I hereby certify that the Statement of Accounts presents a true and fair view of the financial position of the London Borough of Newham, including its income and expenditure, and of the London Borough of Newham Pension Fund for the year ended 31 March 2025.

Conrad Hall CPFA

Corporate Director of Resources

London Borough of Newham

Date:

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS (continued)

Approval of the Statement of Accounts

I certify that the audited Statement of Accounts has been approved by resolution of the Audit Committee of the London Borough of Newham, in accordance with the Accounts and Audit Regulations 2015.

Fiona Marsh
Chair – Audit Committee

Date:

Independent Auditors's Report	Page Number
• <i>Independent Auditor's Report to London Borough of Newham</i>	15
• <i>Independent Auditor's Report to London Borough of Newham Pension Fund</i>	18

Opinion

Opinion

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Opinion

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Opinion

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SECTION – 4

GROUP AND SINGLE ENTITY FINANCIAL STATEMENTS

Core Financial Statements	Page Number
• Single Entity Comprehensive Income And Expenditure Statement	22
• Group Comprehensive Income and Expenditure Statement	23
• Group And Single Entity Movement In Reserves Statement	24
• Group and Single Entity Balance Sheet	25
• Group and Single Entity Cash Flow Statement	26
• Notes to the Accounts (General)	27

Single Entity Comprehensive Income And Expenditure Statement

022

The **Comprehensive Income and Expenditure Statement (CIES)** records all of the Council's revenue income and expenditure for the year. Expenditure represents a combination of statutory duties and discretionary spend focused on local priorities and needs. The CIPFA Code of Local Authority Accounting regulates how expenditure and income relating to services is classified in the CIES.

Restated 2023/24				2024/25			Note
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
132,769	(16,198)	116,571	Children and Young People	164,322	(32,860)	131,462	
183,873	(118,760)	65,113	Inclusive Economy & Housing	182,250	(109,014)	73,236	
230,169	(135,763)	94,406	Adults & Health	230,382	(112,882)	117,500	
990	(1,436)	(446)	Digital	406	(107)	299	
12,265	(4,140)	8,125	Marketing	13,675	(5,437)	8,238	
5,581	(311)	5,270	Transformation	2,923	-	2,923	
72,431	(55,001)	17,430	Environment and Sustainable Transport	82,491	(60,100)	22,391	
265,659	(231,380)	34,279	Resources	213,474	(204,550)	8,924	
1,545	(1,690)	(145)	oneSource - Non Shared	1,933	(1,835)	98	
8,654	(7,294)	1,360	oneSource	9,397	(7,228)	2,169	
7,285	(400)	6,885	Corporate Budgets	34,385	(826)	33,559	
289,709	(282,751)	6,958	Dedicated School Budget	303,800	(305,742)	(1,942)	
156,722	(124,744)	31,978	Housing Revenue Account	173,720	(134,204)	39,516	
1,367,652	(979,868)	387,784	Cost of Services	1,413,158	(974,785)	438,373	
22,970	-	22,970	Other Operating (Income)/Expenditure	15,089	-	15,089	11
54,708	(46,117)	8,591	Financing and investment income and expenditure	84,627	(49,432)	35,195	12
	(437,185)	(437,185)	Taxation and non-specific grant income and expenditure	-	(480,411)	(480,411)	13
1,445,330	(1,463,170)	(17,840)	(Surplus)/deficit on provision of services	1,512,874	(1,504,628)	8,246	
		3,390	Loss / (Gain) on revaluation of non-current assets			(28,196)	26
		(118,742)	Remeasurement of the net defined benefit liability			9,187	43
		(115,352)	Other Comprehensive income and expenditure			(19,009)	
		(133,192)	Total Comprehensive income and expenditure			(10,763)	

Group Comprehensive Income And Expenditure Statement

The Group Comprehensive Income and Expenditure Statement (CIES) records all of the Council's Revenue income and expenditure for the year and consolidation of subsidiaries income and expenditure. Expenditure represents a combination of statutory duties and discretionary spend focused on local priorities and needs. The CIPFA Code of Local Authority Accounting regulates how expenditure and income relating to services is classified in the CIES. Details of the Council's subsidiaries are included on note 37.

Restated 2023/24				2024/25			Note
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
132,769	(16,198)	116,571	Children and Young People	164,600	(33,183)	131,417	
217,974	(185,563)	32,411	Inclusive Economy & Housing	186,709	(117,862)	68,847	
233,565	(139,208)	94,357	Adults & Health	230,570	(113,100)	117,470	
990	(1,436)	(446)	Digital	406	(107)	299	
12,265	(4,140)	8,125	Marketing	13,675	(5,437)	8,238	
5,581	(311)	5,270	Transformation	2,923	-	2,923	
73,656	(56,239)	17,417	Environment and Sustainable Transport	83,103	(60,752)	22,351	
287,919	(253,564)	34,355	Resources	241,104	(232,353)	8,751	
1,545	(1,690)	(145)	oneSource - Non Shared	1,933	(1,835)	98	
8,654	(7,294)	1,360	oneSource	9,397	(7,228)	2,169	
8,156	(400)	7,756	Corporate Budgets	34,385	(826)	33,559	
289,709	(282,751)	6,958	Dedicated School Budget	303,800	(305,742)	(1,942)	
155,851	(124,746)	31,105	Housing Revenue Account	173,720	(134,204)	39,516	
1,440,534	(1,073,540)	355,094	Cost of Services	1,446,325	(1,012,629)	433,696	
22,970	-	22,970	Other Operating (Income)/Expenditure	15,089	-	15,089	11
58,407	(42,573)	15,834	Financing and investment income and expenditure	51,380	-	51,380	12
	(437,185)	(437,185)	Taxation and non-specific grant income and expenditure		(480,411)	(480,411)	13
		(43,287)	(Surplus)/deficit on provision of services			19,754	
		-	Tax on Profit			19	
		(43,287)	(Surplus)/deficit on provision of services after Tax			19,773	
		3,390	Loss / (Gain) on revaluation of non-current assets			(58,950)	26
		(118,742)	Remeasurement of the net defined benefit liability			9,187	43
		(115,352)	Other Comprehensive income and expenditure			(49,763)	
		(158,639)	Total Comprehensive income and expenditure			(29,990)	

GROUP AND SINGLE ENTITY MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable reserves'. Additional detail on these reserves is given in Note 25 and Note 26. The Surplus on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for authority tax setting and dwellings rent setting purposes. The 'Adjustments Between Accounting Basis and Funding Basis under Regulations' line accounts for this difference and is detailed in Note 9. The Net Increase before Transfers to Earmarked Reserve line shows the increase on the General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

	General Fund Balance	Earmarked Reserves	Housing revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied account	Total Usable reserves	Unusable reserves	Total Single Entity Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2024	(11,012)	(185,130)	(34,910)	-	(214,343)	(76,278)	(521,673)	(2,051,501)	(2,573,174)
Surplus or deficit on Provision of Services	(17,573)	-	25,819	-	-	-	8,246	-	8,246
Other Comprehensive income and Expenditure								(19,009)	(19,009)
Total Comprehensive Income and expenditure	(17,573)	-	25,819	-	-	-	8,246	(19,009)	(10,763)
Adjustments between accounting basis and funding basis/Group Adjustment	59,475	-	(31,372)	-	10,112	7,776	45,991	(45,991)	-
(Increase)/decrease before Transfer to Earmarked reserves	41,902	-	(5,553)	-	10,112	7,776	54,237	(65,000)	(10,763)
Transfers To/From Earmarked Reserves/Group re	(44,835)	44,835		-			-	-	-
(Increase)/Decrease In Year	(2,933)	44,835	(5,553)	-	10,112	7,776	54,237	(65,000)	(10,763)
Balance at 31 March 2025	(13,945)	(140,295)	(40,463)	-	(204,231)	(68,502)	(467,436)	(2,116,501)	(2,583,937)

Group Reserves	Total Group Reserves
£'000	£'000
30,242	(2,542,932)
11,527	19,773
(30,735)	(49,744)
(19,208)	(29,971)
2,536	2,536
(16,672)	(27,435)
-	-
(16,672)	(27,435)
13,570	(2,570,367)

	General Fund Balance	Earmarked Reserves	Housing revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable reserves	Unusable reserves	Total Single Entity Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023	(7,079)	(217,957)	(32,906)	(5,396)	(212,160)	(68,341)	(543,839)	(1,896,143)	(2,439,982)
Surplus or deficit on Provision of Services	(48,910)	-	31,070	-	-	-	(17,840)	-	(17,840)
Other Comprehensive income and Expenditure								(115,352)	(115,352)
Total Comprehensive Income and expenditure	(48,910)	-	31,070					(115,352)	(133,192)
Adjustments between accounting basis and funding basis	79,620	-	(34,890)	5,396	(2,183)	(7,937)	40,006	(40,006)	-
(Increase)/decrease before Transfer to Earmarked reserves	30,710	-	(3,820)	5,396	(2,183)	(7,937)	22,166	(155,358)	(133,192)
Transfers To/From Earmarked Reserves	(34,643)	32,827	1,816	-	-	-	-	-	-
(Increase)/Decrease In Year	(3,933)	32,827	(2,004)	5,396	(2,183)	(7,937)	22,166	(155,358)	(133,192)
Balance at 31 March 2024	(11,012)	(185,130)	(34,910)	-	(214,343)	(76,278)	(521,673)	(2,051,501)	(2,573,174)

Group Reserves	Total Group Reserves
£'000	£'000
55,689	(2,384,293)
(25,447)	(43,287)
(25,447)	(158,639)
-	-
(25,447)	(158,639)
-	-
(25,447)	(158,639)
30,242	(2,542,932)

GROUP AND SINGLE ENTITY BALANCE SHEET

The **Balance Sheet** shows the value of the assets and liabilities held by the council. The council's net assets (assets less liabilities) are matched by the reserves it holds. These reserves are shown in two categories – usable and unusable. Usable reserves may be used to provide services subject to statutory limitations and the need to maintain prudent levels of reserves for financial stability. Unusable reserves cannot be used to fund council services.

*Restated as per Prior Period Adjustment, Note 45

AUTHORITY 31-March-2024*	GROUP 31-March-2024		AUTHORITY 31-March-2025	GROUP 31-March-2025	
£'000	£'000		£'000	£'000	Note
3,262,694	3,368,255	Property, Plant and Equipment	3,664,662	3,791,066	14 & 39
3,658	3,658	Heritage Assets	3,658	3,658	15
367,473	586,048	Investment Properties	360,927	585,662	16
1,827	1,838	Intangible Assets	1,133	1,150	17
54,238	2,080	Long-term Investments	64,043	2,000	18
400,794	108,214	Long-term Debtors	396,774	101,699	22
4,090,684	4,070,093	Total Long-term Assets	4,491,197	4,485,235	
4,878	4,878	Assets Held for Sale (within one year)	2,309	2,309	14
2,599	2,786	Inventories	2,586	2,782	19
149,473	157,678	Short term debtors	161,671	172,365	22
14,522	14,522	Short Term Investments	20,471	20,471	18
24,022	32,912	Cash and Cash Equivalents	49,970	61,536	21
195,494	212,776	Current Assets	237,007	259,463	
(236,137)	(236,137)	Short-term Borrowing	(195,157)	(195,157)	18
(219,424)	(264,572)	Short-term Creditors	(225,542)	(276,983)	23
(2,422)	(2,422)	Short-term Provisions	(4,398)	(4,398)	24
(457,983)	(503,131)	Current Liabilities	(425,097)	(476,538)	
(13,563)	(13,563)	Provisions	(10,702)	(10,702)	24
(912,801)	(930,890)	Long Term Borrowing	(1,266,938)	(1,266,338)	18
(256,671)	(220,367)	Other Long-Term Liabilities	(355,320)	(334,543)	35
(71,986)	(71,986)	Grants Receipts in Advance - Capital	(86,210)	(86,210)	13
(1,255,021)	(1,236,806)	Long-term Liabilities	(1,719,170)	(1,697,793)	
2,573,174	2,542,932	Net Assets	2,583,937	2,570,367	
(521,673)	(491,432)	Total Usable Reserves	(467,437)	(453,867)	25
(2,051,501)	(2,051,500)	Total Unusable Reserves	(2,116,500)	(2,116,500)	26
(2,573,174)	(2,542,932)	Total Authority Reserves	(2,583,937)	(2,570,367)	

Certification by the Chief Financial Officer - I certify that the statement of accounts gives a true and fair view of the financial position of the authority as at 31 March 2025 and its income and expenditure for the year ended 31 March 2025.

Conrad Hall

Conrad Hall (Section 151 Officer) 30th June 2025

GROUP AND SINGLE ENTITY CASH FLOW STATEMENT

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

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the authority.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery.

Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e., borrowing) to the authority.

AUTHORITY 2023/24*	GROUP Restated 2023/24		AUTHORITY 2024/25	GROUP 2024/25	
£'000	£'000		£'000	£'000	Note
(17,840)	(43,287)	Net (surplus) or deficit on the provision of services	8,246	19,773	
(40,604)	(23,063)	Adjust net surplus or deficit on the provision of services for non-cash movements	(161,976)	(178,656)	27
83,469	80,025	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	119,534	119,805	
25,025	13,675	Net Cash Flows from Operating Activities	(34,196)	(39,078)	
218,881	217,346	Investing Activities	279,180	283,385	28
(200,748)	(182,663)	Financing Activities	(270,932)	(272,931)	29
43,158	48,358	Net increase or (decrease) in cash and cash equivalents	(25,948)	(28,624)	
67,180	81,270	Cash and cash equivalents at the beginning of the reporting period	24,022	32,912	
24,022	32,912	Cash and cash equivalents at the end of the reporting period	49,970	61,536	

*Restated as per Prior Period Adjustment, Note 45

Notes to the Accounts (GENERAL)

Note Reference	Description	Page Number
Note 1:	Statement of Accounting Policies	029
Note 2:	Impact of changes within Accounting Standards issued but not yet adopted	045
Note 3:	Critical Judgements in Applying Accounting Policies	046
Note 4:	Assumptions made about the Future and Other Major Sources of Estimation Uncertainty	048
Note 5:	Events after the Balance Sheet date	049
Note 6:	The Expenditure and Funding Analysis	050
Note 7:	Note to the Expenditure and Funding Analysis	051
Note 8:	Expenditure & Income Analysed by Nature	052
Note 9:	Adjustments between Accounting Basis and Funding Basis under Regulations	053
Note 10:	Transfers To/From Earmarked Reserves	055
Note 11:	Other Operating Expenditure	057
Note 12:	Financing and Investment Income and Expenditure	057
Note 13:	Taxation and Non-Specific Grant Income	057
Note 14:	Property, Plant And Equipment	060
Note 15:	Heritage Assets	066
Note 16:	Investment Properties	068
Note 17:	Intangible Assets	069
Note 18:	Financial Instruments	070
Note 19:	Inventories	074
Note 20:	Construction Contracts	074
Note 21:	Cash and Cash Equivalents	074
Note 22:	Receivables	075
Note 23:	Payables	076
Note 24:	Provisions	077
Note 26:	Unusable Reserves	078
Note 27:	Cash Flow Statement – Adjustments for Non-Cash Transactions	079
Note 28:	Cash Flow Statement - Investing Activities	085
Note 29:	Cash Flow Statement - Financing Activities	086
Note 30:	Pooled Budgets	086
Note 31:	Members' Allowances	087
Note 32:	Officers' Remuneration	089
Note 33:	External Audit Costs	089
Note 34:	Dedicated Schools Grant (DSG)	094
Note 35:	Other Long Term Liabilities	095
Note 36:	Related Parties	097

Note to the Accounts (GENERAL)

028

Note Reference	Description	Page Number
Note 37:	<i>Council's Association with External Bodies</i>	099
Note 38:	<i>Capital Expenditure and Capital Financing</i>	104
Note 39:	<i>Leases</i>	105
Note 40:	<i>Private Finance Initiatives And Similar Contracts</i>	108
Note 41:	<i>Pension Schemes Accounted for as Defined Contribution Schemes</i>	112
Note 42:	<i>Defined Benefit Pension Schemes</i>	119
Note 43:	<i>Contingent Liabilities</i>	120
Note 44:	<i>Nature and Extent of Risks Arising from Financial Instruments</i>	124
Note 45:	<i>Prior Year Adjustments</i>	128
Note 46:	<i>Analysis of the movement on the HRA balance</i>	129
Note 47:	<i>Numbers and Types of Dwellings in the Housing Stock</i>	129
Note 48:	<i>HRA Assets</i>	129
Note 49:	<i>Vacant Possession Value</i>	130
Note 51:	<i>Capital Expenditure, Financing and Receipts</i>	130
Note 52:	<i>Capital Receipts</i>	131
Note 53:	<i>Depreciation and Amortisation</i>	131
Note 54:	<i>Impairment Losses</i>	131
Note 55:	<i>Revenue Expenditure Funded from Capital Under Statute</i>	131
Note 56:	<i>Rent Arrears</i>	131
Note 57:	<i>Calculation of the Council Tax Base</i>	133
Note 58:	<i>Income from Business Rates</i>	134
Note 59:	<i>Going concern</i>	134

Notes to the Accounts (General)

STATEMENT OF ACCOUNTING POLICIES

Note 1: Statement of Accounting Policies

1.1 General

The Statement of Accounts summarises the Authority's transactions for the 2024/25 financial year and its position at 31 March 2025. They have been prepared on the basis that the Council will remain a 'going concern' and continue to operate in the foreseeable future. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, to be prepared in accordance with proper accounting practices as defined in the Local Government Act 2003 (the 2003 Act). Proper accounting practices primarily comprise the Code of Practice for Local Authority Accounting in the United Kingdom 2024/25 and the Service Reporting Code of Practice for Local Authorities 2024/25, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

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

1.2 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not at the point when cash payments are made or received. Specifically:

- 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 received and their consumption, these amounts are carried as Inventories within the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received as opposed to the point that 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 has 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 is made to revenue to reflect the value of the income that may not be collected.
- Most accruals are automatically generated by the feeder system concerned, but a de minimis is applied in respect of accruals raised manually unless material to grant funding streams or to individual budgets. The de minimis for 2024/25 remains at £100,000.

1.3 Government Grants and Contributions

Revenue Grants

Whatever the basis of payment, specific revenue government grants, other contributions and donations are matched to the relevant service expenditure in the Comprehensive Income and Expenditure Statement, unless they have conditions attached that cannot be met immediately. If there are conditions which cannot be met immediately, the income is credited to Revenue Grants Received in Advance in Payables.

Grants received to finance the general activities of the Authority or to compensate for a loss of income are credited to the Comprehensive Income and Expenditure Statement in the period that they are payable.

Capital Grants

Where the acquisition or enhancement of a fixed asset is financed either wholly or in part by a government capital grant or other capital contribution, the whole amount of all capital grants and contributions is credited, on an accruals basis, as Taxation and Non-Specific Grant Income to the Comprehensive Income and Expenditure Statement provided that all conditions attached to the grant are met. If those conditions are not met, the income is immediately held as Capital Grants and Contributions Receipts in Advance in Payables within the Balance Sheet.

Note 1: Statement of Accounting Policies (continued)

Capital grants credited to the Comprehensive Income and Expenditure Statement are reversed out of the General Fund Balance in the Movement in Reserves Statement. If the grant has not been used to finance capital expenditure in the year, it is posted to the Capital Grants Unapplied Account. If it has been used to finance capital expenditure, it is posted to the Capital Adjustment Account.

1.4 Receivables and Payables

The Authority's financial statements are prepared on an accruals basis, in that sums due to or from the Authority are reflected within the Statement of Accounts regardless of whether or not the cash amounts attached to these transactions have been received or paid. An exception to this policy involves electricity and other similar periodic supplies where apportionment is not made between years. This practice is applied on an annual basis for consistency and the overall effect on the Authority's financial statements is not deemed to be material.

All receivables and payables amounts relate to individual services and supplies, thus there are no significant estimates in the sums relating to receivables and payables shown within the financial statements.

In addition, the majority of the Council's receivables are non-contract based income and therefore, no adjustment is required to recognise the income through the concept of Revenue from Contracts with Service Recipients. Application of this concept ensures that the Council's financial statements reflects the consideration in exchange for fulfilment of goods or services only.

1.5 Fair Value Measurement

Where applicable, the Council measures its assets and liabilities and provides disclosures in accordance with IFRS 13 Fair Value Measurement. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

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

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

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

Local authorities are required to follow the fair value hierarchy prescribed by IFRS 13 to increase consistency and comparability in fair value measurements and related disclosures. This hierarchy categorises into three levels the inputs to valuation techniques used to measure fair value, these include:

- 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.

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

1.6 Reserves

Amounts set aside for specific future policy purposes or for contingencies are known as reserves. Reserves are created by appropriating amounts from the General Fund Balance in the Movement in Reserves Statement.

When expenditure to be financed from the reserve is incurred, it is charged to the appropriate service in that year against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back to the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Note 1: Statement of Accounting Policies (continued)

The Authority has both usable and unusable reserves. Usable reserves are those reserves that the Authority may utilise to provide services. Unusable reserves are retained to manage the accounting processes for non-current assets, financial instruments, and retirement and employment benefits, and do not represent usable resources for the Authority. Usable and Unusable Reserves are detailed in Notes 25 and 26 to the Statement of Accounts.

1.7 Inventories, Work in progress and Long-Term Contracts

The stock in the Council's stores (Inventories) is valued at the lower of historical cost or net realisable value. Work in progress is valued based on the cost of work completed by the end of the year. Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received within the contract during the financial year.

1.8 Cost of Central Support Services

The Council operates a Support Service Framework through which the cost of central support services is allocated to service revenue accounts using the most appropriate basis, including the time recorded by individual staff, office space areas occupied and the number of staff employed.

1.9 Value Added Tax

All transactions are disclosed net of any Value Added Tax (VAT), whether capital or revenue, unless for a specific reason certain VAT elements are not recoverable. As is the case for all Local Authorities, the Authority is able to recover a major part of VAT incurred from Her Majesty's Revenue and Customs (HMRC). Any balance due to the Authority is included within Receivables in the Balance Sheet.

1.10 Accounting for Business Rate Supplements

The Authority acts as an agent for the Greater London Authority (GLA). A 4% allowance for administration of this function is recognised within the Comprehensive Income and Expenditure Statement. The net amounts owed to the GLA are held with Payables in the Balance Sheet.

1.11 Cash and Cash Equivalents

Cash is represented by cash in hand and demand deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Demand deposits will include bank accounts where additional funds may be deposited and withdrawn at any time without prior notice e.g. a bank current account.

Cash equivalents are investments instantly repayable to the Authority on demand that are readily convertible to known amounts of cash with insignificant risk of change in value. These will be balances held in Call Accounts and Money Market Funds with associated accrued interest.

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 Authority's cash management.

1.12 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise from a change in accounting policy or in correcting 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 when the effect of the changes will provide more reliable or relevant information regarding the impact of transactions, other events and conditions on the Authority'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.

Note 1: Statement of Accounting Policies (continued)

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

A prior period adjustment generally requires the presentation of a third Balance Sheet to reflect the impact of restatement on the comparator balance sheet.

1.13 Rounding

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

NON CURRENT ASSETS

1.14 Property, plant and Equipment (PPE)

Assets that have physical substance and are held for use in the production or supply of goods or services or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. In the specific case of Voluntary Controlled Schools, where the School has control over the use of the assets, these will be treated as assets of the Council.

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 Authority and the cost of the item, where above the council's de-minimis of £10,000, can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (for instance, repairs and maintenance) is charged as an expense when it is incurred.

The de-minimis level may be waived where grant or borrowing consent is made available for items of capital expenditure below £10,000.

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

Measurement

Assets are initially measured at cost, comprising:

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). 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 Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line in the Comprehensive Income and Expenditure Statement unless the donation has been made conditionally. Until these 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 - an Unusable Reserve in the Movement in Reserves Statement.

Note 1: Statement of Accounting Policies (continued)

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

- Operational land and buildings - current value based on existing use;
- Infrastructure Assets, 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);
- Surplus assets – fair value, estimated at highest and best use from a market participant's perspective;
- All other assets – fair value, determined as the amount that would be paid for the asset in its Existing Use Value (EUV).

Where there is no market-based evidence of current value or fair value, depreciated replacement cost (DRC) is used as an estimate.

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

Assets included in the Balance Sheet at current value are revalued sufficiently frequently (on a rolling five year basis) to ensure that their carrying amounts are not materially different from their year-end fair values. In addition, all assets are assessed for impairment at each year-end. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

- where there is a revaluation gain balance for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (to the value of any 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 asset has become operational during the year a revaluation of that asset is included within the next revaluation cycle the following year.

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

Impairment

Assets are assessed at each year-end to determine whether or not there is an indication that their values 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 at a level below the carrying amount of the asset, an impairment loss is recognised for the shortfall.

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

- where there is a revaluation gain balance for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (to the value of any 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 the depreciation that would have been charged if the loss had not been recognised.

Note 1: Statement of Accounting Policies (continued)

Depreciation

Depreciation is charged 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 (such as Freehold Land and certain Community Assets) and assets that are not yet available for use (such as Assets Under Construction). 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 upon the historical cost; this amount being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Depreciation is calculated on the following bases:

- Dwellings and Other Buildings – straight-line allocation over the useful life of the property as estimated by an external valuation specialist;
- Vehicles, Plant, Furniture and Equipment – straight-line allocation over their useful lives, 5 years (3 years for IT assets) unless a suitably qualified officer determines a more appropriate period. Assets acquired under finance leases are depreciated over their lease term;
- Infrastructure Assets – straight-line allocation over 40 years.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, these components are depreciated separately.

Major components which have materially different asset lives will be identified in respect of:

- new capital expenditure as it arises; and
- existing assets as they become subject to revaluation.

Assets will only be considered for componentisation in the following circumstances and then only where the impact of componentisation would be material to the accounting disclosures:

- capital expenditure of more than £500,000 per scheme; and
- assets valued at more than £5,000,000.

As a consequence of the application of this policy the Authority has not identified any major components with materially different asset lives. However, the application of this policy will be reviewed on an on-going basis to ensure that the carrying value of assets is not materially affected.

Disposals

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 within Current Assets. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value deducting any selling costs. Where there is a subsequent decrease to fair value less selling costs, 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 point of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement 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.

Note 1: Statement of Accounting Policies (continued)

The written-off value of disposals is not a charge against council tax, as the cost of Property, Plant and Equipment is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Accounting for Schools

Consideration is given to all the schools in the borough as to whether they are held on the balance sheet. The main consideration is if control of the individual school is with the Authority or with another body. All community schools are controlled by the authority along with the two voluntary controlled schools, which are recorded on the balance sheet. However, control of the five voluntary aided schools remains with the diocese and therefore these five are not on the Authority balance sheet.

The basis for inclusion or exclusion for PPE is determined as follows:

- All Community Schools have been included within the Authority's Balance Sheet as a result of direct ownership.
- The two voluntary controlled schools, West Ham Church of England and St James are owned by the authority. There are no lease arrangements on these.
- It has been verified that the five Voluntary Aided Schools are owned by the respective Diocese. The Authority's internal Property Services section has additionally confirmed that the Council has no lease obligations (as dictated by IAS 17 Leases or IFRIC 4 Determining Whether an Arrangement Contains a Lease) in respect of these Schools;
- The Free School is not owned by the Council and has therefore been excluded. The control implications have also been assessed with an appropriate Balance Sheet decision made.

PPE Valuations

The valuation of the Authority's property portfolio is completed by Wilks, Head and Eve LLP. The valuations are made in accordance with the International Financial Reporting Standards (IFRS) as applied to the United Kingdom public sector and as interpreted by the Code of Practice for Local Authority Accounting. These valuations are also made in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation standards.

1.15 Infrastructure Assets

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

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

Measurement Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994 which was deemed at that time to be historical cost. Should impairment losses be identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

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. The depreciation for infrastructure assets is a straight line depreciation over 40 years.

Note 1: Statement of Accounting Policies (continued)

1.16 Investment Property

Assets that are used solely to earn rentals or for capital appreciation (or both) are classified as investment properties. Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Any gains or losses on revaluation are posted to the Financing and Investment Income and Expenditure line. The same treatment is applied to any gains and losses arising on disposal.

Rentals received from investment properties are credited to the Financing and Investment Income and Expenditure line and result in a gain for the General Fund balance. However, revaluation and disposal gains and losses are not permitted by statute to have an impact on the General Fund balance. Therefore, the gains and losses are reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

Transfers into and out of investment property is only be made when there is a change in use; properties are transfers out when the property is used by the Council for its operational use or when the Council starts development work with a view to sell, and properties are transfers in when it's a surplus to the Council's operational use or a new asset is created and an operating lease is in place with a third party. Each scenario is reviewed to ensure the asset is valued appropriately and any loss or gain in valuation as a result of the transfer is recognised.

1.17 Leases

IFRS 16 was issued by the International Accounting Standards Board (IASB) in 2016 to replace IAS 17. The main impact of the new standard is to remove (for lessees) the distinction between finance leases and operating leases. IFRS16 requires all substantial leases to be accounted for using the acquisition approach, recognising both the value of the rights acquired from the use of an asset, and all future liabilities arising from the arrangement. This effectively means that for all substantial leases the lessee must account for them as an acquisition.

It was originally intended that IFRS16 would be adopted by local government in the 2020/21 financial year. However, due partly to the delay by central government in adopting the standard itself, and due partly to concerns about the readiness of the sector, implementation was deferred to the 2024/25 financial year.

IFRS 16 requires all lessee leases (with two exemptions noted below) to be accounted for as finance leases, recognising the rights to use an asset i.e. accounted for as though the Authority had purchased the asset. These changes to IFRS16 do not apply where Newham is acting as the lessor.

From 2024/25, the amount of annual lease payments will be split between an interest element and the principal element. Our proposed approach to determining the initial value of the asset will be to use the 'cost model' which in effect equates the value of the leased asset as the sum of the principal repayments within the lease contract. This approach works for all assets except where assets are leased for a concessionary or nil consideration. Where leases are provided at a concessionary rate (e.g. peppercorn) or nil consideration this approach would result in an understatement of the value of the asset. Consequently, assets from such arrangements will need to be recognised at Fair Value, but with no associated liability. In essence they will be treated as donated assets. These valuations will be undertaken as part of the Council's independent asset valuation contract.

After the initial recognition of leased assets on the Council's balance sheet the assets will be revalued and accounted for in accordance with the Council's current valuation policies for property, plant, and equipment assets.

There are two exemptions for lessees from applying this standard. These are:

- Short term leases and;
- Leases where the value of the asset that the lease relates to is low.

The definitions we propose to apply when using these exemptions are:

- Short term leases will be defined as those with a lease term of twelve months or less at the date of their initial recognition and;
- Leases where the value of the asset that the lease relates to is low will be defined as those where the value of the asset is less than £10,000 when new.

Exempt leases will continue to be accounted for as operating leases.

Note 1: Statement of Accounting Policies (continued)

As part of our current accounting policies, we make an annual charge to revenue for the use of assets through our depreciation policy. Our depreciation policy is that assets are depreciated on a straight-line basis over their useful life, with a full year's depreciation beginning the year after their initial recognition on the balance sheet. These proposals do not change this policy other than the requirement within IFRS16 to depreciate leased assets on a straight-line basis using the lower of the remaining useful life of the asset or the remaining years on the lease liability.

The introduction of increased numbers of finance leases onto the balance sheet will increase the level of capital spend to be financed i.e., the Capital Financing Requirement (CFR). Without any other change this would increase the Minimum Revenue Provision (MRP) set aside as part of annual budget setting to repay debt. However, the Council is already making lease rental payments for these assets and therefore an adjustment will be made to avoid budgets having to be set aside to fund the assets twice. The adjustment will be equal to the principal element of the lease payment so providing for a "net nil" effect on the revenue budget.

The proposed accounting policy in respect of leases under IFRS16 that will be in place for the 2024/25 accounts is as follows:

Under IFRS 16, leases are a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration with the right to use the asset and the associated liability being recognised on the balance sheet and accounted for as finance leases.

The definition above has been adapted slightly in the Cipfa Code to remove the wording 'in exchange for consideration'. This adaptation removes the requirement for any financial consideration to be made in return for the right to use the asset so IFRS16 will apply to those arrangements which contain the right to use an asset but where there are no payments made in return. This has the potential to bring arrangements into the scope of IFRS16 that previously have not appeared anywhere in our accounts.

Measurement

For the majority of leased assets, we will use the 'cost model' to determine the initial value, which equates the value of the leased asset to the sum of the principal repayments within the lease contract. The exception is where leases are provided at a concessionary or nil rate. Assets from such arrangements will be recognised at Fair Value, but with little or no associated liability.

After the initial recognition of leased assets on the Council's balance sheet the assets will be revalued and accounted for in accordance with the approach set out in our accounting policy for Property, Plant and Equipment.

Finance leases

We deal with finance leases where we are the lessee in the same way as other capital spending. We include these as assets in the Balance Sheet and charge depreciation on them. Rentals are apportioned between a charge for the acquisition of the asset (recognised as a liability in the Balance Sheet at the start of the lease and written down annually as rent becomes payable) and a finance charge made each year to the CIES. There are two exceptions to the requirement to treat all leases where we are the lessee as finance leases, these are:

- Short term leases; defined as those with a lease term of twelve months or less at the date of their initial recognition and;
- Leases where the value of the asset when new is less than £10,000.

Operating leases

Lease rental payments (as lessee) are charged evenly to the CIES over the life of the lease.

Where we grant an operating lease (as lessor) over a property or item of plant or equipment, the asset is retained on the Balance Sheet and the rental income is credited to the CIES as it is due.

Note 1: Statement of Accounting Policies (continued)

1.18 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; and
- Amortisation of intangible assets attributable to the service.

The Authority is not required to raise council tax to cover depreciation. However, there is a requirement to make an annual contribution from revenue towards the reduction of the overall borrowing requirement established (equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance).

1.19 Capitalisation of debt charges

The Council will capitalise borrowing costs incurred against major projects, whilst the assets are under construction. Major projects are considered to be those where total planned (multi-year) borrowing for a single asset (including land and building components) exceeds £5m, and where the construction period exceeds twelve months. This applies to the first tranche of capital expenditure financed from borrowing up until the asset is operationally complete and ready to be brought into use. Both of these tests will be determined using the estimated costs at the time of preparing the accounts in the first year of capitalisation. Should either test fail in subsequent financial years, the prior year's treatment will not be adjusted retrospectively.

It is not necessary for the Council to borrow funds specifically for financing a scheme. Where borrowing costs are to be capitalised and specific funds are borrowed, the amount to be capitalised will be the actual borrowing cost incurred on that borrowing during the period, less any investment income arising on the temporary investment of any borrowings taken out in advance of need. Where an authority borrows funds generally, the Code requires authorities to determine a capitalisation rate to expenditure incurred on the asset. This rate is to be calculated as the weighted average of borrowing costs that are outstanding during the capitalisation period. Newham have calculated this cost currently at 3.93%. Newham will disclose within the PPE note in the Statement of Accounts the amount of borrowing costs capitalised during the year and the capitalisation rate used to determine the amount of eligible borrowing costs.

A capital budget will be approved each year to allow for capitalised debt charges. At year end, the charge will be made to the relevant project by crediting revenue (interest charges) and debiting the capital project accordingly.

1.20 Debt Redemption

Under the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended, the Authority is obliged to charge a prudent amount to council tax for redemption of debt, known as the Minimum Revenue Provision (MRP). Each year the Authority has to approve a policy for charging a prudent level of MRP in line with statutory guidance.

The Authority approved the following MRP policy in relation to the current financial year:

- the MRP charge in relation to borrowing for capital expenditure incurred prior to 2007/08 will be provided on an annuity basis; This will include retrospective application to 1st April 2008. Where there has been overprovision under the previous approach, the Council will equalise the difference through reduced MRP in future years up to the point that the MRP profile falls back in line with the annuity approach.
- MRP charged in respect of capital expenditure incurred since 2007/08 is charged using either:
 - o the asset-life method based on an annuity over the estimated remaining useful life of the asset for "large and novel" projects (e.g. the acquisition of offices at Newham Dockside - Building 1000); or
 - o under exceptional circumstances the equal instalments method may be applied.

Note 1: Statement of Accounting Policies (continued)

- Furthermore, where appropriate, provision for MRP will commence when an asset becomes operational. Estimated life periods will be determined under delegated powers. The council may defer to the estimated useful economic life periods specified in the MRP guidance, but reserves the right to determine such periods and prudent MRP.
- As some types of capital expenditure incurred by the council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.
- In certain circumstances, capital expenditure may be funded by anticipated capital receipts. Where there is a degree of certainty that these receipts will materialise, MRP would be deferred, pending realisation of those capital receipts. The capital receipt when received would be applied to discharge the arising Capital Financing Requirement (CFR);
- MRP in relation to PFI or lease arrangements will be applied over the expected life of the underlying assets, taking into account any contractually obligated lifecycle repairs and maintenance.

External interest payable on the Authority's debt is debited to the Comprehensive Income and Expenditure Statement. However, in certain cases, the Authority continues to receive reimbursement for external interest and repayments of external loans (debt charges). This reimbursement is credited to the appropriate service revenue accounts, thus the relevant proportions of external interest and debt repayment are also charged to those revenue accounts.

1.21 Revenue Expenditure Funded from Capital under Statute

Revenue expenditure funded from capital under statute represents expenditure which may be capitalised under statutory provisions but which does not result in the creation of a non-current asset, such as expenditure on Renovation Grants and other forms of assistance to third parties. This expenditure is charged to the relevant service in the Comprehensive Income and Expenditure Statement and subsequently transferred to the Capital Adjustment Account by a transfer in the Movement in Reserves Statement to ensure that there is no overall impact upon council tax and grant levels.

1.22 Deferred Capital Receipts

Deferred capital receipts represent amounts from the disposal of non-current assets which have been deferred to future years where the Authority has granted a loan to assist the purchaser. As the loan (whether for mortgages or finance lease receivables) is repaid, the deferred capital receipt is written down once the capital receipt is realised.

1.23 Deferred Capital Receipts

PFI contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment long-term assets needed to provide 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 Council has entered into PFI contracts to oversee the building of six schools and two housing initiatives in Canning Town and Forest Gate.

PFI accounting arrangements apply where control tests (a) and (b) below have been applied and met:

- a) The Authority controls or regulates the services that the operator must provide with the asset, to whom it must provide them, and at what price; and
- b) The Authority controls – through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the term of the arrangement.

Assets under PFI accounting arrangements are accounted for at fair value and recognise the corresponding financial liability to reflect the requirement to pay for the asset over the period of the contract.

PFI assets are valued and depreciated in the same way as other asset categories.

In line with disclosure information required under the Code, the value of assets held under PFI arrangements and payments due are disclosed within the notes to the Statement of Accounts.

Note 1: Statement of Accounting Policies (continued)

1.24 Accounting for Heritage Assets

Heritage Assets are assets that are held for their cultural, environmental or historical associations. Our heritage assets (including any associated revaluation gains and losses) are recognised and measured in accordance with the Authority's accounting policies on Property, Plant and Equipment. However, some of the measurement rules are relaxed in relation to Heritage Assets as detailed below. The accounting policies in relation to Heritage Assets that are deemed to include intangible elements are also presented below.

General

The carrying amounts of Heritage Assets are reviewed where there is evidence of impairment, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment.

Art Collections

The art collection includes paintings, and these are reported in the Balance Sheet at year-end market values. An annual programme of valuations is established and items in the collection are valued by an external valuer. The assets within the art collection are deemed to have indeterminate lives and high residual values. On this basis, the Authority does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at purchase cost and donations are recognised at their valued amounts as provided by the external valuer, and with reference to appropriate commercial markets for paintings using the most relevant and recent information from auction sales.

Local Archaeology and Local and Social History

The Authority considers that obtaining valuations for the vast majority of machinery, equipment and other artefacts would involve a disproportionate cost in comparison to the benefits to the users of the Authority's financial statements. This is because of the diverse nature of the assets held and the lack of comparable values. The Authority does not recognise this collection of Heritage Assets on the Balance Sheet.

EMPLOYEE BENEFITS

1.25 Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. These include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current and permanent employees. These are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave including time off in lieu) earned by employees but not taken before the year-end, which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the next financial year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but subsequently reversed out through the Movement in Reserves Statement to ensure that holiday benefits amounts 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 Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These amounts are charged on an accruals basis to the respective service line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers, or of making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of employee pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, and not the amount calculated according to the relevant accounting standards established. 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.

Note 1: Statement of Accounting Policies (continued)**1.26 Post-Employment Benefits**

The Authority participates in three separate pension schemes:

- Local Government Pension Scheme, for employees other than teachers, administered by the London Borough of Newham;
- Teachers Pensions Scheme, sponsored by the Department for Education (DfE); and
- National Health Service (NHS) Pension Scheme.

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

The Local Government Pension Scheme

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

The liabilities of the London Borough of Newham pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions regarding mortality rates, employee turnover levels and current employees' projected earnings.

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 London Borough of Newham pension fund attributable to the Authority are included in the Balance Sheet at their year-end fair values and are defined by the following categories:

- quoted securities – current bid price;
- unquoted securities – professional estimate;
- unitised securities – current bid price;
- property – market value.

The movement in the net pension liability or asset is analysed into the following elements:

- Service cost comprising:
 - o current service cost – the increase in liabilities as a result of years of service earned in the current year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - o past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement within central services;
 - o net interest on the net defined benefit liability or asset i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability or asset that arises from the passage of time, as charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability or asset at the beginning of the period – taking into account any changes in the net defined benefit liability or asset during the period as a result of contribution and benefit payments.
- Re-measurements comprising:
 - o the return on planned assets – excluding amounts included in net interest on the net defined benefit liability or asset as charged to the Pensions Reserve as Other Comprehensive Income or Expenditure;
 - o actuarial gains and losses – changes in the net pension liability or asset that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. This is charged to the Pensions Reserve as Other Comprehensive Income or Expenditure.

Note 1: Statement of Accounting Policies (continued)

- Contributions paid to the London Borough of Newham pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities, and not accounted for as an expense.

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

NHS and Teachers' Pension Schemes

The arrangements for the NHS and Teachers' schemes mean that the Authority's liabilities for these benefits cannot be identified specifically. The two schemes are therefore accounted for as if they were defined contribution schemes, resulting in the fact that no liability for future payments of benefits is recognised within the Balance Sheet at year-end. The applicable revenue accounts are also charged with the employer's contributions payable to the NHS and DfE respectively.

Discretionary Benefits

The Authority 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 those applied to the Local Government Pension Scheme.

1.27 Financial Instruments – Loans and Investments

Financial Liabilities

Financial liabilities are recognised in the Balance Sheet when the Authority becomes party to the contractual provisions of a financial instrument, with these liabilities measured initially at fair value and 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 the majority of the Authority's borrowings, the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest), and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended, (SI 2003/3146) allows the impact on the General Fund balance to be spread over future years. The Authority either spreads a premium over the term of the new loan taken out or alternatively allocates this over a ten year period (where a discount has been received).

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:

Note 1: Statement of Accounting Policies (continued)

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

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

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

Expected Credit Loss Model

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

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

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

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

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the 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, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset. Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

LIABILITIES

1.28 Provision

Provision

Provisions are required for any liabilities of uncertain timing or amount that have been incurred. Provisions are recognised when:

- the Authority has a present obligation as a result of a past event;
- it is probable that a transfer of economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Note 1: Statement of Accounting Policies (continued)

Contributions to provisions are charged to the relevant service revenue account and are included within Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. Provisions are measured at the best estimate (at the Balance Sheet date) of the expenditure required to settle the obligation, taking into account the relevant risks and uncertainties.

When subsequent payments are made, these are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes clear that a transfer of economic benefits will no longer be required (or a lower settlement than originally anticipated is made), the provision is reversed and credited back to the relevant service.

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

The Authority has established a number of specific provisions, including an Insurance Provision, to meet the estimated cost of insurance claims outstanding.

1.29 Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority 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 Authority. 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 occur or whereby the value of the obligation cannot be reliably determined.

Contingent liabilities are not recognised within the Balance Sheet but are disclosed in the relevant Statement of Accounts note.

1.30 Contingent Assets

A contingent asset arises where an event has taken place that offers the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Subsequently, an inflow of economic benefits or service potential will occur.

Contingent assets are not recognised in the Balance Sheet but are identified within the relevant Statement of Accounts note.

GROUP ACCOUNTS

1.30 Interest in Companies and Other Entities

The code requires local authorities with, in aggregate, material interest in subsidiaries and associated companies and joint ventures to prepare group financial statements.

Subsidiaries

An assessment of the council's interests has been carried out to determine the group relationships that exist. Inclusion in the group is dependent upon the extent of the council's control over the company or entity and the materiality of the interest. The council considers that it has a material interest in various entities detailed in Note 37 and has classified them as a subsidiaries. Accordingly Group Accounts are prepared. In consolidating the accounts, all transactions and balances between the council and the subsidiary are eliminated in full.

Associates and Jointly Controlled Entities

The Authority has interests in companies and other entities that have the nature of associates and jointly controlled entities that have been determined to be material. These interests are recorded as equity instruments at cost less any provision for losses and are detailed in note 37.

Note 2: Impact of changes within Accounting Standards issued but not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the 2024/25 Code.

- a) IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial the impact of a currency not being exchangeable. Statements to understand
- b) IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.

Note 3: Critical Judgements in Applying Accounting Policies

In applying the accounting policies outlined above, the Authority has made certain key decisions regarding complex transactions. The critical judgements made within this Statement of Accounts are:

Impairment

There is a high degree of uncertainty regarding future funding for Local Authorities. The Medium-Term Financial Strategy (MTFS) described within the Narrative Report outlines the Council’s strategies for generating the cost savings that will assist in addressing future funding shortfalls. In light of this plan, the Authority has determined that the uncertainty is not sufficiently quantifiable as an indicator that the assets of the Authority are impaired due to a need to close facilities and accordingly reduce service provision levels.

Investment Properties

The Authority has to decide whether Land and Buildings elements owned by the Authority should be classed as Investment Properties in accordance with IAS 40 “Investment Property.” Based upon this assessment, the Authority has identified a number of assets that it holds solely for rental income or future capital appreciation purposes, or a combination of both factors, as Investment Properties. These assets are detailed within Note 16.

Group Entities

Based upon the criteria set-out in the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, the Council has undertaken a detailed review to assess the extent of group accounting relationships. The Authority has identified the entities that it consolidates on the basis of materiality in relation to the financial statements. Populo Living, Future Newhomes Limited, The Language Shop Limited, Juniper Ventures Limited, Better Together Limited, London Network for Pest Solutions Limited and Early Start Education Limited are deemed to constitute a material group interest and these wholly-owned subsidiaries have been consolidated within the Group Accounts.

The Authority also has a number of interests in other entities which have been deemed as falling outside the scope of consolidation on the grounds of significant influence and control in line with the Code. These parties are outlined within Note 37.

Provisions

IAS 37: Provisions, Contingent Liabilities and Contingent Assets, determines whether a provision or contingent liability should be recognised in the accounts. The interpretation of the rules is particularly challenging with respect to legal cases as a judgement needs to be made as to the outcome of litigation. The experience of the council’s internal legal function is utilised to determine how current legal cases are likely to conclude and the possible financial impact of the outcome of the case.

Government Grants

Judgement is required to determine whether the Authority can be reasonably assured that the conditions of grant and contribution monies received have been met before recognising these sums as income in the Comprehensive Income and Expenditure Statement. Where conditions require specific expenditure to have been incurred, the grant monies cannot be recognised until this point. Equally, where conditions outline that a grant or contribution must be repaid in the event of non-expenditure, the income is not recognised until the associated expenditure has been incurred.

Note 3: Critical Judgements in Applying Accounting Policies (continued)

Valuation of Land and buildings

The year-end carrying values of Land and Buildings within the Authority's Balance Sheet involve a significant degree of judgement and estimation techniques. The Authority engages a specialist to value its property portfolio. The results of this valuation exercise reflect the specialist's professional assessment of the conditions within the external property market.

Componentisation

Based on the valuation specialist's assessment, the Authority analyses Land and Buildings across several individual components in order to produce a weighted useful economic life and thereby more accurately estimate depreciation.

Municipal Mutual Insurance (MMI)

On 13 November 2012, the directors of MMI triggered their Scheme of Arrangement and appointed Ernst and Young to manage their business affairs. Whilst Ernst and Young have notified the Scheme's creditors of an initial Levy, projections of any future liabilities falling due under the Scheme are subject to substantial uncertainty. Ernst and Young have obtained an actuarial valuation that determines a range of possible outcomes of this assessment. However, these are only best estimates, and are thus limited based upon the scale of information currently available

Voluntary-controlled Schools

The Authority has assessed whether or not schools deemed to be voluntary-controlled in nature should be included within the year-end Balance Sheet. In accordance with CIPFA guidance, the Authority has determined, following the assessment of each individual case on its merits, that only those schools which are in the direct ownership of the Authority should be disclosed within the Balance Sheet.

Accounting for Academies

The Council has not recognised non-current assets relating to Academies as it is of the opinion that these assets are not controlled by the Authority. When a school that is held on the Authority's Balance Sheet transfers to Academy status, the Authority accounts for this as a disposal for nil consideration on the date that the schools converts to Academy status, rather than as an impairment on the date that approval to transfer to Academy status is announced.

Highway infrastructure

The Council has elected to take up the statutory override relating to the accounting for highways infrastructure assets which is applicable for all statements of accounts that are currently open up to 2024/25. In accordance with the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 paragraph 3(a), where we replace a component of an infrastructure asset, for the purposes of determining the carrying amount to be derecognised in respect of that component we determine the relevant amount as nil. The reason for making this choice, allowable by the above statutory provision, is that in some cases the historic information held on previously recognised infrastructure may not be sufficiently detailed enough to prove the judgement that the components being replaced are fully depreciated or that any remaining balance would not be material. The Council is not required to make any prior period adjustment to the balances of the statement of accounts in respect of infrastructure assets.

Note 4: Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated amounts that are based upon assumptions made by the Council regarding future events, or those that are otherwise uncertain. Accounting estimates are calculated which take into account a number of factors including historical experience, current trends and other relevant indicators. However, as some balances cannot always be determined with full certainty, actual results generated may be materially different from the original assumptions and estimates used.

The items within the Authority's 31 March 2025 Balance Sheet for which there is a significant risk of material adjustment in the forthcoming financial year are listed below:

Item	Uncertainties	Accounting effect if actual results differ from assumptions
Property, Plant and Equipment	Assets are depreciated over useful economic lives that are dependent upon assumptions regarding the levels of repairs and maintenance that will be incurred in relation to the individual assets. The present economic climate means that it is uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into question the useful lives assigned to certain assets	If assets' useful lives are reduced, annual depreciation charges increase and the carrying values of these assets decrease at a quicker rate.
Property, plant and equipment – major development projects	The Council own Three large development sites, Carpenters Estate, Canning Town and Custom House, with a combined value of £42.6 million. The assets are valued at fair value on the balance sheet. The Council have not fully finalised plans for future use of most of these sites. The plans for the Carpenters Estate is more advanced. The Council have therefore estimated the value of the assets on their existing use and layout. This value may change as the Council finalise the plans for these sites. Factors that can cause the valuation of development sites to vary significantly include planning requirements, affordable/private split, costs to construct, likely phasing and timescale, any costs or delays associated with assembling vacant possession where there are either continuing tenancies or third party owners, such as owners who have previously exercised a right to buy. It is also important to note that there may be elements of the final development which are either not currently owned by the authority or are being recorded elsewhere due to their present use.	In the absence of a detailed scheme proposals the valuer has continued to exercise professional judgement in providing the valuation. The Council will provide to the valuer detailed site plans, detailed business plans outlining a clear strategy and expected timescale for the developments, when they have been approved.
Self-Insurance	The Authority has recognised a year-end provision of £6.5m for future claims under its Self-Insurance provision. This amount is a component of the overall Insurance Reserve.	An increase in the estimated average settlement of 10% during the forthcoming year would increase the provision required by £0.65m.
Pension Liabilities	Estimation of the Authority's net liability in respect of year-end pension liabilities is driven by a number of complex judgements including the discount rate used, adjustments to long-term salaries, mortality age rates and expected returns on pension scheme assets. The Authority's consulting actuary (Barnett Waddingham) provides expert advice on the value of the Authority's year-end pension liabilities.	The principal factors influencing the valuation of the pension liability are the discount rate and the longevity (mortality rate) assumptions: (a) if the discount rate increases by 0.1%, this change reduces overall pension liabilities (in terms of the projected service cost element) by £0.7m (b) if longevity increases by 1 year, this will increase liabilities (the projected service cost element) by approximately £0.8m.
Receivables	The Authority has estimated that £161.7m of the year-end value of Receivables should be impaired out of total receivables of £331m. This principally relates to Sundry and Parking Receivables (£60.7m), Council Tax (£34.7m), Housing Benefit overpayments (£16.7m), Housing Rents (£40.8m), Leaseholder Provision (£7.9m) and Business Rates (£0.9m). In the current economic climate, it is not certain that such allowances are sufficient.	If the collection rates were to deteriorate, this may require an additional amount to be set aside as an allowance to reflect non-collectability.

Notes to the Accounts (General) (continued)

Note 5: Events after the Balance Sheet date

There have been no adjusting events after the balance sheet date that have required a change to the balance sheet figures at 31st March 2025

NOTES TO COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

Note 6: The 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 directorates/services/departments. This analysis is for the single entity only and is not a primary statement and Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the single entity Comprehensive Income and Expenditure Statement. The group expenditure and funding analysis is not materially different to the analysis for the single entity and is therefore not presented.

Restated 2023/24				2024/25		
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
118,444	(1,778)	116,666	Children and Young People	132,230	(768)	131,462
66,201	(1,089)	65,112	Inclusive Economy & Housing	83,703	(10,467)	73,236
95,433	(1,027)	94,406	Adults & Health	115,197	2,303	117,500
(40)	(406)	(446)	Digital	345	(46)	299
8,423	(298)	8,125	Marketing	8,475	(237)	8,238
5,394	(125)	5,269	Transformation	3,123	(200)	2,923
22,628	(1,461)	21,167	Environment and Sustainable Transport	23,568	(1,177)	22,391
28,912	(544)	28,368	Resources	34,940	(26,012)	8,924
(12,481)	(188)	(12,669)	One source - Non Shared	120	(22)	98
1,828	(685)	1,143	OneSource	2,511	(342)	2,169
(38,863)	55,273	16,410	Corporate Budgets	3,156	30,403	33,559
8,602	(188)	8,414	Dedicated Schools Budget	(1,802)	(140)	(1,942)
304,481	47,484	351,965	Net Cost of Services excl HRA	405,566	(6,705)	398,857
(37,728)	68,835	31,107	Housing Revenue Account	(32,762)	72,278	39,516
266,753	116,319	383,072	Net Cost of Services incl HRA	372,804	65,573	438,373
(239,862)	(161,050)	(400,912)	Other Income and Expenditure	(336,455)	(93,672)	(430,127)
26,891	(44,731)	(17,840)	(Surplus)/Deficit	36,349	(28,099)	8,246
		(257,942)	Opening General Fund and HRA Balance			(231,051)
		26,891	Less/Plus (Surplus) or Deficit on General Fund and HRA Balance in Year**			36,349
		(231,051)	Closing General Fund and HRA Balance			(194,702)

** This includes Earmarked reserve balances. For a Split of this balance between the General Fund, hra AND Earmarked Reserves - see the movement in reserves Statement

Note 7: Note to the Expenditure and Funding Analysis

The Group's expenditure and funding analysis is not materially different to the Authority's expenditure and funding analysis. The Authority's expenditure and funding is analysed as follows:

1) Adjustments for Capital Purposes

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

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets;
- Financing and investment income and expenditure – the statutory charges for capital financing i.e. PFI payment and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices; and
- 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.

2) Net Change for the IAS 19 Pensions Adjustments

Represents the 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 authority as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure — this represent the removal of the net interest on the defined benefit liability that is charged to the CIES.

Restated 2023/24				2024/25		
Adjustment for Capital Purposes	IAS 19 & other	Total Adjustments		Adjustment for Capital Purposes	IAS 19 & other	Total Adjustments
£'000	£'000	£'000		£'000	£'000	£'000
	(1,778)	(1,778)	Children and Young People		(769)	(769)
	(1,089)	(1,089)	Inclusive Economy & Housing	(9,732)	(736)	(10,468)
	(1,027)	(1,027)	Adults & Health	3,113	(810)	2,303
	(406)	(406)	Digital		(46)	(46)
	(298)	(298)	Marketing		(237)	(237)
	(125)	(125)	Transformation		(200)	(200)
	(1,461)	(1,461)	Environment and Sustainable Transport		(1,178)	(1,178)
	(544)	(544)	Resources	(955)	(386)	(1,341)
	(188)	(188)	One source - Non Shared		(23)	(23)
	(685)	(685)	OneSource		(342)	(342)
52,781	2,491	55,272	Corporate Budgets	12,331	(6,548)	5,783
	(188)	(188)	Dedicated Schools Budget		(141)	(141)
69,689	(854)	68,835	Housing Revenue Account	72,783	(505)	72,278
122,470	(6,152)	116,318	Net Cost of Services excl HRA	77,540	(11,921)	65,619
(159,218)	(1,831)	(161,049)	Other Income and Expenditure	(90,112)	(3,606)	(93,718)
(36,748)	(7,983)	(44,731)	Net Cost of Services excl HRA	(12,572)	(15,527)	(28,099)

Note 8: Expenditure & Income Analysed by Nature

Restated 2023/24		2024/25
£'000		£'000
	Expenditure	
442,478	Staffing expenses	460,130
826,101	Other services expenses	814,046
46,613	Depreciation and amortisation	51,528
51,933	Impairment and revaluation	99,934
55,234	Interest Payments	72,146
23,675	Precepts and levies	24,818
14,991	Payments to Housing Capital Receipts Pool	-
(15,695)	Loss/(Gain) on the disposal of assets	(9,728)
1,445,330	Total expenditure	1,512,874
	Income	
(308,369)	Fees, charges and other service income	(344,230)
(47,174)	Interest and investment income	(26,795)
(213,482)	Income from council tax, non-domestic rates	(244,438)
(894,145)	Government grants and contributions	(889,165)
(1,463,170)	Total income	(1,504,628)
(17,840)	(Surplus) or Deficit on the Provision of Services	8,246

Note 9: Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the 2024/25 adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure. The adjustments for the group are not materially different to the adjustments shown below:

2024/25	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Receipts Resaves	Major Repairs Reserves	CGUA	Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of entries in the Surplus/Deficit on the Provision of Services in relation to capital expenditure:						
• Depreciation of Property, Plant and Equipment/ Impairment of non current assets	(32,628)	(18,901)				51,529
• Revaluation (losses)/gain on Property, Plant and Equipment	(23,385)	(73,945)				97,330
• Movements in market value of Investment Properties	(3,047)	1,266				1,781
• Amortisation of Intangible assets						-
• Capital grants and contributions applied	50,270	13,192				(63,462)
• Revenue expenditure funded from capital under Statute	1,492					(1,492)
• Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(14,626)	(8,009)				22,635
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
• Statutory revenue provisions for the financing of capital investment	49,763	3,766				(53,529)
• Capital expenditure financed from revenue balances		15,000				(15,000)
Adjustments primarily involving the Capital Grants Unapplied Account:						
• Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	20,761	1,447			(22,208)	-
• Application of grants to capital financing transferred to the Capital Adjustment Account					29,984	(29,984)
Adjustments primarily involving the Capital Receipts Reserve:						
• Transfer of cash sale proceeds credited as part of the gain/(loss) on disposal to the CIES	15,523	14,237	(33,864)			4,104
• Use of the Capital Receipts Reserve to finance new capital expenditure	-		29,233			(29,233)
• Capital Loan Repayment			(2,807)			2,807
• Use of the Capital Receipts Reserve to finance revenue expenditure	(17,549)		17,549			-
• Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool						-
• Transfer from Deferred Capital Receipts Reserve upon receipt of cash	(956)					956
Adjustment primarily involving the Major Repairs Reserve:						
• Reversal of Major Repairs Allowance credited to the HRA		18,901		(18,901)		-
• Use of the Major Repairs Reserve to finance new capital expenditure				18,901		(18,901)
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement differ from increases / decreases in revenue for the year calculated in accordance with statutory requirements:						
• Financial instruments	1,913	1,169				(3,082)
• Pension costs	10,265	655				(10,920)
• Council tax & business rates	(3,387)					3,387
• Holiday pay	1,072	(150)				(922)
• Dedicated schools Grant Deficit	3,995					(3,995)
Total Adjustments	59,476	(31,372)	10,111	-	7,776	(45,991)

Note 9: Adjustments between Accounting Basis and Funding Basis under Regulations

2023/24	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserves	Major Repairs Reserves	CGUA	Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of entries in the Surplus/Deficit on the Provision of Services in relation to capital expenditure:						
• Depreciation of Property, Plant and Equipment/ Impairment of non current assets	(26,886)	(19,419)	-	-	-	46,305
• Revaluation (losses)/gain on Property, Plant and Equipment	(1,570)	(50,270)	-	-	-	51,840
• Movements in market value of Investment Properties	10,662	1,322	-	-	-	(11,984)
• Amortisation of Intangible assets	(80)	-	-	-	-	80
• Capital grants and contributions applied	72,431	-	-	-	-	(72,431)
• Revenue expenditure funded from capital under Statute	(24,245)	-	-	-	-	24,245
• Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(4,368)	(8,319)	-	-	-	12,687
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
• Statutory revenue provisions for the financing of capital investment	24,924	1,758	-	-	-	(26,682)
• Capital expenditure financed from revenue balances	5,272	2,043	-	-	-	(7,315)
• Voluntary provision for the financing of capital investment	-	-	-	-	-	-
Adjustments primarily involving the Capital Grants Unapplied Account:						
• Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	17,234	-	-	-	(17,234)	-
• Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	9,297	(9,297)
Adjustments primarily involving the Capital Receipts Reserve:						
• Transfer of cash sale proceeds credited as part of the gain/(loss) on disposal to the CIES	11,935	16,227	(28,162)	-	-	-
• Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	12,280	-	-	(12,280)
• Capital Loan Repayment	-	-	(1,293)	-	-	1,293
• Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	-	-	-	-	-	-
• Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(14,991)	-	14,991	-	-	-
• Transfer from Deferred Capital Receipts Reserve upon receipt of cash	(585)	-	-	-	-	585
Adjustment primarily involving the Major Repairs Reserve:						
• Reversal of Major Repairs Allowance credited to the HRA	-	19,419	-	(19,419)	-	-
• Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	24,815	-	(24,815)
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement differ from increases / decreases in revenue for the year calculated in accordance with statutory requirements:						
• Financial instruments	1,874	1,169	-	-	-	(3,043)
• Pension costs	10,474	1,180	-	-	-	(11,654)
• Council tax & business rates	(5,857)	-	-	-	-	5,857
• Holiday pay	(1,249)	-	-	-	-	1,249
• Dedicated schools Grant Deficit	4,645	-	-	-	-	(4,645)
Total Adjustments	79,620	(34,890)	(2,184)	5,396	(7,937)	(40,005)

Note 10: Transfers To/From Earmarked Reserves

This note sets out the amounts set aside from the General Fund and Housing Revenue Account (HRA) balances in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to meet General Fund and HRA expenditure in 2024/25.

	Balance at 31-March-2024	Transfers out	Transfers in	Balance at 31-March-2025
	£'000	£'000	£'000	£'000
General Fund (GF) Reserves				
Authority Transition Reserve	(7,661)	541	-	(7,120)
Borough Wide Licencing Reserve	(12,664)	1,604	-	(11,060)
Capital Reserve	(3,781)	-	(580)	(4,361)
Capital Financing Reserve	(59,186)	40,592	-	(18,594)
Collection Fund Smoothing Reserve	(24,172)	-	(3,715)	(27,887)
Corporate Social Responsibility Reserve	(1,050)	-	-	(1,050)
Grants Reserve	(24,210)	6,783	(1,919)	(19,346)
Highways Maintenance Reserve	(3,287)	-	-	(3,287)
Insurance Reserve	(4,858)	256	-	(4,602)
Schools Balances Reserve	(24,954)	2,194	-	(22,760)
Trading Operations Reserve	-	-	(401)	(401)
Treasury Reserve	(18,644)	-	(500)	(19,144)
POCA Reserve	(602)	100	-	(502)
Election Reserve	(60)	-	(120)	(180)
GF Sub-total	(185,129)	52,070	(7,235)	(140,294)
Housing Revenue Account (HRA)	(34,910)	-	(5,553)	(40,463)
Total Earmarked Reserves	(220,040)	52,070	(12,788)	(180,757)

Authority Transition Reserve

This reserve is to facilitate service transformation and mitigate cost pressures anticipated in the Authority's Medium-Term Financial Strategy.

Borough-Wide Licensing Reserve

This reserve holds license income received from the Council's Borough-Wide Licensing Scheme, which aims to regulate the standard of private accommodation within the Borough. In accordance with statutory requirements, these monies are ring-fenced.

Note 10: Transfers To/From Earmarked Reserves (continued)

Capital Reserve

Budgeted revenue funding of the capital programme which has not yet been applied to schemes, either because the scheme has been re-profiled into later years or to allow greater flexibility in funding future service investment.

Capital Financing Reserve

The Capital Financing Reserve (separate to the Capital Reserve above) holds funds to provide additional capacity and flexibility to meet the needs of the Council's Capital Strategy.

Collection Fund Smoothing Reserve

This reserve consists of compensation grants for loss of income in the Council Tax and Business Rates accounts in prior years. The reserve is required to offset the impact on future years due to reduction in budgeted income from the Collection Fund.

Corporate Social Responsibility Reserve

This the CSR reserve generated from Council's dealing with commercial partners operating within the council's vicinity, to support local charitable bodies.

Grants Reserve

Grants reserves which includes balances for grants received but not yet used.

Highways Maintenance Reserve

Highways Maintenance reserve: This reserve contains commuted sums provided by developers, which cover the maintenance and renewal costs of specific highways assets built by a developer, which are adopted into public ownership by the council. These are under s278 or s38 agreements, as per the Highways Act 1980.

Insurance Reserve

The Insurance Reserve forms part of the Authority's self-insurance arrangements, earmarked to meet future potential and contingent liabilities (as distinct from the Insurance Provision - see Note 24).

Schools Balances Reserve

Set up in accordance with Section 48 of the Schools Standards and Framework Act 1998, the Newham Scheme for Financing Schools provides for the carry forward of individual school surpluses.

Trading Operations Reserve

This reserve houses the accumulated surpluses on the Repairs and Maintenance Service (RMS) and Newham Catering and Cleaning Services operations.

Treasury Reserve

This reserve is to mitigate the impact on the Authority's budget for market volatility in respect of Treasury management activities over the term of the Medium-Term Financial Strategy (MTFS).

POCA Reserve

The Proceeds of Crime Act fund is held in a reserve by the Authority, ring fenced to use in specific fraud and crime prevention schemes.

Election Reserve

Cumulative funding for election expenses incurred by local or national elections

Note 11: Other Operating Expenditure

Restated 2023/24		2024/25
£'000		£'000
23,675	Levies	24,817
14,991	Payments to the Government Housing Capital Receipts Pool	-
(15,695)	(Gains)/losses on the disposal of non-current assets	(9,728)
22,971	Total	15,089

Note 12: Financing and Investment Income and Expenditure

Restated 2023/24		2024/25
£'000		£'000
56,215	Interest Payable and Similar Charges	72,146
(981)	Pensions interest cost and expected return on pensions assets	(4,297)
(22,190)	Interest receivable and similar income	(24,279)
(23,827)	Income and expenditure in relation to investment properties and changes in their fair value	(8,554)
(625)	Other investment income and expenditure	179
8,592	Total	35,195

Note 13: Taxation and Non-Specific Grant Income

Restated 2023/24		2024/25
£'000		£'000
(97,956)	Council Tax income	(114,033)
(115,526)	Business Rates (Retained share)	(130,405)
(140,534)	General Government Grants	(157,086)
(83,170)	Capital grants and contributions	(78,887)
(437,186)	Total	(480,411)

Note 13: Breakdown of Taxation and Non-Specific Grant Income

Restated 2023/24		2024/25
£'000		£'000
	Credited to Taxation and non-specific grant income	
(42,604)	Revenue Support Grant	(50,939)
(34,537)	Section 31 Grant	(39,964)
(5,592)	New Homes Bonus	(2,795)
(28,109)	Social Care Support Grant	(36,701)
(11,682)	Homelessness Support Grant	(14,651)
(18,010)	Other	(12,036)
(140,534)	Total	(157,086)
	Capital Grants and Contributions	
(11,948)	MHCLG	(16,160)
(11,215)	Dept of Education	(4,901)
(3,097)	Dept of Health	(3,534)
-	NHS	(2,838)
(3,853)	School Contributions	(7,176)
(28,353)	Greater London Authority	(17,550)
(6,269)	Transport for London	(1,218)
(8,812)	Section 106	(16,899)
(8,379)	London Legacy Development	(5,157)
(1,244)	Other	(3,454)
(83,170)	Total	(78,887)
2023/24	Grants Credited to the net cost of services include:	2024/25
£'000		£'000
	Revenue Grants	
(187,583)	Housing Benefit Subsidy	(165,623)
(246,449)	Dedicated Schools Grant (DSG)	(261,495)
(9,239)	DFE	(14,842)
(17,193)	Improved Better Care Fund	(17,193)
(10,165)	Pupil Premium	(11,229)
(33,676)	Public Health Grant	(34,229)
(64,309)	Other Grants and Contributions	(75,134)
(568,614)	Total	(579,745)

Note 13: Breakdown of Taxation and Non-Specific Grant Income

The Authority 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 contributor in the event that conditions are not met. The balances at year-end are as follows:

Restated 2023/24	Capital Grants: Receipts In Advance	2024/25
£'000		£'000
(71,986)	Section 106	(86,210)
(71,986)	Total	(86,210)

Note 14: Property, Plant And Equipment

The value of non-current assets shown on the balance sheet represents the value of assets held by the Authority.

	Council dwellings	Other land and buildings	Vehicles, plant and equipment	Community assets	Surplus assets	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2024	1,367,950	1,239,629	13,897	25,071	67,253	234,060	2,947,860
Opening Adjustment	(1,140)	150,006	8,183				157,049
Additions and enhancement	85,254	68,713	1,344	557	-	182,165	338,033
Accumulated Dep. Written off on revaluation to gross book value	(17,898)	(13,056)			(175)		(31,129)
Revaluation movement recognised in the Surplus on the Provision of Services	(66,773)	(27,053)			86		(93,740)
Revaluation movement recognised in the Revaluation Reserve	(75,408)	102,808			1,457		28,857
Derecognition - Disposals	(8,028)	(2,946)			(266)		(11,240)
Derecognition - Other		(2,707)					(2,707)
Other reclassifications	(666)	666					-
							-
At 31 March 2025	1,283,291	1,516,060	23,424	25,628	68,355	416,225	3,332,983
Accumulated Depreciation and Impairment							
At 1 April 2024	(8)	(6,764)	(8,609)	-	(6)	(11)	(15,398)
Opening Adjustment		35			(1)		34
Depreciation Charge	(17,997)	(20,075)	(1,352)		(183)		(39,607)
Accumulated Dep. Written off on revaluation to gross book value	17,898	13,056			175		31,129
Depreciation written out to the Surplus on the Provision of Services							-
Depreciation written out to the Revaluation Reserve							-
Derecognition - Disposals	104	38					142
Derecognition - Other							-
Other reclassifications	4	(4)					-
							-
At 31 March 2025	1	(13,714)	(9,961)	-	(15)	(11)	(23,700)
Net Book Value							
At 31 March 2025	1,283,292	1,502,346	13,463	25,628	68,340	416,214	3,309,283
At 31 March 2024	1,367,942	1,232,865	5,288	25,071	67,247	234,049	2,947,860

Note 14: Property, Plant And Equipment (Continued)

Balances as at 31-March-2024	Council dwellings	Other land and buildings	Vehicles, plant and equipment	Community assets	Surplus assets	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2023	1,306,626	1,234,974	78,503	24,898	76,257	117,596	2,838,854
Opening Adjustment	-	(7,469)	-	-	-	-	(7,469)
Additions and enhancement	92,198	74,376	938	173	-	116,464	284,149
Accumulated Dep. Written off on revaluation to gross book value	(20,101)	(13,665)	-	-	(169)	-	(33,935)
Revaluation movement recognised in the Surplus on the Provision of Services	(49,772)	1,238	-	-	(3,307)	-	(51,841)
Revaluation movement recognised in the Revaluation Reserve	(11,008)	12,993	-	-	(5,528)	-	(3,543)
Derecognition - Disposals	(7,986)	-	(65,544)	-	-	-	(73,530)
Derecognition - Other	-	(3,972)	-	-	-	-	(3,972)
Other reclassifications	57,993	(58,846)	-	-	-	-	(853)
	-	-	-	-	-	-	-
At 31 March 2024	1,367,950	1,239,629	13,897	25,071	67,253	234,060	2,947,860
Accumulated Depreciation and Impairment							
At 1 April 2023	-	(6,468)	(72,941)	-	-	(11)	(79,420)
Opening Adjustment	-	-	-	-	-	-	-
Depreciation Charge	(17,681)	(16,498)	(1,212)	-	(175)	-	(35,566)
Accumulated Dep. Written off on revaluation to gross book value	20,101	13,665	-	-	169	-	33,935
Depreciation written out to the Surplus on the Provision of Services	-	-	-	-	-	-	-
Depreciation written out to the Revaluation Reserve	-	-	-	-	-	-	-
Derecognition - Disposals	109	-	65,544	-	-	-	65,653
Derecognition - Other	-	-	-	-	-	-	-
Other reclassifications	(2,537)	2,537	-	-	-	-	-
	-	-	-	-	-	-	-
At 31 March 2024	(8)	(6,764)	(8,609)	-	(6)	(11)	(15,398)
Net Book Value							
At 31 March 2024	1,367,942	1,232,865	5,288		67,247	234,049	2,932,462
At 31 March 2023	1,306,626	1,228,506	5,562		76,257	117,585	2,759,434

Note 14: Property, Plant And Equipment (Continued)

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets, this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position by users of the financial statements.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost 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.

31-March-2024		31-March-2025
£'000	Infrastructure Assets	£'000
303,043	Balance at start of year	330,232
37,200	Additions and enhancement	36,113
-	Derecognition - Disposals	-
(10,011)	Derecognition - Others	(10,966)
330,232	Balance at end of year	355,379
2,932,462		3,309,283
3,262,694		3,664,662

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

In addition to the Authority property balance and equipment, the Group includes £126m of assets classified as other land and buildings held within Future Newhome Limited and Populo Living Limited (Note 37).

The Authority's property portfolio is valued on a rolling basis by Wilks, Head and Eve LLP . The valuation bases are in accordance with the Statement of Asset Valuation Practices and Guidance Notes of the Royal Institute of Chartered Surveyors. Housing Revenue Account dwellings are valued at their existing use based on 'Beacon' valuation principles and then have a social housing adjustment made thus reducing the balance sheet value to 25% of the beacon value, as directed by CLG.

Included in the figures for other land and buildings are 41 Community schools (primary and secondary). The Council also provides revenue funding, through the Dedicated Schools Grant, for all schools in the Borough. The table below shows the numbers of schools in the Borough across various categories. During 2024/25 the following school was converted to an academy; St Winefride's Catholic Primary School.

2023/24		2024/25
Number		Number
41	Community	41
4	Voluntary Aided	3
2	Voluntary Controlled	2
47		46

Note 14: Property, Plant And Equipment (Continued)

Capital Commitments

As at 31 March 2025, the authority has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2024/25 and future years budgeted to cost £46m. Similar commitments at 31 March 2024 were £181m. The major commitments are:

	Cost
	£'000
Affordable Homes New Build Programme	18,809
S106	2,715
School Expansion	6,850
CWB - LUF Schemes	6,884
Highways & Sustainable Transport	1,575
Decent Homes	4,613
Building & Fire Safety	1,039
Other schemes	3,693
Total	46,178

Note 14: Property, Plant And Equipment (Continued)

PPE analysis showing those assets held at cost and those at valuation sub divided by last revaluation date as at 31/03/2025.

	Council dwellings	Other land and buildings	Vehicles, plant and equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	-	19,614	5,280	355,381	25,628	-	416,214	822,117
Valued at current value as at:								
	-	-	-	-	-	-	-	-
Opening balance adjustment - IFRS 16 ROU asset		150,055	8,183					158,238
31-Mar-25	1,283,289	962,041	-			66,673		2,312,003
31-Mar-24		71,978				201		72,179
31-Mar-23		231,623				1,466		233,089
31-Mar-22		2,289						2,289
31-Mar-21		64,747						64,747
Total cost or valuation	1,283,289	1,502,347	13,463	355,381	25,628	68,340	416,214	3,664,662

Development assets at Carpenter's Estate, Canning Town and Customs House

The authority is currently developing plans to implement major estate regeneration projects at the above three sites. Red Book valuations of the assets with the project boundaries (where void and intended for redevelopment) have been commissioned and the balance sheet includes these values. With evolving projects such as these there is a level of inherent uncertainty which while every effort has been made to reduce, is not possible to altogether eliminate. It is also important to note that there may be elements of the final development which are either not currently owned by the authority or are being recorded elsewhere due to their present use. The authority will continue to work with external valuers and the audit team to ensure that these assets are accurately represented and regularly updated.

Surplus Assets

The assets within surplus assets are based on the market approach current market conditions and recent sale prices and other relevant information for similar assets in the local area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to properties being categorised at Level 2 in the current value hierarchy.

Note 14: Property, Plant And Equipment (Continued)

Asset Held for Sale

31-March-2024		31-March-2025
£'000	Cost or Valuation	£'000
1,608	At 1 April	4,878
154	Revaluation movement recognised in the Revaluation Reserve	-
1	Revaluation movement recognised in the Surplus on the Provision of Services	-
(838)	Derecognition - Disposals	(8,864)
3,953	Other reclassifications/Transfer	6,295
4,878	At 31 March	2,309

Note 15: Heritage Assets

	Civic Regalia	Museum Art Collection	Street Art	Total
	£'000	£'000	£'000	£'000
At 1 April 2023	59	2,205	1,394	3,658
Additions				
Disposals				
Revaluations				
At 31 March 2024	59	2,205	1,394	3,658
At 1 April 2024	59	2,205	1,394	3,658
Additions				
Disposals				
Revaluations				
At 31 March 2025	59	2,205	1,394	3,658

Civic Regalia

Civic Regalia above refers to the Mayor's 18ct gold chain of office, with 4 plaques and enamelled arms and the Mayor's 18ct gold and enamel badge of office. A Silver Gilt Mace with arms of East Ham, West Ham and Newham is also classified in Civic Regalia.

Museum Art Collection

Items classified within Museum Art Collection are:

- Bow Porcelain & Museum Collection
- Edward V1 Fine Royal Letters Patent
- Madge Gill artworks
- 5 Pieces of artwork by artists John Bettes, Charles Catton the Elder, John Wilson Carmichael, Andrea Casali and George Romney
- Victorian G.E. Railway boardroom table
- Bronze Portrait bust by Benno Schotz
- West Ham Memorial Document
- Railway items collection

Buxton Table

The Council is the owner of the Buxton Table, which was donated to the public and is named after its owner. This is the table around which in 1833 William Wilberforce MP and others, including its owner Thomas Buxton MP, discussed and drafted the Bill for the Abolition of Slavery in the British Dominions. Whilst this table is of significant cultural and historical importance, there is currently no reliable financial valuation available for the table and therefore this heritage asset is not recognised in the Council's Balance Sheet. In any event, its cultural significance is far more important than any accounting value that could be attached to it.

Note 15: Heritage Assets (continued)

Street Art Collection

The three items classified within Street Art are the Champions Sculpture, a Horse Sculpture and a Train Engine.

Five year summary of transactions

The only addition to Heritage assets during the last 5 years is the Joan Littlewood statue constructed in 2015/16. Our heritage asset policy includes a deminimus value of £10k under which will not be included on the Balance sheet. The value of assets excluded because of this is £106k. Valuation of the heritage assets is in accordance with the corporate insurance register. The register holds values for those assets of material value or which are exposed to a particular risk.

Further information on the Collections

Further information can be found from the Newham Heritage Service; which aims to preserve, promote and interpret the rich diversity of Heritage in the London Borough of Newham and make it accessible to all. It aims to contribute to the quality of life in the Borough by promoting a sense of place, a feeling of belonging and of local pride, and to enhance Newham's image both regionally and nationally.

Notes to the Accounts (General) (continued)

Note 16: Investment Properties

Investment properties are those assets held by the Council solely for rental income and/or capital appreciation purposes.

31-March-2024		31-March-2025
£'000		£'000
11,842	Rental income due from investment property	10,335
356,417	Balance at start of year	367,475
(6)	Opening balance adjustment	-
2,181	Additions and Enhancement Expenditure*	1,528
11,985	Net gains/(losses) from fair value adjustments	(1,781)
(3,102)	Transfers to Property Plant and Equipment	(6,295)
367,475	Balance at year-end	360,927

* This relates to the head-lease of Accor finance lease.

The fair value of investment properties at 31st March are analysed as follows:

2023/24	2023/24		2024/25	2024/25
In Borough	Out of Borough		In Borough	Out of Borough
£'000	£'000		£'000	£'000
221,484	24,073	Retail Unit	213,938	23,688
22,594	45,716	Office	25,608	42,409
27,454		Industrial Unit	26,492	-
18,631		Land	17,305	-
3,137		Warehouse / Stores	6,921	-
1,278		Community Centre	1,278	-
1,375		Car Park	1,841	
922		Depot	1,026	
579		Cinema	178	
87		Garages	87	
145		Flats	156	
297,686	69,789	Balance at 31 March	294,830	66,097

In addition to investment properties held by the Authority, the group balance sheet includes £225m (2023/24: £169m) of investment property held within Populo Living Limited.

Valuations were carried out by Wilks, Head and Eve LLP (WHE) and are valued to Fair Values as defined by IFRS 13.

Where an asset is valued to Fair Value, IFRS 13 requires the valuer to make additional disclosures regarding the valuation technique applied to measure the fair value and the nature of the inputs to that valuation technique, having regard to the fair value hierarchy prescribed within IFRS13.

Note 16: Investment Properties (continued)

It is confirmed that the valuation technique applied in respect of all fair value figures is the market approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets.

The inputs to this technique constitute Level 2 inputs in each instance. Level 2 inputs are inputs observable for the asset, either directly or indirectly. The inputs used took the form of analysed and weighted market evidence such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date.

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

Note 17: Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The carrying amount of intangible assets is amortised on a straight line basis. As in the current year, the amortisation of £0.9m charged to revenue in 2024/25 (£0.8m in 2023/24) was charged directly to users' costs centres where they were sole users or in cases where there was not sole usage to the IT Administration cost centre, and then absorbed as an overhead across all the service headings in the Net Expenditure of Services.

Purchased		Purchased
31-March-2024		31-March-2025
£'000		£'000
	Balance at start of year:	6,016
8,463	Gross carrying amounts	8,765
(6,134)	Accumulated amortisation	(6,938)
2,329	Net carrying amount at start of year	1,827
	Additions:	
302	Purchases	261
(804)	Amortisation for the period	(955)
1,827	Net carrying amount at end of year	1,133
	Comprising:	
8,765	Gross carrying amounts	9,026
(6,938)	Accumulated amortisation	(7,893)
1,827		1,133

Note 18: Financial Instruments

Categories of Financial Instruments

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

Financial Assets

	Non-current				Current							
	Investments		Debtors		Cash		Investments		Debtors		Total	
	31-March-2025	31-March-2024	31-March-2025	31-March-2024	31-March-2025	31-March-2024	31-March-2025	31-March-2024	31-March-2025	31-March-2024	31-March-2025	31-March-2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value through Profit or Loss	64,043	54,238									64,043	54,238
Amortised cost		-	396,775	400,793	60,600	39,400	20,471	14,522	465	458	478,311	455,173
Total Financial Assets	64,043	54,238	396,775	400,793	60,600	39,400	20,471	14,522	465	458	542,354	509,411
Non- Financial Assets									161,206	149,016	161,206	149,016
Total	64,043	54,238	396,775	400,793	60,600	39,400	20,471	14,522	161,671	149,474	703,560	658,427

Financial Liabilities

	Non-current				Current							
	Borrowings		Other Creditors		Cash		Borrowings		Creditors		Total	
	31-March-2025	31-March-2024	31-March-2025	31-March-2024	31-March-2025	31-March-2024	31-March-2025	31-March-2024	31-March-2025	31-March-2024	31-March-2025	31-March-2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value through Profit or Loss		-										-
Amortised cost	(1,266,938)	(912,801)	(344,990)	(244,836)	(35,259)	(40,662)	(195,157)	(236,137)	(140,743)	(84,364)	(1,983,087)	(1,518,800)
Total Financial liability	(1,266,938)	(912,801)	(344,990)	(244,836)	(35,259)	(40,662)	(195,157)	(236,137)	(140,743)	(84,364)	(1,983,087)	(1,518,800)
Non- Financial Liabilities			(10,330)	(11,835)					(84,798)	(135,060)	(95,128)	(146,895)
Total	(1,266,938)	(912,801)	(355,320)	(256,671)	(35,259)	(40,662)	(195,157)	(236,137)	(225,541)	(219,424)	(2,078,215)	(1,665,695)

*The portion of long-term liabilities and investments due to be settled within 12 months of the Balance Sheet date are presented in the Balance Sheet under 'current liabilities' or 'current investments'.

This includes accrued interest on long term liabilities and investments that is payable in 2024/25

Note 18: Financial Instruments (continued)

Soft Loans

The Authority has identified the following which may be categorised as soft loans (less than market rates):

31-March-2024		31-March-2025
£'000		£'000
505	London Community Credit union	-
505	Total	-

Carrying value of the LCCU loan is measured at fair value based on an amortised cost of 5% and social care loans are measured at cost. Loans have been considered for impairment losses. LCCU recently went into administration and this loan has therefore been written off.

	2023/24			2024/25		
	Financial liabilities	Financial Assets		Financial liabilities	Financial Assets	
	Liabilities Measures at Amortised Cost	Financial Assets at Amortised cost	Total	Liabilities Measures at Amortised Cost	Financial Assets at Amortised cost	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest expense*	56,215	-	56,215	72,146	-	72,146
GF Sub-total	56,215	-	56,215	72,146	-	72,146
Interest income	-	(22,190)	(22,190)	-	(24,279)	(24,279)
GF Sub-total	-	(22,190)	(22,190)	-	(24,279)	(24,279)
Income in Other Comprehensive Income						
Net loss/(gain) for the year	56,215	(22,190)	34,025	72,146	(24,279)	47,867

* Interest expense shown above includes interest, premiums and other similar expenses

Note 18: Financial Instruments (continued)

Financial Instruments - Fair Values

The fair value of Public Works Loans Board (PWLB) loans of £851m measures the economic effect of the terms agreed with the PWLB compared with estimated of the terms that would be offered for market transactions undertaken at the Balance Sheet date, which has been assumed as the PWLB premature repayment interest rates (PR Rate). The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining term of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, termed the PWLB certainty rate (NL rate). A supplementary measure of the fair value as a result of 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 fair value is calculated on this basis, the carrying amount of £949m would be valued at £797m. But if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge, based on the redemption interest rates, for early redemption of £157m for the additional interest that will not now be paid. The exit price for the PWLB loan including the penalty charge would be £1,106m.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value. Other receivables and liabilities 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 will take place over the remaining term of the instruments using the following assumptions:-

- (i) estimated ranges of interest rates at 31 March 2025 for loans from the PWLB and for other loans receivables and payable have been applied based on new lending rates for equivalent loans at that date;
- (ii) no early repayment or impairment is recognised;
- (iii) where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value; and
- (iv) the fair value of trade and other receivables is taken to be the invoice or billed amount.

In regard to soft loans; fair value has been estimated by using a valuation technique based on an amortised cost of 5%.

Unquoted equity investment in Populo Living Ltd has been measured at fair value. Fair value has been based on the cost of equity. Due to early stages of its business model and a number of uncertain variables relating to this company it is difficult to value this company other than at cost of investment.

There has been no transfers between input levels during the year. There has been no change in the valuation technique used during the year.

Notes to the Accounts (General) (continued)

Note 18: Financial Instruments (continued)

Financial Assets

The fair value of financial assets is higher than the carrying amount because the Authority's portfolio of investments includes a number of loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2024) attributable to the commitment to receive interest above current market rates.

31-March-2024		Financial Assets	31-March-2025	
Carrying Value	PR Fair value		Carrying Value	PR Fair value
£'000	£'000		£'000	£'000
-	-	Long-Term Investments	-	-
54,238	54,238	Long-Term Investments - equities	64,043	64,043
505	505	Long-Term Receivables - Soft Loans (Note 22)	-	-
54,402	54,402	Long-Term Receivables - Finance Leases (Note 22)	52,858	52,858
345,886	345,886	Long-Term Receivables - Other (Note 22)	343,916	343,916
455,031	455,031	Total Included in Long Assets	460,817	460,817
14,522	14,522	Short Term Investments	20,471	20,471
458	458	Short-Term Receivables	465	465
39,400	39,400	Cash and Cash Equivalents (Note 21)	60,600	60,600
54,380	54,380	Total included in Current Assets	81,536	81,536
509,411	509,411	Total Financial Assets	542,353	542,353

Financial Liabilities

The fair value of financial liabilities is higher than the carrying amount because the Authority's portfolio of loans includes a number of loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date.

31-March-2024				31-March-2025		
	PR rate/CV	NL rate/CV			PR rate/CV	NL rate/CV
Carrying Value	Fair Value	Fair Value		Carrying Value	Fair Value	Fair Value
£'000	£'000	£'000		£'000	£'000	£'000
209,356	207,784	195,216	Short Term Borrowing at amortised cost	160,643	160,438	133,036
26,781	31,485	31,393	Short Term Borrowing PWLB at amortised cost	34,514	41,877	41,643
40,662	40,662	-	Cash and Cash Equivalents (Note 21)	35,259	25,341	-
8,654	8,654	-	PFI and Finance Lease Liabilities (Note 23)	35,343	35,434	-
75,710	(75,710)	-	Financial Liabilities at Contracted Amounts (Note 23)	105,401	105,401	-
361,163	212,875	226,609	Total Included in Current Liabilities	371,160	368,491	174,679
378,464	440,812	369,774	Long-Term Borrowing	353,295	381,729	323,989
534,337	455,536	408,122	Long-Term Borrowing PWLB	913,643	810,506	776,335
244,836	172,931	-	PFI and Finance Lease Liabilities (Note 36)	344,989	283,536	-
-	-	-	Financial Liabilities at Amortised Cost (Note 36)	-	-	-
1,157,637	1,069,279	777,896	Total included in Long Term Liabilities	1,611,927	1,475,771	1,100,324
1,518,800	1,282,154	1,004,505	Total Financial Liabilities	1,983,087	1,844,262	1,275,003

Note 19: Inventories

31-March-2024				31-March-2025		
Stocks	Work in progress	Total		Stocks	Work in progress	Total
£'000	£'000	£'000		£'000	£'000	£'000
2,571	-	2,571	Balance b/f	2,599	-	2,599
28	-	28	Purchases	156	-	156
-	-	-	Expensed in year	(170)	-	(170)
2,599	-	2,599	Balance c/f	2,585	-	2,585

The council holds inventories which are made up of 3 types - Store 9, Store 15 and Fuel.

Store 9 - This is general stock. For example bins, bags, chemicals, PPE etc. all these products are used by all of the council departments.
Store 15 - This is parts for vehicles to cover the repair & maintenance of the council vehicle fleet (approximately 400 vehicles & 120 items of plant).
Fuel - This is for fuel supplied to council vehicles (primarily gas to liquid fuel)

All stock have undertaken an inventory check at year-end and have been certified.

Note 20: Construction Contracts

As at 31st March 2025, the authority had entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2024/25 and future years budgeted to cost £46.2m (last year was £82.7m). Further details on these commitments are included in note 14.

Note 21: Cash and Cash Equivalents

Cash comprises cash in hand and on-demand deposits. Cash will also include bank overdrafts that are repayable on demand and that are integral to the Authority's cash management.

Balances classified as 'Cash Equivalents' fit the definition of being short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The net balance of Cash and Cash Equivalents is made up of the following elements at the Balance Sheet dates:

Single Entity	Group Accounts		Single Entity	Group Accounts
2023/24	2023/24		2024/25	2024/25
£'000	£'000		£'000	£'000
59	59	Petty Cash	13	13
25,225	25,225	Cash at bank (Schools)	24,616	24,615
39,400	47,948	Cash Equivalents	60,600	72,167
64,684	73,232	Total Cash and Cash Equivalents	85,229	96,795
(40,662)	(40,319)	Cash Equivalents (Overdrawn)	(35,259)	(35,259)
24,022	32,913	Total Cash and Cash Equivalents	49,970	61,536

Notes to the Accounts (General) (continued)

Note 22: Receivables

Restated 31-March-2024					31-March-2025			
Single Entity		Group Accounts			Single Entity		Group Accounts	
Gross	Impairment Allowance	Net	Total		Gross	Impairment Allowance	Net	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
35,968	-	35,968	35,968	Short Term Receivables				
				Central Government Bodies	37,534	-	37,534	
2,662	-	2,662	2,662	Other Local Authorities	1,822	-	1,822	
41,231	(29,119)	12,112	12,112	Council Tax Payers	46,926	(34,693)	12,233	
1,640	(1,208)	432	432	Business Rate Payers	1,928	(897)	1,031	
43,998	(35,505)	8,493	8,493	Housing Rents	46,223	(40,777)	5,446	
62,354	(6,745)	55,609	63,814	Sundry Receivables	68,023	(7,726)	60,297	
34,044	(24,650)	9,394	9,394	Housing Benefit Overpayments	32,845	(24,302)	8,543	
9,077	-	9,077	9,077	Prepayments	4,902		4,902	
52,507	(48,003)	4,504	4,504	Parking	57,726	(53,064)	4,662	
5,132	(4,269)	863	863	Leaseholders	10,445	(7,942)	2,503	
10,359		10,359	10,359	Amount due from Pension Fund	22,698	-	22,698	
298,972	(149,499)	149,473	157,678		331,072	(169,401)	161,671	
Long Term Receivables								172,365
1,309	-	1,309	1,309	Soft Loans	-	-	-	
54,402	-	54,402	54,402	Finance Leases (lessor)	52,858	-	52,858	
7,946	-	7,946	7,946	Leaseholder Loans	4,314	-	4,314	
292,579	-	292,579	-	Amounts due from subsidiary undertakings	295,076	-	295,076	
38,514	-	38,514	38,514	Shared Equity Interest	34,411	-	34,411	
-	-	-	-	Pension Prefunding	-	-	-	
6,043	-	6,043	6,046	Other long term receivables	10,116	-	10,116	
400,793	-	400,793	108,217		396,775	-	396,775	
							101,699	

Note 23: Payables

The following table provides an analysis of amounts owed by the Authority as at 31 March.

Single Entity	Group Accounts		Single Entity	Group Accounts
Restated 23/24	Restated 23/24		2024/25	2024/25
£'000	£'000		£'000	£'000
(12,384)	(12,384)	Council Tax Payables	(12,878)	(12,878)
(5,546)	(5,546)	Business Rate Payables	(4,131)	(4,131)
(76,768)	(121,916)	Sundry Payables	(97,607)	(149,048)
(20,715)	(20,715)	Receipts In Advance	(8,212)	(8,212)
(8,654)	(8,654)	Finance Lease and PFI Liabilities	(35,343)	(35,343)
(11)	(11)	Other Balances	-	-
(17,472)	(17,472)	Employee Benefits	(16,550)	(16,550)
(9,278)	(9,278)	Revenue Grants Received In Advance	(10,906)	(10,906)
(48,382)	(48,382)	Central Government Bodies	(13,789)	(13,789)
(6,873)	(6,873)	Other Local Authorities	(9,186)	(9,186)
-	-	Deferred Income	-	-
(13,341)	(13,341)	Amount due to Pension Fund	(16,939)	(16,939)
(219,424)	(264,572)		(225,541)	(276,982)

Note 24: Provisions

Provisions are amounts set aside to meet future material liabilities of uncertain timing or amount.

Long term Provision	*Restated Balance at 31-March-2024	Additional provision	Amounts Utilised	Amounts Released	Balance at 31-March- 2025
	£'000	£'000	£'000	£'000	£'000
Insurance	(7,163)	-	685	-	(6,478)
MMI	(993)	-	58	-	(935)
NNDR	6,592	(8,565)	873	-	(1,100)
Other	(11,998)	-	9,809	-	(2,189)
Total	(13,562)	(8,565)	11,425	-	(10,702)

*Restated as per Prior Period Adjustment, Note 45

Insurance Provision

The Insurance provision is required because some of the Authority's insurance policies are met by deposit premiums, under which insurers ask for additional sums some years after the original claim. Furthermore, balances are accrued each year to meet future known claims where the Authority self-insures. Depending on the claims, these payments may be made over a period of a number of years. The Authority provides for each outstanding insurance claim separately and may recognise a reimbursement if recovery is virtually certain if this is appropriate for the type of claim.

MMI Provision

On 21st January 1994, the Authority entered into a scheme of arrangement under s.425 of the Companies Act 1985 with Municipal Mutual Insurance Limited (MMI), under which the Authority, along with other local authority members of MMI, might be required to reimburse MMI a proportion of claims paid by MMI since 1st October 1993. Under the Scheme, the administrator may impose a levy on scheme creditors following a trigger event. A levy notice was issued on 1st January 2014 by the Scheme Administrator at a rate of 15% and this was subsequently increased to 25% on 1st April 2016. The levy applies retrospectively i.e. back to 1993 and total scheme liability as at 31st March 2025 was £9.2m, with applicable levy of £2.3m @ 25%. Actuarial opinion is to maintain 40%, which gives a residual figure of £0.9m. Please note that this is worst case scenario.

NNDR Appeals

The Council levies Business Rates to commercial premises within the Borough. This is based on a rateable value per property, as determined by the Valuation Office Agency. From time to time, ratepayers may appeal the rateable value of their premises. In accordance with the principles of agency accounting, the Council recognises its share 30% (30% in 2024) of the provision for appeals within the Balance Sheet. As at 31st March 2025, this was £4.0m (£3.6m in 2023/24)

Other

The Council made a provision of £11.8m in 2020/21 to cover any potential liabilities arising from the recent water charges ruling, which requires local authorities to pass on any discounts received from Thames Water to tenants whose rent includes the cost of water rates, this has since been reduced to £2.0m as at 31st March 2025. In addition to this the Council has a number of on-going litigation cases, provision for which is also included within the long term provision figure.

Note 24: Provisions (continued)

Short term Provision	Balance at 31- March-2024*	Additional provision	Amounts Utilised	Amounts Released	Balance at 31-March- 2025
	£'000	£'000	£'000	£'000	£'000
NNDR	(2,422)	(1,896)	1,433	-	(2,885)
Other	-	(1,513)	-	-	(1,513)
Total	(2,422)	(3,409)	1,433	-	(4,398)

*Restated as per Prior Period Adjustment, Note 45

Other

The Council has set up a redundancy provision related to future liabilities in respect to school closures to occur within the year.

Note 25: Usable Reserves

The Authority keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice and others have been set up voluntarily to earmark resources for future spending plans. Reserves are reviewed as part of the budget process together with the Authority's agreed reserves policy in accordance with s.23 of the Local Government Act 2003.

Movements in the Authority's Usable reserves are detailed in the Movement in Reserves Statement. Unusable reserves are further detailed in Note 26. Earmarked reserves are detailed in Note 10.

2023/24		2024/25
£'000		£'000
(11,012)	General Fund	(13,946)
(185,129)	Earmarked Reserves – General Fund	(140,294)
(34,910)	Housing Revenue Account	(40,463)
(214,344)	Capital Receipts Reserve	(204,232)
(76,278)	Capital Grants Unapplied Account	(68,502)
-	Major Repairs Reserve	-
(521,673)	Total Usable Reserves	(467,437)

The Group Usable Reserves are £14m lower than the single entity reserve above, reflecting the consolidated position as at 31st March 2025. This is primarily driven by the deficit reported in the Populo Living Limited Accounts (also see note 37).

Notes to the Accounts (General) (continued)

Note 25: Usable Reserves (continued)

Usable Capital Receipts Reserve

The capital receipts are income from the sale of long-term assets and repayments of capital advances. Legislation requires that a proportion of these receipts are paid to Central Government. The remaining amounts can then be used to finance capital expenditure.

2023/24		2024/25
£'000		£'000
(212,160)	Balance at 01 April	(214,344)
	<u>Sale of Assets</u>	
(1,186)	Sale of Council Houses	(14,292)
(11,985)	Sale of other Land and Buildings	(17,991)
(457)	Transfer to (from) DCRR	(956)
(1,293)	Capital Loan Repayments	(2,807)
(14,921)	Total Receipts	(36,046)
	<u>Use of Receipts</u>	
-	Payments to Housing Capital Pool	-
12,737	Capital Receipts used for Financing	46,158
(214,344)	Balance as at 31 March	(204,232)

Note 26: Unusable Reserves

31-March-2024		31-March-2025
£'000		£'000
(771,998)	Revaluation Reserve	(783,898)
(1,331,697)	Capital Adjustment Account	(1,383,512)
107,831	Financial Instruments Adjustment Account	104,750
(93,321)	Deferred Capital Receipts and Credits Reserve (DCRR)	(88,262)
11,835	Pensions Reserve	10,101
(4,347)	Collection Fund Adjustment Account	(960)
17,472	Accumulated Absences Account	16,550
12,724	Dedicated Schools Grant Adjustment Account	8,729
(2,051,501)	Total Usable Reserves	(2,116,502)

Note 26: Unusable Reserves (continued)

Revaluation Reserve

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

- 1. Are revalued downwards or impaired and the gains are lost; or
- 2. Used in the provision of services and the gains are consumed through depreciation; or
- 3. Disposed of and the gains are realised.

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

2023/24		2024/25
£'000		£'000
(788,311)	Balance at 01 April	(771,996)
3,390	Upward revaluation of assets and impairment losses not charged to the Surplus on the Provision of Services	(28,196)
11,252	Difference between fair value depreciation and historical cost depreciation	10,189
1,673	Accumulated gains on assets sold or scrapped	6,105
		-
(771,996)	Balance at 31 March	(783,898)

Accumulated Absences Account

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

2023/24		2024/25
£'000		£'000
16,223	Balance at 01 April	17,471
(16,223)	Settlement or cancellation of accrual made at the end of the preceding year	(17,471)
17,471	Amounts accrued at the end of the current year	16,550
17,471	Balance at 31 March	16,550

Note 26: Unusable Reserves (continued)

Financial Instruments Adjustments Account

The Financial Instruments Adjustment Account (FIAA) 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 benefitting from gains per statutory provisions.

Premiums and Discounts

The code requires that, unless directly attributable to a loan held at 31st March 2007, then all premiums and discounts carried on the balance sheet be written off to the General Fund balance at 1st April 2007. * Statutory regulations allow for the impact on council tax to be mitigated through a transfer to the Financial Instruments Adjustment Account. The balance of premiums and discounts is amortised to revenue in line with the provisions set down in the Authority's accounting policies.

*The Code requires that premiums and discounts arising from debt restructuring on or after 1st April 2007 shall be charged to the General Fund. Exceptions are permitted where they meet the modification criteria prescribed in the CIPFA Accounting Code of Practice. In these instances, they are valued at the carrying value of the new loan and amortised over the remaining period via the effective interest rate.

Soft Loans

The Code also requires that where the Authority has provided loans at less than market rates then these should be accounted for on a fair value basis. The difference between the fair value and loan amount is accounted for as an immediate charge to the Comprehensive Income and Expenditure Statement and the impact to be instigated through a transfer to the FIAA via the Movement in Reserves Statement. The fair value increases over the period of the loan and the annual impact is neutralised by writing down the balance to the General Fund balance via transfer from the FIAA via the MIRS.

Stepped Interest Loans

Under the Code, where the Authority has taken out loans with a stepped interest structure, the interest charge to the Comprehensive Income and Expenditure Statement is at the effective interest rate over the period of the loan. However, for stepped loans taken out before 9th November 2007, regulations permit authorities to charge interest to the General Fund balance at either:

- a) The effective interest rate; or
- b) The interest rate due for the financial year under the loan agreement.

Where the latter option is applied the difference between the interest chargeable at the effective interest rate is transferred from the General Fund balance to the Financial Instruments Adjustments Account via the Movement in Reserves Statement and released back to the General Fund balance for the remaining period of the loan.

The transactions reflected in the FIAA are as follows:

2023/24		2024/25
£'000		£'000
110,876	Balance at 01 April	107,833
(2,963)	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(2,978)
(80)	Effective interest rate (EIR) adjustment on LOBO borrowing	(105)
(3,043)	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	(3,083)
107,833	Balance at 31 March	104,750

Note 26: Unusable Reserves

Pension Reserve

The Pension 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 Authority 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 Authority makes employer’s contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pension Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2023/24		2024/25
£'000		£'000
142,230	Balance at 01 April	11,834
-	Adjustment to the brought forward Pensions Reserve	
(134,229)	Actuarial (gains)/losses on pensions assets and liabilities	(191,853)
25,541	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	19,129
15,487	Asset Ceiling Adjustment	201,040
(37,195)	Employer's pensions contributions and direct payments to pensioners payable in the year	(30,049)
11,834	Balance at 31 March	10,101

Collection Fund Adjustment Account

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

2023/24		2024/25
£'000		£'000
(10,204)	Balance at 01 April	(4,347)
5,857	Amount by which income credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with statutory requirements	3,387
(4,347)	Balance at 31 March	(960)

Note 26: Unusable Reserves

Dedicated Schools Grant Adjustment Account

The Dedicated Schools Grant Adjustment Account manages the Deficits arising from the schools budget expenditure exceeding the DSG funding available. The accumulated deficit balance is held separately from the general fund, to ensure the deficits do not place pressure on the Council's ability to delivery other services.

2023/24		2024/25
£'000		£'000
17,368	Balance at 01 April	12,724
(4,644)	Amount by which expenditure on schools is charged to the Comprehensive Income and Expenditure Statement in excess of DSG grant chargeable in the year in accordance with statutory requirements	(3,995)
12,724	Balance at 31 March	8,729

Notes to the Accounts (General) (continued)

Note 26: Unusable Reserves

Capital Adjustment Account

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

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 9 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2023/24		2024/25
£'000		£'000
(1,290,418)	Balance at 01 April	(1,331,697)
-	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	-
46,305	Charges for depreciation and impairment of non-current assets	51,528
51,840	Revaluation gains on Property, Plant and Equipment	97,331
80	Amortisation of intangible assets	-
24,245	Revenue expenditure funded from capital under statute	(1,492)
11,015	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	22,635
1,293	Repayment of subsidiary loans	2,807
134,778		172,809
(11,252)	Adjusting amounts written out of the Revaluation Reserve	(16,296)
123,526	Net written out amount of the cost of non-current assets consumed in the year	156,513
	Capital financing applied in the year:	
(12,280)	Use of the Capital Receipts Reserve to finance new capital expenditure	(29,233)
(7,674)	Use of Revenue and Revenue Reserves to finance new capital expenditure	(15,889)
(24,815)	Use of Major Repairs Reserve (MRR) for capital financing	(18,901)
(72,073)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(84,801)
(9,297)	Application of grants to capital financing from the Capital Grants Unapplied Account	(7,756)
(26,681)	Provision for the financing of capital investment charged against the General Fund and HRA balances	(53,529)
(152,820)		(210,109)
(11,985)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	1,781
(1,331,697)	Balance at 31 March	(1,383,512)

Note 27: Cash Flow Statement – Adjustments for Non-Cash Transactions

Single Entity 2023/24*	Group Accounts 2023/24*		Single Entity 2024/25	Group Accounts 2024/25
£'000	£'000		£'000	£'000
		<i>Adjust net surplus or deficit on the provision of services for non-cash movements</i>		
(46,385)	(46,266)	Depreciation and amortisation	(51,527)	(52,954)
(51,840)	(26,216)	Impairment and revaluations	(99,934)	(100,387)
-	-	Movement in Impairment Allowance	-	-
26,123	24,901	(Increase)/Decrease in Creditors	(19,172)	(31,166)
11,281	7,807	Increase/(Decrease) in Debtors	19,221	16,915
28	14	Increase/(Decrease) in Inventories	(13)	-
11,654	11,654	Movement in pension liability	10,920	10,920
(12,686)	(12,686)	Carrying amount of non-current assets sold (property plant and equipment, investment property and intangible assets)	(22,634)	(22,634)
21,221	14,360	Other non-cash items charged to the net surplus or deficit on the provision of services	1,163	650
-	3,369	Taxation	-	-
(40,604)	(23,063)		(161,976)	(178,656)
83,469	80,025	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	119,534	119,805
42,865	56,962	Net Cash Flows from Operating Activities	(42,442)	(58,851)

The cashflow from operating activities include the following amounts:

Single Entity 2023/24*	Group Accounts 2023/24		Single Entity 2024/25	Group Accounts 2024/25
£'000	£'000		£'000	£'000
(22,180)	(18,067)	Interest received	(24,278)	(7,549)
56,216	48,811	Interest paid	72,146	55,688
34,036	30,744	Net interest	47,868	48,139

*Restated as per Prior Period Adjustment, Note 45

Note 28: Cash Flow Statement - Investing Activities

Single Entity 2023/24*	Group Accounts 2023/24		Single Entity 2024/25	Group Accounts 2024/25
£'000	£'000		£'000	£'000
326,137	336,835	Purchase of Property, Plant and Equipment and Intangible Assets	400,561	395,284
938	(10,558)	Purchase of Short-Term Investments and Long-Term Investments	15,885	6,180
22,702	22,702	Other Payments for Investing Activities	35,251	35,251
(28,162)	(28,162)	Proceeds from the sale of Property, Plant and Equipment and Non-Current Assets	(33,864)	(33,031)
(102,734)	(103,471)	Other receipts from investing	(138,653)	(120,299)
218,881	217,346	Net Cash Flows from Investing Activities	279,180	283,385

Note 29: Cash Flow Statement - Financing Activities

Single Entity 2023/24*	Group Accounts 2023/24		Single Entity 2024/25	Group Accounts 2024/25
£'000	£'000		£'000	£'000
-	10,369	Cash Repayment of Short-Term Borrowings and Long-Term Borrowings	79,500	83,937
8,914	8,914	Cash Payments to reduce Finance Lease and PFI Liabilities	36,244	36,244
(209,662)	(210,894)	Cash Receipts of Short-Term and Long-Term Borrowing	(388,317)	(394,874)
-	8,948	Other payments for financing activities	1,641	1,762
(200,748)	(182,663)	Net Cash Flows from Financing Activities	(270,932)	(272,931)

*Restated as per Prior Period Adjustment, Note 45

Note 30: Pooled Budgets

Introduced in April 2015, the Better Care Fund represents the most significant financial incentive to date aimed at integrating Health and Social Care. It mandates that Integrated Care Boards (ICBs) and Local Authorities in each area pool budgets and jointly agree on integrated spending plans to ensure that Better Care Fund allocations are used efficiently and effectively. In 2015/16, Central Government committed £3.8 billion to the Better Care Fund. Local areas contributed an additional £1.5 billion, bringing the total spending power of the Better Care Fund to £5.3 billion.

In 2017/18, the government made funding available to local authorities, amounting to £1.5 billion by 2019/20, which was included into the BCF. In looking ahead to later years it is important that BCF plans are aligned to other programmes of work including Sustainability Transformation Plans (STPs), new models of care as set out in the NHS Five Year Forward View and delivery of 7-day services. The local flexibility to pool more than the mandatory amount has remained. This agreement has been formed in accordance with the provisions within Section 75 of the National Health Service Act 2006. A robust governance infrastructure is in place to oversee the delivery and performance of BCF funded schemes. Schemes are monitored through the BCF Governance and Delivery Group with regular updates provided to the Health and Wellbeing board for the duration of the section 75 agreement.

The Joint Health and Wellbeing Strategy provides the platform for our vision to become realised through common and shared themes that are reflected in all local key initiatives including Integrated care, Transforming Service Together, Care Close to Home Delivery Plans, NHS North East London ICB Operating plan (NEL ICB), Personal Health Budgets, Primary Care Co-commissioning, Carers Strategy and Sustainability Transformation Plans. The Local Authority and NEL ICB have defined within the Section 75 agreement confirmed funding levels required to operate these services and they are reviewed on an annual basis. Some schemes are demand led and partners make relevant contributions depending on the type of services being accessed. All parties to the better care fund pooled budget agreement have joint control. The better care fund pooled budget is a joint arrangement solely for the purpose of working together, with no single body having power of control over the other parties to the agreement. Each partner then accounts for its share of income, expenditure, assets liabilities and cash flows in line with the agreement. This ensures transparency, shared accountability, and collaborative decision-making.

The following table analyses the funding provided and the expenditure met from Better Care Fund:

2023/24		2024/25
£'000		£'000
(130,591)	London Borough of Newham	(150,802)
(60,065)	NHS Newham ICB	(63,123)
(190,656)	Total funding provided to the pooled budget	(213,925)
	Expenditure met from pooled budget	
130,591	London Borough of Newham	150,802
60,065	NHS Newham ICB	63,123
190,656	Total expenditure met from the pooled budget	213,925
-	Net surplus / deficit arising on the pooled budget during the year	-

Note 30: Pooled Budgets

Below is a summary of the funding agreed with the CCG, Newham and governed by the LAs Health & Well Being Board

Scheme Name	2024/25 Total BCF Actuals
	£'000
RAID and support	1,059
Existing Social Care	11,344
Continuing Care	5,254
NHS Funded Nursing Care	940
DFG/Capital	3,113
Equipment Services	5,223
Protection of Adult Social Care	6,900
Extension to Protection of Social Care	7,522
Care Act	1,312
Social Prescription/PPE	381
Rehab/Virtual Ward	1,898
Care Management	-
Care Packages/Placements	84,853
Community services	30,193
Public Health Commissioning (ASC)	34,229
Market Sustainability and Growth (ASC)	7,429
Out of Hospital / Admission Avoidance	2,242
Wheelchair Services	1,745
COVID 19 response IDH & Social care recovery	282
50 Steps - Inequalities, Prevention and transformation	1,453
CEG - Primary Care Data	49
Local Authority Discharge Funding	6,502
Total	213,923

Note 31: Members' Allowances

The total of members' allowances and expenses paid in 2024/25 (excluding National Insurance Contributions) was £1,944k compared to £1,600k in 2023/24. Full details of members' allowances paid are available on the website and upon request in writing to Member Services, 4th Floor, West Wing, Newham Dockside, London E16 2QU. Further details can also be found on the following website.

<https://www.newham.gov.uk/council/councillors%E2%80%99-allowances-expenses>

Note 32: Officers' Remuneration

The Accounts and Audit (England) Regulations 2015 require local authorities to disclose the number of employees whose remuneration was £50,000 or more in the financial year, expressed in bands of £5,000. This includes the remuneration of senior employees which is shown overleaf.

Remuneration band	Number of school employees		Number of other employees		Total number of employees	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
£50,000 - £54,999	141	115	338	350	479	465
£55,000 - £59,999	174	165	273	330	447	495
£60,000 - £64,999	126	149	126	186	252	335
£65,000 - £69,999	63	79	80	70	143	149
£70,000 - £74,999	39	75	47	71	86	146
£75,000 - £79,999	24	30	54	46	78	76
£80,000 - £84,999	23	21	21	48	44	69
£85,000 - £89,999	17	24	15	17	32	41
£90,000 - £94,999	6	14	29	16	35	30
£95,000 - £99,999	3	8	4	26	7	34
£100,000 - £104,999	8	6	7	6	15	12
£105,000 - £109,999	5	7	5	3	10	10
£110,000 - £114,999	2	4	9	5	11	9
£115,000 - £119,999	3	2	5	4	8	6
£120,000 - £124,999	2	2	2	5	4	7
£125,000 - £129,999	1	-	6	5	7	5
£130,000 - £134,999	2	3		5	2	8
£135,000 - £139,999	-	-			-	-
£140,000 - £144,999	1	1	3		4	1
£145,000 - £149,999	1	2			1	2
Over £150,000	3	-	7	3	10	3
Total for £50,000 to £139,999	644	707	1,031	1,196	1,675	1,903

During 2024/25 the number of officers whose remuneration exceeded £50k increased by 228. The increase is primarily related to non-teaching staff and is generally due to the impact of restructure, inflationary pay increases and staff moving up spinal points . The bandings which have increased the most are between £50k - £80k, with a total increase of 123 officers and teachers. Similarly, the number of officers paid over £100k have seen a decrease of 9 staff made up of 8 fewer council staff and 1 less school staff member.

Note 32: Officers' Remuneration

Senior employees whose annual salary for the year was equal to or greater than £150,000 (pro-rata) or who were fulfilling a Statutory Chief Officer post (in accordance with the Local Government and Housing Act 1989) are listed below:

Name and Title	2024/25			
	*Salary, Fees & Allowances	Compensation for loss of employment	Council's contribution to Pension Fund	Total Remuneration
	£	£	£	£
Chief Executive Officer - Ms Abi Gbago	231,024		42,046	273,070
Director of Legal & Governance and Monitoring officer - Ms Rachel Mckoy - Note 1	83,745		15,242	98,987
Director of Legal & Governance and Monitoring officer - Mr Satish Mistry - Note 2	164,856			164,856
Corporate Director of Resources (s151) - Mr Conrad Hall	189,924		34,566	224,490
Corporate Director of Adults & Health (DASS) (Acting) - Mr Jason Strelitz	172,300		31,359	203,659
Corporate Director of Children & Young People (DCS) - Laura Eden	167,284		30,446	197,730
Assistant Chief Executive Chief Transformation Officer - Mr James Partis Note 3	135,439		23,034	158,473
Corporate Director of Environment and Sustainable Transport - Mr Aled Richards	176,835		31,049	207,884
Assistant Chief Executive Chief Digital Officer - Mr Amit Shanker Note 4	102,810	135,272	19,578	257,660
Corporate Director of inclusive Economy & Housing - Mr Paul Kitson	186,231		33,894	220,125
Assistant Chief Executive for Marketing - Mr Adrian Thomas - Note 5	92,772		16,652	109,424
Head Teacher - Kingsford Community School	292,251			292,251
Head Teacher - Altmere Infant School	175,699			175,699
Head Teacher - St Stephen's Primary School	175,864			175,864

Note 1 Start date 02/09/2024, total annualised salary is £143,562

Note 2 Total amount paid to Agency by the council and Leaving date 01/09/2024

Note 3 Leaving date 16/03/2025

Note 4 Leaving date 11/01/2025, total annualised salary is £137,080 - The compensation for loss of employment is made up of both a termination payment of £98k and also contractual payment in lieu of notice of £37k

Note 5 Leaving date 31/12/2024, total annualised salary is £123,695

Note 32: Officers' Remuneration (continued)

Senior Officers' Pay - LBN Controlled Companies

The Council has a number of wholly owned companies which deliver a range of services including housing investments, contract cleansing & catering, waste disposal and street cleansing and other social care services. For the larger companies, information on remuneration of the highest paid company director is provided below. The financial performance and position of these companies are consolidated into the Council's group accounts and summary information on these are also included in Note 37 - 'Councils' Association with External Bodies.

Company and Position	2024/25			
	Salary	Compensation for loss of employment	Expenses	Total Remuneration
	£	£	£	£
London Pest Control - Managing Director	105,000			105,000
Enabled Living Healthcare Limited - Managing Director	94,614			94,614
Populo Living Limited - Managing Director	172,900			172,900

Note 32: Officers' Remuneration (continued)

Name and Title	2023/24			
	*Salary, Fees & Allowances	Compensation for loss of employment	Council's contribution to Pension Fund	Total Remuneration
	£	£	£	£
Chief Executive Officer (Acting) - Mr Colin Ansell - Note 1	195,473		31,347	226,820
Chief Executive Officer - Ms Abi Gbago - Note 2	125,217		22,789	148,006
Director of Legal & Governance (Interim-Monitoring Officer) - Mr Satish Mistry - Note 3	370,909			370,909
Corporate Director of Resources (s151) - Mr Conrad Hall	185,289		33,723	219,012
Corporate Director of Adults & Health (DASS) (Acting) - Mr Jason Strelitz	144,563		26,311	170,874
Corporate Director of Children & Young People (DCS) - Mr Timothy Aldridge - Note 4	75,564		13,689	89,253
Interim Corporate Director of Children & Young People (DCS) - Mr Vik Verma - Note 5	103,088	57,624	25,267	185,979
Corporate Director of Environment and Sustainable Transport (Acting) - Mr Jamie Cooke - Note 6	55,480		10,097	65,577
Corporate Director of Environment and Sustainable Transport - Mr Aled Richards - Note 7	117,671		21,416	139,087
Corporate Director of Inclusive Economy & Housing (Interim) - Ms Vicky Clark - Note 8	327,527			327,527
Assistant Chief Executive Chief Digital Officer - Mr Amit Shanker	140,650		25,598	166,248
Assistant Chief Executive Chief Transformation Officer - Mr James Partis	153,080		27,861	180,941
Assistant Chief Executive for Marketing (Interim) - Ms Natalie Orringe - Note 9	128,633			128,633

- Note 1

Leaving date 04/02/2024, total annualised salary is £234,568
- Note 2

Starting date 11/09/2023, total annualised salary is £214,657
- Note 3

Total amount paid to Agency by the council and 50% of the payments are recovered from LB havering via the oneSource Sharing arrangement
- Note 4

Leaving date 27/08/2023, total annualised salary is £181,353
- Note 5

Acting up from August 2023 to March 2024
- Note 6

Acting up from April 2023 to July 2023
- Note 7

Starting date 17/07/2023, total annualised salary is £156,895
- Note 8

Total amount paid to the agency by the council
- Note 9

Total amount paid to an agency, Leaving date 15/12/2023

Note 32: Officers' Remuneration (continued)

Senior Officers' Pay - LBN Controlled Companies

Company and Position	2023/24			
	Salary	Compensation for loss of employment	Expenses	Total Remuneration
	£	£	£	£
Juniper Ventures Limited - Managing Director	108,245			108,245
Enabled Living Healthcare Limited - Managing Director	94,543			94,543
Populo Living Limited - Managing Director	175,148			175,148

Exit Packages

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below. There was an increase in the number and total cost of exit packages during 2024/25 The average cost of exit packages remained unchanged at £27k. In addition to the £607k exit payments made to the 36 staff leaving through the redundancy scheme, additional pensions contribution of £1.1m were also made to cover the pensions liability.

Exit package cost band (including special payments)	Number of Voluntary redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band £000	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
0 – 20,000	10	35	9	16	19	51	158	553
20,001 – 40,000	5	43	4	4	9	47	251	1,282
40,001 – 60,000	3	7	5	1	8	8	382	383
60,001 – 80,000	2	1	1	1	3	2	216	127
80,001 – 100,000	-	-	-	-	-	-	-	-
100,001 – 150,000	-	1	-	1	-	2	-	242
150,001 – 200,000	-	-	-	-	-	-	-	-
Total	20	87	19	23	39	110	1,007	2,587

Note 33: External Audit Costs

The Authority's external auditors are Ernst & Young LLP and the table below details the amounts due to the external auditors in respect of the following services.

2023/24		2024/25
£'000		£'000
562	Fees payable to Auditors with regard to the external audit of the Authority	597
-	Additional fees payable to Auditors with regard to the previous year's external audit of the Authority	-
78	Fees payable to Auditors with regard to the external audit of the pension fund	89
-	Fees payable to Auditors with regard to the certification of grant claims and returns	-
640		686
	<u>Audit Fees for external audit of Major Subsidiaries</u>	
115	Populo	126
46	Future New Homes	37
161		163

Note 34: Dedicated Schools Grant (DSG)

The council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency (ESFA), the Dedicated Schools Grant (DSG). The DSG is ring-fenced and can only be applied to meet expenditure properly included in the schools' budget, as defined in the School Finance and Early Years (England) Regulations 2022. The schools budget includes elements for a range of educational services provided on an authority-wide basis and for the individual schools budget (ISB), which is divided into a budget share for each maintained school. Like many authorities Newham has experienced difficulty in meeting its obligations with respect to High Needs from within the formula funding, and this led to increases in DSG deficit up to 2021/22. Newham has worked on reducing the overspend and has successfully reported an in-year surplus position in 2022/23 with a marginal reduction in the overall deficit. Further work is needed in future years to fully clear the deficit position. Details of the deployment of DSG receivable for 2024/25 are as follows:

	Central Expenditure	Individual Schools Budget	Total
	£'000	£'000	£'000
Final DSG for 2024/25 before academy and high needs recoupment			528,004
Academy and high needs figure recouped for 2024/25			263,242
Total DSG after academy and high needs recoupment for 2023/24			264,762
Plus: Brought forward from 2023/24			5,252
Less: Carry-forward to 2024/25 agreed in advance			-
Agreed initial budgeted distribution in 2024/25	84,902	185,112	270,014
In year adjustments	(654)		(654)
Final budget distribution for 2024/25	84,248	185,112	269,360
Less: Actual central expenditure	74,996		74,996
Less: Actual ISB deployed to schools		185,117	185,117
Plus: Local authority contribution for 2024/25			-
In Year Carry-forward to 2025/26	9,252	(5)	9,247
Plus/Minus: Carry-forward to 2025/26 agreed in advance			-
Carry-forward to 2025/26			9,247
DSG unusable reserve at end of 2023/24			(17,976)
Addition to DSG unusable reserve at end of 2024/25			-
Total of DSG unusable reserve at end of 2024/25			(17,976)
Net DSG position at end of 2024/25			(8,729)

Note 34: Dedicated Schools Grant (DSG) (continued)

	Central Expenditure	Individual Schools Budget	Total
	£'000	£'000	£'000
Final DSG for 2023/24 before academy and high needs recoupment			501,957
Academy and high needs figure recouped for 2023/24			253,304
Total DSG after academy and high needs recoupment for 2023/24			248,653
Plus: Brought forward from 2022/23			608
Less: Carry-forward to 2024/25 agreed in advance			-
Agreed initial budgeted distribution in 2023/24	105,221	144,040	249,261
In year adjustments	(42)	-	(42)
Final budget distribution for 2023/24	105,178	144,040	249,218
Less: Actual central expenditure	99,981		99,981
Less: Actual ISB deployed to schools		143,986	143,986
Plus: Local authority contribution for 2023/24			-
In Year Carry-forward to 2024/25	5,197	54	5,251
Plus/Minus: Carry-forward to 2024/25 agreed in advance			-
Carry-forward to 2024/25			5,253
DSG unusable reserve at end of 2022/23			(17,976)
Addition to DSG unusable reserve at end of 2023/24			-
Total of DSG unusable reserve at end of 2023/24			(17,976)
Net DSG position at end of 2023/24			(12,723)

Note 35: Other Long Term Liabilities

The group other long term liabilities is not materially different to the authority's other long term liabilities. The authority's other long term liabilities are made up of the following items. Further information on each line can be found in the notes referred to against each line.

Restated 2023/24*		2024/25
£'000		£'000
(172,931)	Finance Leases (Note 39)	(283,536)
(71,905)	PFI Liability (Note 40)	(61,454)
(11,835)	Pensions Liability (Note 42)	(10,102)
-	Other	(228)
(256,671)	Total	(355,320)

*Restated as per Prior Period Adjustment, Note 45

Note 36: Related Parties

The Council is required to disclose material transactions, set at a total of above £25k for this purpose, with related parties - bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government

Central Government has effective control over the general operations of the Council - it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits).

The Council has prepared this disclosure in accordance with its interpretation and understanding of IAS 24 and its applicability to the public sector utilising current advice and guidance.

Pension Fund

The Fund is administered by the London Borough of Newham (LBN). During the reporting period, the Council incurred administration costs of £0.58m (2023/24: £1.6m), which were subsequently reimbursed by the Fund (see Note 10). As at 31 March 2025, the Council owed the Fund £5.7m (2023/24: £0.58m). The increase in the year-end balance reflects the timing of the cash settlement between the council and the fund.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2024/25 is shown in Note 32. Members of the Authority participate in and are members of a variety of other public bodies and community groups. The Council has well established mechanisms and procedures for preventing undue influence. Part of this mechanism is the disclosure of interests in the register of Members' interests which is open to public inspection on the Authority's website.

Organisation	Payments made during 2024/25	Amounts owed at 31/03/25	Income received during 2024/25	Income due at 31/03/2025	Member
	£'000	£'000	£'000	£'000	
Catch22 Charity Ltd	24	34	32	-	Rita Chadha
East London Waste Authority	1,048	-	1,198	1	Miraj Patel
Rights & Equalities In Newham (Rein)	426	-	-	-	Carleene Lee Phakoe
CREATE London	277	-	-	-	Rohit Dasgupta
Newham Music Trust	25	-	2	-	Mariam Dawood
					Officers

All transactions have been made on an arm's length basis and at commercial terms. Enquiries can be made with the Council regarding these transactions via Freedom of Information requests.

Note 37: Council's Association with External Bodies

The Council has significant interests in a variety of entities, including Subsidiaries, Investments, Associates and Jointly Controlled Operations. Significant interests have been identified as:

Subsidiaries

Populo Living Limited - A wholly-owned subsidiary company that was formed in March 2014 to facilitate the Authority's construction and investment in private rental properties within the Borough. Ordinary share capital constitutes 57,993,376 Ordinary shares of £1 each as at 31 March 2025 (48,108,002 £1 Ordinary shares as at 31 March 2024).

In 2024/25, the company made a loss of £11.504m (2023/24: profit of £25.227m) and has net assets of £19.556m (21.175m in 2023/24). This entity is fully controlled by the Authority and material for the purposes of group accounts. Payments made during the year totalled £7.92m and £0.15m income received in 2024/25. £0.40m was owed from the company as at 31 March 2025.

The following entities were consolidated as part of Populo Living - Populo Design and Build Limited and Populo Homes.

Following directors held office between 1 April 2024 and 31 March 2025:

Louise Elizabeth Graham-Smith, Deborah Heenan, Michael Holland, Darren Mackin (Appointed 20th February 2025), Suzanne Forster, Hardeep Singh Bhermi (Resigned 31st March 2025), Paul Lowenberg (Appointed 2nd January 2025), Joanne Sedley-Burke (Appointed 2nd January 2025), Anthony Travers (Resigned 31st March 2025), Caroline Snowden, Tim Seddon (Resigned 4th September 2024)

A copy of the company's financial statements can be obtained by writing to:

Populo Living Ltd, 379-381 High Street, Stratford, London, E15 4QZ | email: info@populoliving.co.uk | www.populoliving.co.uk

Better Together Limited - Incorporated in January 2016, it is anticipated that this limited company will deliver the Authority's Shared Lives Programme. A single Ordinary £1 share is in issue, held by the Mayor and Burgesses of the London Borough of Newham. This company started trading in June 2016.

Following directors held office between 1 April 2024 and 31 March 2025:

Sarah Havard, Rafiuddin Patel, Donna Kelly, Humayrah Ramgoolam, Hannah Reid, James Smith

A copy of the company's financial statements can be obtained by writing to:

Stratford Advice Arcade 107-109 The Grove, Stratford, London, E15 1HP | email: sarah@bettertogether.org.uk | www.cqc.org.uk

The Language Shop Limited - A minority-owned company incorporated in February 2014 which offers translation and interpretation services. Share capital amounts to 100 Ordinary shares of £1 each.

Following directors held office between 1 April 2024 and 31 March 2025:

Aprile Harman, Samuel Lingard, Jaimin Patel, Zoe Power, Joven Carino, Rahman Shafiqur.

The company made profit after tax of £0.139m in 2024/25 (2023/24: £0.029m) and has net assets of £1.111m (2023/24: £0.874m)

Payments made during the 2024/25 totalled £3.8m and income of £0.04m was received in the year. £0.81m was owed from the company as at 31 March 2025.

A copy of the company's financial statements can be obtained by writing to:

Chief Executive, 1000 Dockside Road, Beckton, London, E16 2QU | email: languageshop@newham.gov.uk | www.languageshop.org

Note 37: Council's Association with External Bodies (continued)

Future Newhome Limited - A subsidiary company wholly-owned by the Authority, established to acquire a portfolio of property which will be offered at a range of discounts to market rents to people on a range of incomes.

The company's 2024/25 financial results reported a loss of £0.394m (£0.751m loss in 2023/24) and has net assets of £6.43m (2023/24: £6.04m) £0.31m income was received as at 31 March 2025. £0.07m was owed from the company as at 31 March 2025.

Following directors held office between 1 April 2024 and 31 March 2025:

Robert Arthur, Giles Clarke, Charlotte Taylor.

A copy of the company's financial statements can be obtained by writing to:

Chief Executive, 1000 Dockside Road, Beckton, London E16 2QU | Email: Bobby.Arthur@newham.gov.uk

London Network for Pest Solutions Limited - A wholly owned subsidiary which provides pest control services. This company was incorporated in October 2016.

The company's 2024/25 financial results reported a profit of £0.059m (£0.033m profit in 2023/24) and has net assets of £6.43m (2023/24: £6.04m)

Payments made during the 2024/25 totalled £3.8m and income of £0.04m was received in the year. £0.81m was owed from the company as at 31 March 2025.

Following directors held office between 1 April 2024 and 31 March 2025:

Joanne Beasley, Paul Cooper and Pradeep Lawrence

A copy of the company's financial statements can be obtained by writing to:

86-90 Paul Street, London EC2A 4NE | Email: info@lnpestsolutions.com | www.lnpestsolutions.com

Early Start Group Limited - Wholly-owned by the Authority. Incorporated in October 2017, this company provides education support services and child day care activities. The company ceased trading back in September 2024.

The company made a profit of £0.03m in 2024/25 (Profit of £0.002m in 2023/24) and has net assets of £0.24m (2023/24: £0.21m)

Payments made to the Group of £1.14m were made during 2024/25 and income of £0.15m was received in the year. £0.002m was owed from the company as at 31 March 2025.

Following directors held office between 1 April 2024 and 31 March 2025:

Ross Finley-Gerrie (Appointed 13th of June 2024), Phillipa Jane Alabasta (Resigned 27th September 2024), Ryan Brock (Resigned 8th of September 2024), Justin Elder (Resigned 27th September 2024), Hellen Louise Kayne (Resigned 30th Jan 2025)

A copy of the company's financial statements can be obtained by writing to:

2-24 Shrewsbury Road, London E7 8AL

Enabled Living Healthcare Limited - Wholly-owned by the Authority, incorporated in 11th October 2016.

Following directors held office between 1 April 2024 and 31 March 2025:

Mathew Sheehan (Resigned 30th January 2025), Martin Blow (Resigned 11th December 2024), Kirsten Smilge, Dorothy Coleman, Josephine Maria Dunworth (appointed 11th December 2024), Angela Skrabania (appointed 14th January 2025)

The company's 2024/25 financial results disclosed a profit of £0.25m (£0.26m Profit in 2023/24) and net assets of £0.25m (Net assets of £0.29m in 2023/24)

Payments of £3.52m was made during 2024/25 and Income of £0.1m received from the company. £0.04m was owed from this company as at 31 March 2025.

A copy of the company's financial statements can be obtained by writing to: 7 Alpine Way, Beckton, London, E6 6LA | Email: info@enabledlivinghealthcare.co.uk

Note 37: Council's Association with External Bodies (continued)

A copy of the company's financial statements can be obtained by writing to:

29 The Old Town Hall, 29 Broadway, Stratford, London E15 4BQ | Email: michael.hales@juniperventures.co.uk

Juniper Ventures Limited - Wholly-owned by the Authority. Juniper Venture (Incorporated 27th February 2017) wholly-own Juniper Pursuits Limited (Incorporated 27th February 2018) and National Alliance of School Premises Ltd Management Ltd (Incorporated 24th October 2023)

The Group 2024/25 financial results disclosed a profit of £0.082m (Loss of £0.37m in 2023/24) and net assets of £2.88m (2.80m in 2023/24)

Payments of £3.02m was made during 2024/25 and £0.61m income received from the company. £0.008m was owed from this company as at 31 March 2025.

Following directors held office between 1 April 2024 and 31 March 2025:

David Gibbs, Steve Giles, Michael Hales, Philippa Terry, Jacinta Gasson-Mulcahy, Jean-Michel Orieux (Appointed 1st July 2024)

A copy of the company's financial statements can be obtained by writing to:

29 The Old Town Hall, 29 Broadway, Stratford, London E15 4BQ | Email: michael.hales@juniperventures.co.uk | www.juniperventures.co.uk

Joint Venture

Health and Care Space Newham Limited Incorporated 21st March 2018 is jointly controlled by London Borough of Newham and East London NHS trust.

Following directors held office between 1 April 2024 and 31 March 2025:

Giles Clarke, Kevin Curnow, Philippa Graves, Claire Greszczuk

A copy of the company's financial statements can be obtained by writing to:

Health and Care Space Newham Ltd, 1000 Dockside Road, Newham Dockside, London E16 2QU

Note 37: Council's Association with External Bodies (continued)

Investments

Active Newham - A Leisure Trust that has managed the Authority's leisure, sports and volunteering opportunities in Newham since January 2013. In the process of being insolvent SWORN on 29th August 2024. Voluntary liquidator appointed on 6th September 2024.

The Authority has 4 of 10 places on the Board of Trustees, and therefore no overall voting majority.

Following directors (Trustees) held office between 1 April 2024 and 31 March 2025:

Robert Michael-Heaton, Sion Padrig O'connor, Jaine Diane Stannard, Timothy Davies

Newham Learning Partnership (Hold Co) Limited - Immediate parent undertaking of Newham Learning Partnership (Project Co) Limited. The company was formed as a Special Purpose Vehicle (SPV) for the construction and subsequent maintenance and management of two secondary schools in the Newham area under Private Finance Initiative (PFI) arrangements. The Authority holds 9% of the company's Ordinary shares and is therefore unable to exert significant influence over the company's decision-making processes.

Newham Learning Partnership (Project Co) A wholly-owned subsidiary of Newham Learning Partnership (Hold Co) Limited. The company provides construction and maintenance services to two secondary schools in Newham under a Private Finance Initiative (PFI) contract. The schools included under the PFI contract are Rokeby School and Lister Community School. The Authority holds 9% of the company's Ordinary shares and is therefore unable to exert significant influence over the company's decision-making processes.

Newham Partnership Working Limited - A company limited by guarantee, this entity was incorporated in December 2011. The company's primary purpose is to provide Health and Safety, Human Resources, Information and Communication Technology (ICT) and other associated support services to local schools. In the opinion of the company's directors, there is no one single controlling party. The Authority has the ability to appoint 3 of the 19 Board members in place, and is therefore unable to exert significant influence over the entity.

Newham Transformation Partnership Limited - This company was formed in December 2008 and provides design and construction services for new schools in Newham under the Building Schools for the Future initiative in addition to investing in joint ventures whose business activities include the provision of construction and maintenance services for new Borough schools. The company additionally supplies ICT services across a number of schools. Based upon a 10% shareholding, the Council is unable to control this entity.

Newham Foundation – A company limited by guarantee, the Foundation was formed by the Authority and Newham College of Further Education in 2002 with the central aim of providing accommodation facilities and programmes for the improvement and development of education within the Borough. The Authority holds 19% of the overall voting rights established and is unable to exert significant influence over decision-making processes.

Associate

oneSource Partnership Limited - A dormant company which has not traded since incorporation in April 2014. The company's Ordinary share capital is divided equally between the Authority (50%) and the London Borough of Havering (50%).

Full details of Members and transactions with the Authority are disclosed below under Joint Committees.

Jointly Controlled Operations

Choice Homes UK – A partnership between 6 Local Authorities and 2 Housing Associations that provides a choice-based lettings service to East London residents. Since formation in 2002, the function has grown ostensibly and now services other London Boroughs, in addition to geographical areas outside of London. The Authority is 1 of 8 partners involved in the arrangement. Each has an equal vote, and therefore no overall voting majority exists. The partners make collective decisions on strategic matters including service growth and development.

Note 37: Council's Association with External Bodies (continued)

Joint committees

oneSource is a public sector shared back-office support arrangement which is supported by members through a joint committee. The joint committee receive key reports and make strategic decisions about oneSource's operation. oneSource was set up with a view to making savings by eliminating duplication, reducing senior management costs and introducing more efficient processes. oneSource started on 1 April 2014, when the London Boroughs of Havering and Newham contributed almost all their support services including HR, ICT, Finance, Legal services, Exchequer and Transactional services, Asset Management and Business services. In 2022/23, each borough's Cabinet decided to return a number of services to sovereign control with ICT due to be returned by then end of 2025.

The oneSource net controllable expenditure for 2023/24 and 2024/25 is disclosed below indicating the share falling to each of the authorities. The LBH share is charged against the Consolidated Income and Expenditure Statement.

2023/24		2024/25
£'000	Net Expenditure	£'000
5,065	Exchequer and Transactional Services	6,176
393	Finance	-
-	Procurement	-
-	Business Services	-
3,717	Legal and Governance	4,336
13,631	ICT	14,272
-	Asset Management	-
-	Strategic and Operational HR	-
22,806	Total Net Expenditure	24,784
	Cost Sharing	
11,581	London Borough of Newham	12,519
11,225	London Borough of Havering	12,265
22,806	Total	24,784

As at 31st March 2025, the Authority was owed £1.951m by the London Borough of Havering in relation to the 2024/25 cost share.

The Newham Joint Committee Council Members are Mayor Rokhsana Fiaz, Councillor Charlene McLean, and Councillor Zulfiqar Ali and the Havering Joint Committee Council Members are Councillor Ray Morgon, Councillor Paul Middleton and Councillor Christopher Wilkins.

Note 38: Capital Expenditure and Capital Financing

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

31-March-2024		31-March-2025
£'000		£'000
1,425,097	Opening Capital Financing Requirement	1,630,342
-	Adjustment to prior year closing	303,341
	Capital Investment:	
323,654	Property, Plant and Equipment	374,146
2,181	Investment Properties	1,528
302	Intangible Assets	261
14,452	Revenue Expenditure Funded from Capital under Statute	(1,492)
17,475	Loans (and Investment) to Organisations	10,429
	Sources of Finance:	
(12,280)	Capital Receipts	(29,233)
(81,369)	Government grants and other contributions	(92,576)
(24,815)	Major Repairs Reserve	(18,901)
-	- Capital receipts reserve	-
(7,674)	Revenue and revenue reserves	(15,870)
-	- Community Infrastructure Levy	
-	- Direct revenue contributions	-
-	- Sums set aside from revenue	
(26,681)	MRP / loans principal	(53,528)
1,630,342	Closing Capital Financing Requirement	2,108,447

Note 39: Leases

Authority as Lessee

Finance Lease

The Council has 1,864 Right of Use assets, of which 1,859 were newly recognised in 2024/25 under IFRS 16. Thes assets acquired under these leases are carried as in the Balance Sheet at the following net amounts:

31-March-2024	Right of use Assets	31-March-2025
£'000		£'000
	Transition to IFRS 16 on 1 April 2024	
	- Vehicles, plant and Equipment	8,183
	- Other Land and buildings	150,056
	Investment Properties	
877	Industrial site	904
4,545	Greenshield industrial Estate	7,041
115,858	Novotel & IBIS (Accor)	107,640
29,672	Premiere Inn	28,575
150,952	Total	302,399

Right of Use Asset

	Investment Properties	Land and buildings	Vehicles, plant and equipment	Total
	£'000	£'000	£'000	£'000
Balances at 1 April	150,952	-	-	150,952
Adjustment as at 1 April 2024 on transition to IFRS 116	-	153,118	8,183	161,301
Additions	-	-	-	-
Revaluations	(6,792)	-	-	(6,792)
Depreciation and amortisation	-	(3,062)	-	(3,062)
Disposal	-	-	-	-
At 31 March	144,160	150,056	8,183	302,399

Note 39: Leases (continued)

The future minimum lease payments at the end of each reporting period are set out below:

31-March-2024		31-March-2025
£'000		£'000
	Finance Lease liabilities (net present MLP)	
2,152	Current	25,886
173,743	Non-Current (Note 36)	314,743
106,339	Finance costs payable in future years	143,040
282,234	Total	483,669

The increase in lease payments is due to the Council entering into a 50 year lease agreement with Premiere Inn.

31-March-2024	Minimum lease payments	31-March-2025
£'000		£'000
5,993	Within 1 year	36,392
23,973	Within 2 - 5 years	131,151
252,268	Over 5 years	316,126
282,234	Total	483,669

Transactions under leases

	2024/25
	£'000
Comprehensive income and expenditure statement	
Interest expenses on lease liabilities	11,595
Expense related to short-term leases	1,273
Expenses relating to exempt leases of low-value items	-
Variable lease payments not included in the measurement of lease liabilities	(109)
	12,759
Cash flow statement	
Total cash outflow for leases	12,759
	12,759

Notes to the Accounts (General) (continued)

Note 39: Leases (continued)

Authority as Lessor

The Authority has leased out property at Stratford Centre, Caxton and Nene on finance leases with terms ranging from 77-136 years

The Authority has a gross investment in the lease, made up of minimum lease payments expected to be received over the remaining term. The minimum lease payments comprise settlement of the long-term receivable for the interest in the property acquired by the lessee and finance income earned by the Authority.

31-March-2024	Minimum lease payments	31-March-2025
£'000		£'000
	Finance Lease Receivable	
471	Current	975
54,250	Non - Current	127,267
69,127	Interest	126,184
123,848	Total	254,426

31-March-2024	Gross Investment Lease	31-March-2025
£'000		£'000
2,346	Not later than one year	3,844
7,434	Later than one year and not later than five years	13,094
114,069	Later than five years	237,486
123,849	Total	254,424

31-March-2024	Minimum lease payments	31-March-2025
£'000		£'000
471	Not later than one year	975
1,540	Later than one year and not later than five years	3,493
52,710	Later than five years	123,773
54,721	Total	128,241

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

Operating Leases

The Future minimum lease payments due under non – cancellable leases in future years are set out below:

31-March-2024	Minimum lease payments	31-March-2025
£'000		£'000
20,405	Within 1 year	20,014
70,412	Within 2-5 years	65,118
220,450	Over 5 years	206,677
311,267	Total	291,809

Note 40: Private Finance Initiatives And Similar Contracts

As at 31st March 2024, the Authority has five long-term contracts in place under Private Finance Initiative (PFI) arrangement, details of which are summarised below:

(i) Schools PFI 1

This is a 25 year contract to design, build and operate 3 Schools - Kingsford Secondary, Plaistow and Kaizen Primary Schools. At the end of the contract, control of the assets revert back to the Authority. The Authority initially recognised these assets on the Balance Sheet. Kaizen has since become an academy and so is no longer included on the authority's balance sheet.

(ii) Schools PFI 2

Schools PFI 2 is a second PFI scheme to build and operate Cumberland Secondary School. The contract is for 25 years and has 15 years left to run. At the end of the contract, control of the assets revert back to the Authority. The Authority initially recognised these assets on the Balance Sheet however removed them when Cumberland became an academy.

(iii) Canning Town PFI

A 30 year contract for the refurbishment, maintenance and provision of landlord services for approximately 1,300 housing properties in Canning Town, East London. The Council has recognised these assets on the Balance Sheet.

(iv) Forest Gate PFI

A 20-year contract for the refurbishment, maintenance and provision of landlord services for approximately 1,300 housing properties in Forest Gate, East London. The Council has recognised these assets on the Balance Sheet.

(v) BSF Wave 1

This involves the design, building and operation of Lister and Rokeby Schools under Wave 1 of the Building Schools for the Future Programme. The scheme is for a term of 26 years, after which the assets will revert back to being controlled by the Authority. The assets are recognised on the Authority's Balance Sheet.

The value of assets held under the PFI schemes is summarised below:

31-March-2024				31-March-2025		
Council Dwellings	Other Land and buildings	Total		Council Dwellings	Other Land and buildings	Total
£'000	£'000	£'000		£'000	£'000	£'000
92,369	(405)	91,964	Net book value at 1 April	93,193	-	93,193
-	(1,132)	(1,132)	Adjustment to opening balance	-	-	-
-	(405)	(405)	Additions	4,193	-	4,193
-	(1,132)	(1,132)	Depreciation and impairment	(1,942)	-	(1,942)
-	(405)	(405)	Revaluation	(7,845)	-	(7,845)
-	(1,132)	(1,132)	Disposals	(678)	-	(678)
92,369	(4,611)	87,758	Net book value at 31 March	86,921	-	86,921

Note 40: Private Finance Initiatives And Similar Contracts

Movements in liabilities resulting from PFI or similar contracts are disclosed below:

31-March-2024				31-March-2025		
Council Dwellings	Other Land and buildings	Total		Council Dwellings	Other Land and buildings	Total
£'000	£'000	£'000		£'000	£'000	£'000
(26,261)	(59,272)	(85,533)	Value at 1 April	(24,503)	(54,268)	(78,771)
1,758	5,004	6,762	Repayments made in year	3,766	5,797	9,563
(24,503)	(54,268)	(78,771)	Net book value at 31 March	(20,737)	(48,471)	(69,208)

Future payments to be made

Payments

The Authority makes an agreed payment each year which is increased by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contracts at 31st March (excluding any estimation of inflation and availability performance) are shown below.

Schools 2024/25

	Liability	Interest	Service	Total
	£'000	£'000	£'000	£'000
Within 1 Year	6,317	4,874	8,586	19,777
2-5 Years	25,671	13,526	28,642	67,839
6-10 Years	20,691	7,037	20,577	48,305
11-15 Years	5,147	399	4,115	9,661
16-20 Years	-	-	-	-
Total	57,826	25,836	61,920	145,582

Dwellings 2024/25

	Liability	Interest	Service	Total
	£'000	£'000	£'000	£'000
Within 1 Year	4,133	2,264	13,646	20,043
2-5 Years	15,958	4,556	48,448	68,962
6-10 Years	5,494	1,119	37,543	44,156
11-15 Years	1,262	61	7,509	8,832
16-20 Years	-	-	-	-
Total	26,847	8,000	107,146	141,993

Note 40: Private Finance Initiatives And Similar Contracts (continued)

Total 2024/25

	Liability	Interest	Service	Total
	£'000	£'000	£'000	£'000
Within 1 Year	10,450	7,138	22,232	39,820
2-5 Years	41,629	18,082	77,090	136,801
6-10 Years	26,186	8,157	58,119	92,462
11-15 Years	6,409	459	11,624	18,492
16-20 Years	-	-	-	-
Total	84,674	33,836	169,065	287,575

Schools 2023/24

	Liability	Interest	Service	Total
	£'000	£'000	£'000	£'000
Within 1 Year	4,998	4,599	4,133	13,730
2-5 Years	25,369	13,124	12,980	51,473
6-10 Years	17,497	6,870	11,500	35,867
11-15 Years	6,301	616	2,176	9,093
16-20 Years	-	-	-	-
Total	54,165	25,209	30,789	110,163

Dwellings 2023/24

	Liability	Interest	Service	Total
	£'000	£'000	£'000	£'000
Within 1 Year	3,302	2,149	6,694	12,145
2-5 Years	14,722	5,060	26,600	46,382
6-10 Years	4,849	1,116	14,205	20,170
11-15 Years	1,629	93	2,922	4,644
16-20 Years	-	-	-	-
Total	24,502	8,418	50,421	83,341

Note 40: Private Finance Initiatives And Similar Contracts (continued)

Total 2023/24

	Liability	Interest	Service	Total
	£'000	£'000	£'000	£'000
Within 1 Year	8,299	6,749	10,827	25,875
2-5 Years	40,092	18,184	39,580	97,856
6-10 Years	22,346	7,986	25,705	56,037
11-15 Years	7,930	710	5,098	13,738
16-20 Years	-	-	-	-
Total	78,667	33,629	81,210	193,506

Note 41: Pension Schemes Accounted for as Defined Contribution Schemes

Teachers

Teachers employed by the Authority are members of the Teachers' Pension Scheme, administered by the Teachers' Pensions Agency. It provides teachers with defined benefits upon their retirement and the Authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

In 2024/25, the Authority paid £19.7m (£15.9m in 2023/24) to Teachers' Pensions (the government agency responsible for administering teachers pensions throughout England and Wales) in respect of teachers' pension costs. The Authority is responsible for all pension payments relating to added years it has awarded upon early retirement outside the terms of the teachers' pension scheme, together with the related increases. These costs are accounted for on a defined contribution basis.

Public Health

The Health and Social Care Act 2012 transferred responsibility for Public Health to Local Authorities with effect from 1 April 2013. As a result, the Council now employs staff who pay into the NHS Defined Benefit Scheme. The scheme is administered by the Department of Health but is accounted for on a defined contribution basis.

In 2024/25, the Authority paid £1.3m (£1.4m in 2023/24) to the Department of Health Pension scheme in respect of pension costs.

Note 42: Defined Benefit Pension Schemes

Participation in Pension Schemes

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

The Authority participates in post-employment schemes:

- The Local Government Pension Scheme, administered by London Borough of Newham - this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement - this is an unfunded benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.
- The Newham 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 Investments and Accounts Committee of London Borough of Newham. Policy is determined in accordance with the Pension Fund Regulations. The Investment Managers of the Fund are appointed by the Committee. Members of the Committee are disclosed on www.newham.gov.uk.
- The principal risks of this defined benefit scheme are the longevity assumptions, statutory changes, structural changes (i.e. large-scale membership withdrawals), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and the Housing Revenue Account the amounts required by Statute as described in the Statement of Accounting Policies.

Discretionary Post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no planned assets built up to meet these pension liabilities.

Transactions Relating to Post-employment Benefits

The costs of retirement benefits are recognised in the reported cost of services when they are earned by employees, as opposed to when the benefits are eventually paid as pensions. However, the charge that the Authority is required to make against Council Tax is based upon the cash payable in the year, and therefore the true cost of post-employment/retirement benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement. The transactions in this note have been recorded in the Comprehensive Income and Expenditure Statement and the General Fund and HRA balances (via the Movement in Reserves Statement) during the current year:

Multi-employer defined benefit plan

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The latest actuarial valuation of the Fund was carried out as at 31 March 2022 and set contributions for the period from 1 April 2023 to 31 March 2026. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

On an Employer's withdrawal from the Fund, a cessation valuation will be carried out in accordance with Regulation 64 of the LGPS Regulation 2013 which will determine the termination contribution due by the employer, on a set of assumptions deemed appropriate by the Fund Actuary.

In addition, as many unrelated employers participate in the Newham Pension Fund, there is an orphan liability risk. This is a risk where the employer leaves the Fund but does not have enough assets to cover their pension obligations and therefore the difference may fall on the remaining employers.

Note 42: Defined Benefit Pension Schemes

2023/24				2024/25		
Funded	Unfunded	Total		Funded	Unfunded	Total
£'000	£'000	£'000		£'000	£'000	£'000
			Comprehensive Income and Expenditure Statement			
			<i>Cost of Services</i>			
26,422	(1,617)	24,805	Service cost	23,614	(1,725)	21,889
1,353	-	1,353	Administration Expenses	1,537	-	1,537
			<i>Financing and Investment Income and Expenditure</i>			
(1,201)	584	(617)	Net Interest expense	(4,819)	522	(4,297)
26,574	(1,033)	25,541	Total Post Employment Benefit Charged to the Surplus on the Provision of Services	20,332	(1,203)	19,129
			<i>Remeasurement in Other Comprehensive Income and Expenditure</i>			
(82,014)		(82,014)	Return on Fund assets in excess of interest	22,305		22,305
(24,525)	(237)	(24,762)	Change in financial assumptions	(205,545)	(460)	(206,005)
(31,937)	98	(31,839)	Change in demographic assumptions	(4,257)	(37)	(4,294)
15,487		15,487	Changes in effect of Asset Ceiling	201,040		201,040
		-	Other actuarial (gains)/losses on assets			-
4,339	47	4,386	Experience (gain)/loss on defined benefit obligation	(3,826)	(33)	(3,859)
			Adjustment opening Pensions Reserve/liability			
(118,650)	(92)	(118,742)	Total Remeasurements in Other Comprehensive Income and Expenditure	9,717	(530)	9,187

2023/24			Movement in Reserve Statement	2024/25		
Funded	Unfunded	Total		Funded	Unfunded	Total
£'000	£'000	£'000		£'000	£'000	£'000
(26,574)	1,033	(25,541)	Reversal of net charges made to the Surplus or deficit on the Provision of Services post Employment benefits	(20,332)	1,203	(19,129)
			<i>Actual amount Charges against General Fund and HRA Balances for pensions in the year</i>			
37,195	-	37,195	Employers' contributions payable to scheme	30,049	-	30,049
10,621	1,033	11,654	Net adjustment between accounting basis and funding basis under regulations	9,717	1,203	10,920

Note 42: Defined Benefit Pension Schemes

Pensions Assets and Liabilities Recognised in the Balance Sheet

2023/24				2024/25		
Funded	Unfunded	Total		Funded	Unfunded	Total
£'000	£'000	£'000		£'000	£'000	£'000
1,580,216	11,835	1,592,051	Present value of the defined benefit obligation	1,414,099	10,102	1,424,201
(1,595,703)	-	(1,595,703)	Fair Value of plan assets	(1,631,441)		(1,631,441)
15,487	-	15,487	Effect of Asset Ceiling	217,342		217,342
-	11,835	11,835	Net Liability in balance sheet	-	10,102	10,102

The effect of the asset ceiling has been determined by the scheme actuaries on the basis of the limitation on the Council's ability to recover the full economic benefit of its assets through reductions in future employer's contributions because of the minimum funding requirement imposed on it by the funding strategy for the schemes in place at 31 March 2025.

The scheme actuaries have assessed the Council's estimated future service costs less the estimated minimum funding requirement contributions to establish the economic benefit that is available to the Council. The net pensions asset has therefore been adjusted by the effect of the asset ceiling. The total pre-asset ceiling adjustment position across the Council's pension schemes is an asset of £217.3m; the post-adjustment position is a liability of £10.1m.

Note 42: Defined Benefit Pension Schemes

2023/24				2024/25		
Funded	Unfunded	Total		Funded	Unfunded	Total
£'000	£'000	£'000		£'000	£'000	£'000
			Reconciliation of the Movements in the Fair Value of Fund Assets			
(1,451,221)		(1,451,221)	Opening fair value of assets	(1,595,703)		(1,595,703)
-		-	- Adjustment opening Pensions Reserve/liability			-
(77,537)		(77,537)	Interest on assets	(83,472)		(83,472)
(82,014)		(82,014)	Return on assets less interest	22,305		22,305
-		-	- Other actuarial gains	-		-
1,353		1,353	Administration expenses	1,537		1,537
(37,195)		(37,195)	Contributions by employer	(30,049)		
(12,007)		(12,007)	Contributions by scheme participants	(10,995)		
62,918		62,918	Estimated benefits paid	68,273		
			Settlement prices paid	(3,337)		
(1,595,703)	-	(1,595,703)	Closing fair value of assets	(1,631,441)		(1,655,333)
			Reconciliation of the Movements in the defined benefit obligation			
1,580,492	12,960	1,593,452	Opening defined benefit obligation	1,595,703	11,835	1,607,538
25,034	-	25,034	Current service cost	23,970	-	23,970
76,336	584	76,920	Interest cost	77,838	522	78,360
(31,937)	98	(31,839)	Change in financial assumptions	(205,545)	(460)	(206,005)
(24,525)	(237)	(24,762)	Change in demographic assumptions	(4,257)	(37)	(4,294)
4,339	47	4,386	Experience loss/(gain)	(3,826)	(33)	(3,859)
15,487	-	15,487	Asset Ceiling	201,855		201,855
-	(1,617)	(1,617)	Liabilities settled	2,437	(1,725)	712
(62,918)	-	(62,918)	Estimated benefits paid	(68,273)		(68,273)
1,388	-	1,388	Past service costs & curtailments	544		544
12,007		12,007	Contributions by scheme participants	10,995		10,995
1,595,703	11,835	1,607,538	Closing defined benefit obligation	1,631,441	10,102	1,641,543

Note 42: Defined Benefit Pension Schemes

Assets

The return on the Fund (on a bid value basis) for the year to 31 March 2025 is estimated to be 3.86% as advised by the Fund

The estimated asset allocation is as follows:

31-March-2024		Employer Asset Share – Bid Value	31-March-2025	
£'000	%		£'000	%
1,090,645	60	Equities	1,070,881	66
333	1	Gilts	349	-
132,322	6	Other Bonds	114,324	7
218,646	15	Property	230,728	14
71,246	5	Cash	122,034	7
82,511	13	Other	93,125	6
1,595,703	100	Total	1,631,441	100

The following table provides a more detailed analysis of the Employer's assets as at 31 March 2025:

Note 42: Defined Benefit Pension Schemes

The following table provides a more detailed analysis of the Employer's assets as at 31 March 2025:

	Quoted	Unquoted
Corporate Bonds		
UK	2%	
Overseas		
Equities		
UK	46%	
Overseas	16%	
Property		
All		14%
Fixed Interest Govt		
UK		
Overseas		
Others		
Absolute return portfolio		6%
Hedge Fund		
Private Equity		4%
Private Debt		5%
Cash/Temporary Investments	2%	
Cash/Temporary Investments		5%
Debtors		
Debtors		
Creditors		
Creditors		
Total	66%	34%

Note 42: Defined Benefit Pension Schemes

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method - an estimate of the pensions that will be payable in future years dependent upon employee assumptions including mortality rates and salary levels.

The liabilities of the Local Government Pension Scheme and the Newham Pension Scheme have been estimated by Barnett Waddingham, an independent firm of actuaries. Pension Fund estimates are based upon the latest full valuation of the scheme as at 31 March 2022.

The significant assumptions used by the actuary are:

Mortality assumptions:	2023/24		2024/25	
	Funded	Unfunded	Funded	Unfunded
Longevity at 65 for current pensioners:				
Men	19.3 years	19.3 years	19.2 years	19.2 years
Women	22.7 years	22.7 years	22.7 years	22.7 years
Longevity at 65 for future pensioners:				
Men	20.6 years	n/a	20.6 years	n/a
Women	24.2 years	n/a	24.2 years	n/a
RPI increases (%p.a.)	3.25%	3.55%	3.20%	3.50%
Salary increases (%p.a.)	3.90%	n/a	3.90%	n/a
Pension increases (%p.a.)	2.90%	3.00%	2.90%	2.95%
Discount rate (%p.a.)	4.90%	4.80%	5.80%	5.45%

Sensitivity analysis

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

	Approx. increase to monetary amount	
	Projected Service cost	Present Value of total Obligations
	£'000	£'000
1 year increase in member life expectancy	20,072	1,466,924
0.1% increase in salary increase rate	19,287	1,415,150
0.1% increase in pension increase rate	20,037	1,433,355
0.1% decrease in real discount rate	20,007	1,433,862

Note 42: Defined Benefit Pension Schemes

Risk Management

The Fund recognises that the inherent risks involved in many of its activities and its governance arrangements, described in the preceding section, are designed to ensure that risk management is undertaken at the highest level.

The Fund's approach to Risk Management is covered in the following policies:

- Investment Strategy Statement
- Funding Strategy Statement
- Socially Responsible Investment Policy
- Communications Policy
- Governance Policy

These are included within the Pension Fund Annual Report. In addition, risks are measured and managed via a central Risk Register which is continually revised and updated. The Risk Register is an addendum to the Investment Strategy Statement. Both the Pension Fund Annual Report and Investment Strategy Statement can be found at www.newham.gov.uk.

Impact on the Authority's Cash Flows

The objective of the Scheme is that employers' contributions are maintained at a constant rate. The Authority has agreed a strategy with the Scheme's actuary to achieve funding level of 100% during the next 20 years. Funding levels are monitored on an annual basis. The latest actuarial valuation was carried out at March 2022 and the contributions payable by the participating employers were reviewed as part of that valuation.

Note 43: Contingent Liabilities

Contingent liabilities are possible obligations arising from a past event whose existence will be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Council or a present obligation arising from past events where it is not probable that there will be an associated cost or the amount of the obligation cannot be accurately measured.

The council has no contingent liabilities.

Note 44: Nature and Extent of Risks Arising from Financial Instruments

Newham Council is an Authority defined by the Local Government Act 1972 as primarily providing statutory services to the local population on a not-for-profit basis. As such, few financial instruments are used by way of commercial business. However, the funding mechanism means that during the year, the Authority may hold substantial assets and liabilities. The Authority uses financial instruments to manage the risks arising from holding assets and liabilities.

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

Credit Risk: the possibilities that other parties might fail to pay amounts due to the authority.

Liquidity Risk: The possibility that the authority might not have funds available to meet its commitments to make payments.

Market Risk: the possibility that financial loss may arise for the authority as a result of changes in such measures as interest rates.

The Authority's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework as described within the Local Government Act 2003 and the associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued under the Local Government Act 2003. Overall these procedures require the Authority to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential and treasury indicators for the following three years limiting the Authority's overall borrowing:
 - its maximum and minimum exposures to fixed and variable rates;
 - its maximum and minimum exposures to the maturity structure of its debt;
 - its maximum annual exposures to investments maturing beyond a year; and
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government Guidance.

These are required to be reported and approved at or before the Council's Annual Council Tax Setting Budget or before the start of the year to which they relate. These items are reported with the Annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. Actual performance is also reported annually to Members.

The annual Treasury Strategy which incorporates the prudential indicators was approved by the Council on 29 February 2024 and the mid-year treasury Strategy was approved by Cabinet on 3 December 2024 and is available on the Council website. The key limits within the Strategy were:

- The Authorised Limit for 2024/25 was set at £2,600m (*£2,700m 2023/24). This is the maximum limit of external borrowing or other long term liabilities
- The Operational Boundary 2024/25 was £2,400m (*£2,255m 2023/24). This is the expected level of debt and other long term liabilities

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

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above.

Note 44: Nature and Extent of Risks Arising from Financial Instruments

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard and Poor's Ratings Services. The Annual Investment Strategy considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. An exception is made for part-nationalised banks. Additional selection criteria are also applied after this initial criterion is applied. Details of the Investment Strategy (part of the annual treasury management strategy mentioned above) can be found on the Council's website.

No breaches of the Authority's counterparty criteria occurred during the reporting period and the Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31 March 2025 that this was likely to crystallise. The figures quoted below all represent principal balances only.

31-March-2024		Credit Rating	31-March-2025	
Long term	Short term		Long term	Short term
		AAA		
-	-	AA-	-	-
-	-	A+	-	-
-	2	A	-	-
-	-	A-	-	-
-	(53,400)	BBB (UK government part owned)	-	(80,600)
-	-	Local authorities	-	-
		Unrated -other		

Using the expected credit loss model the calculated loss allowance for investments at amortised cost is negligible therefore having no impact on the carrying value of investments.

Write off of debtors is subject to Council procedures.

The Council Long term debtor is mainly in relation to lease agreements, Loans to subsidiary undertakings and shared equity interest. Shared equity interest has been carried at fair value and therefore no requirement to calculate an impairment allowance. The lease agreement has been reviewed using a simplified approach for calculating the expected credit loss. Due to the low level of risk the loss allowance has been based on a lifetime expected credit loss based on probability of repayment. The calculated loss allowance for lease receivables is negligible therefore having no impact on the carrying value. Credit risk on lease receivables is mitigated by its legal ownership of the assets leased, which can be repossessed if the debtor defaults on the lease contract.

For loans provided to subsidiary undertakings, expected credit loss has been based on the Council agreeing to defer counterparty loan repayments for a period during which the Counterparty's liquidity position is constrained. The credit loss results from the opportunity cost of not being able to reinvest the deferred repayments until a later date. The calculated expected credit loss is negligible therefore having no impact on the carrying value.

Other collateral and soft loans balances have been reviewed for expected credit loss and have been assessed based on the simplified approach looking at probability of default which has resulted in no change in carrying value.

The debtor balances as per Note 22 have been reviewed for loss allowance, providing details of material balances. These debtors have been grouped into Housing, Adult Social Care and Other. For each category of debt there has been an assessment of recoverability based on past collection rates therefore using the probably matrix to determine the loss allowance.

Note 44: Nature and Extent of Risks Arising from Financial Instruments

Liquidity Risk

The Authority 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. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at unfavourable interest rates. The Authority sets limits on the proportion of its fixed rate borrowing for specified periods. The strategy is to ensure that no more than:

- (a) 90% of fixed interest rate loans are due to mature within a five year period; and
- (b) 90% of variable interest loans are due to mature within a two year period.

The maturity analysis of the Authority's financial liabilities is as follows:

31-March-2024		31-March-2025
£'000		£'000
565,709	Public Works Loans Board	954,698
583,230	Market debt	507,397
1,148,939	Total	1,462,095

Maturity analysis of financial liabilities

31-March-2024		31-March-2025
£'000		£'000
240,728	Maturing in 1 to 10 years	216,080
61,055	Maturing in 10 to 20 years	13,217
182,293	Maturing in 20 to 30 years	439,002
42,110	Maturing in 30 to 40 years	145,948
622,753	Maturing in more than 40 years	647,848
1,148,939	Total	1,462,095

The Authority has a number of market Lender Option, Borrowers' Option (LOBO) loans within it's borrowing portfolio. As at the 31st March 2025 8% of the total portfolio was made up of LOBO debt.

Newham has 7 LOBO loans - they are by type and nominal value

	31-March-2025
	£'000
Vanilla LOBO (3)	55,000
Stepped LOBO (2)	20,000
Zero to Par LOBO (2)	40,000
Total	115,000

Note 44: Nature and Extent of Risks Arising from Financial Instruments

The Authority has a number of market Lender Option, Borrowers' Option (LOBO) loans within its borrowing portfolio. The nature of LOBO agreements is that after an initial fixed period, at periodic intervals throughout the loan, the lender has the option of amending the interest rate. At this point, if the revised interest rate is deemed unacceptable by the Authority, as the borrower it has the option to repay the loan without penalty. To mitigate the risk of having to repay these loans ahead of the actual maturity date, the Authority keeps under review the potential for lenders to propose changes to the interest rate at the scheduled dates within each agreement. This is done through assessing the probability of the interest rates being revised both in the current market environment and during stressed market conditions. To date the probability of lenders seeking to revise interest rates on the Authority's LOBO loans has been low, although this may be influenced in the future by changes to the lenders appetite to reschedule their loan books.

Market Risk

Interest Rate Risk: The Authority is exposed to risks arising from movements in interest rates.

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

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

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

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

31-March-2024		31-March-2025
£'000		£'000
-	Decrease in interest payable on variable rate borrowings	-
(908)	Increase in interest receivable on variable rate investments	(1,125)
(908)	Impact on Comprehensive Income and Expenditure Statement	(1,125)

The approximate impact of a 1% fall in interest rates would be as shown above but with the movements being reversed. These assumptions are based on the same methodology as used in the 'Fair Value' disclosure note.

Price Risk: The Authority does not invest in equity shares and therefore is not subject to any price risk (i.e. the risk that the Authority will suffer loss as a result of adverse movements in the price of financial instruments). The Authority has investment in equity in relation to its own subsidiaries which is for the purpose of service delivery.

Foreign Exchange Risk: The Authority, has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

Note 45: Prior Year Adjustments

The Authority made some material disclosure errors in the 2023/24 accounts, which are now corrected in the 2024/25 accounts. These errors relate to the disclosure of long- and short-term provisions, cash and cash equivalents and Short term payables and classification of section 106 grants.

The detail below shows the adjustments to the opening balances of the previous reporting period:

Effect on Balance Sheet 31 March 2024	31 March 2024 balance as previously stated	Provision	Cash and Cash Equivalents	Section 106 Grant	31 March 2024 Balance Restated
	£'000	£'000	£'000	£'000	£'000
Cash and Cash Equivalents (Note 21)	22,966	-	1,056	-	24,022
Current Assets	195,494	-	1,056	-	196,550
Short Term payables (Note 23)	(218,366)	-	(1,056)	-	(219,422)
Short Term Provisions	16,253	(18,675)		-	(2,422)
Current Liabilities	(438,250)	(18,675)	(1,056)	-	(457,981)
Long term Provision (Note 24)	(32,238)	18,675	-	-	(13,563)
Other Long term Liabilities (Note 35)	(293,541)	-	-	36,870	(256,671)
Long term capital grants receipts in Advance (Note 13)	(35,115)	-	-	(36,870)	(71,985)
Long- term liabilities	(1,273,695)	18,675	-	-	(1,255,020)
Net Assets	2,573,178	-	-	-	2,573,178

Supplementary Financial Statements	Page Number
• <i>Housing Revenue Account (HRA) - Income and Expenditure Statement</i>	126
• <i>Statement on The Movement on The Housing Revenue Account</i>	127
• <i>Housing Revenue Account Notes</i>	128
• <i>Collection Fund Statement</i>	132
• <i>Notes to the Collection Fund</i>	133

HOUSING REVENUE ACCOUNT (HRA) - INCOME AND EXPENDITURE STATEMENT

126

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

2023/24		2024/25	
£'000		£'000	Note
	Income		
(96,344)	Rent from Dwellings (gross)	(108,465)	
(4,413)	Rent from Other Properties (gross)	(4,066)	
(8,005)	Tenant contributions to Services and Facilities	(2,715)	
(9,838)	Leaseholder contributions to Services and Facilities	(10,592)	
(7,392)	Government subsidy towards the financing of PFI Schemes	(7,348)	
(1,546)	Contribution Towards Expenditure	(1,057)	
(127,538)	Total income	(134,243)	
	Expenditure		
18,382	Repairs and Maintenance	17,485	
56,446	Supervision and Management	57,589	
9,957	Rent, rates, taxes and other charges	9,681	
20,594	Depreciation and amortisation of non-current assets	18,907	
50,270	Revaluation of non-current assets	76,549	
1	Revenue expenditure funded from capital under statute	-	
400	Debt Management Costs	442	
2,883	Movement in Impairment Allowance	(7,477)	
158,933	Total expenditure	173,176	
31,395	Net cost of HRA services included in the Comprehensive Income and Expenditure Statement	38,933	
583	HRA services share of Corporate and Democratic Core	583	
31,978	Net cost of HRA Services	39,516	
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
(7,908)	Gain on sale of HRA non-current assets	(8,832)	
13,829	Interest payable and similar charges	17,617	
(1,322)	Movement on the fair value and income - Investment Properties	(1,266)	
(5,507)	HRA Interest and investment income	(6,577)	
-	HRA share of capital grants and contributions receivable	(14,639)	
31,070	(Surplus) or deficit for the year on HRA Services	25,819	

STATEMENT ON THE MOVEMENT ON THE HOUSING REVENUE ACCOUNT

2023/24		2024/25
£'000		£'000
(32,906)	Balance on the HRA as at 1 April	(34,909)
31,070	(Surplus)/deficit for the year on the HRA Income and Expenditure Statement	25,819
(34,890)	Adjustments Between Accountancy Basis and Funding Basis under Statute under regulations	(31,372)
(3,820)	Net (increase)/decrease before transfers to/(from) reserves	(5,553)
1,817	Transfers to/(from) earmarked reserves	-
(2,003)	Balance on the HRA as at the end of the current reporting period	(5,553)
(34,909)	Total HRA Reserves	(40,462)

Housing Revenue Account Notes

Note 46: Analysis of the movement on the HRA balance

2023/24		2024/25
£'000		£'000
1,169	Difference between interest payable and similar charges including amortisation of premiums and discounts determined in accordance with the Code and those determined in accordance with Statute	1,169
7,908	Gain on sale of HRA non-current assets	8,832
1,180	HRA share of contributions to or from the Pensions Reserve	655
(68,367)	Transfers from capital adjustment account	(74,622)
19,419	Transfer from the Major Repairs Reserve	18,901
-	Difference between any other item of income and expenditure determined in accordance with the Code and determined in accordance with statutory HRA requirements	(1,306)
3,801	Capital Expenditure charged against HRA Revenue	15,000
(34,890)	Net additional amount required by statute to be debited or credited to the HRA balance for the year	(31,371)

Further details on the amounts required by Statute to be debited or credited to the HRA balance for the year can be found in Note 9.

Note 47: Numbers and Types of Dwellings in the Housing Stock

Type of dwelling	31-March-2024	31-March-2025
	Number	Number
Low rise flats	3,375	3,567
Medium rise flats	5,206	5,121
High rise flats	3,261	3,318
Houses	4,658	4,728
Total	16,500	16,734

Note 48: HRA Assets

2023/24		2024/25
£'000		£'000
1,366,801	Council dwellings	1,283,289
86,355	Other Land & Buildings	139,560
-	Assets held for sale	196
19,874	Surplus not held for sale	19,932
31,048	Investment Properties	-
-	Vehicles, Plant & Equipment	-
210,602	Assets under Construction	344,475
37	Intangibles	-
1,714,717	Total	1,787,452

Note 49: Vacant Possession Value

As at 31st March 2025, the vacant possession value of dwellings within the HRA was £5.087 billion (£5.350 billion as at 31st March 2024). The difference between vacant possession value and the Balance Sheet value of dwellings within the HRA shows the economic cost to government of providing council housing at less than open market rents, net of the impairment to the value of the housing Stock.

Note 50: Major Repairs Reserve

The authority 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.

2023/24		2024/25
£'000		£'000
-	Balance at 1 April	-
(17,768)	Depreciation: Stock	(17,997)
(1,651)	Depreciation: non Stock	(904)
-	Additional Contribution to MRR	-
19,419	Major Repairs Reserve applied	18,901
-	Balance at 31 March	-

Note 51: Capital Expenditure, Financing and Receipts

2023/24		2024/25
£'000		£'000
	HRA capital expenditure	
185,239	Council dwellings, Land and other property	241,121
-	Other Land & Buildings	-
-	Surplus assets not held for sale	-
-	Assets held for Sale	-
-	Assets Under Construction	-
185,239	Total HRA capital expenditure	241,121
	Financing of capital expenditure	
(107,000)	Borrowing	(146,762)
(24,815)	Major Repairs Reserve	(18,901)
(3,064)	RTB Receipts	(22,981)
(7,315)	HRA Receipts	-
(43,045)	Capital Grants and Contributions	(52,477)
-	Reserves / Revenue	-
(185,239)	Total financing of capital expenditure	(241,121)

Note 52: Capital Receipts

2023/24		2024/25
£'000		£'000
23,337	Sales of Council Dwellings	14,522
-	Repayment of RTB receipts	-
29	Sales of Land and Other Property	2,549
23,366	Total	17,071

Note 53: Depreciation and Amortisation

2023/24		2024/25
£'000		£'000
16,795	Dwellings	17,997
1,366	Other land and buildings	816
105	Surplus assets not held for sale	88
18,266	Total Depreciation	18,901

The total depreciation charge for Council assets during 2024/25 was £18.9m. This is £0.514m lower than 2023/24.

Note 54: Impairment Losses

The Authority is required to disclose the value of impairment together with an explanation of any impairment losses in the financial year in respect of Land, Dwellings and Other Property within the Authority's HRA.

During 2024/25, there was no impairment losses recognised in the accounts (none in 2023/24).

Note 55: Revenue Expenditure Funded from Capital Under Statute

This is expenditure which would be funded from revenue under normal accounting practice but is financed from capital resources under legislation. During 2024/25, HRA revenue expenditure funded from capital under statute totalled £0.0m (£0.0m in 2023/24).

Note 56: Rent Arrears

The total gross rent arrears at 31 March 2025 was £18.657m, an increase of £1.394m (7%) from the balance of £18.309m at 31 March 2024. The Authority has made provision for possible uncollectable debts of £16.410m (£15.766m at 31 March 2024). The provision is based on the Authority's experience of write-offs over the last 5 years, known future debt to be written off and the estimated impact of future changes to the Housing Benefits system.

COLLECTION FUND STATEMENT

The Collection Fund is an agent's statement that reflects the statutory obligation on the London Borough of Newham (as the billing authority) to maintain a separate Collection Fund. The statement shows the transactions of the Billing Authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates. The surplus and deficit on the Collection Fund is shared between the preceptors: Central Government, Greater London Authority and London Borough of Newham. Any residual surplus or deficit at the end of the financial year relating to London Borough of Newham is taken into account in setting the level of Council Tax for the following year.

2023/24					2024/25				Note
Council Tax	NNDR	Business rates Supp	Total		Council Tax	NNDR	Business rates Supp	Total	
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	
				INCOME					
(146,373)	-	-	(146,373)	Income from Council Tax	(160,700)			(160,700)	
	(147,047)	-	(147,047)	Income from Business Rates		(165,765)		(165,765)	
-	(17,470)	-	(17,470)	Transitional Relief - Business Rates		(6,056)		(6,056)	
		(5,675)	(5,675)	Business Rate Supplements			(5,517)	(5,517)	
(146,373)	(164,517)	(5,675)	(316,565)	Total income	(160,700)	(171,821)	(5,517)	(338,038)	
				Expenditure					
	55,701		55,701	Central Government	12,960	57,264		70,224	
102,378	50,638		153,016	London Borough of Newham	97,340	52,058		149,398	
37,244	62,453		99,697	Greater London Authority	41,499	64,205		105,704	
				Business Rates Supplement				-	
		5,665	5,665	Payment to GLA			5,507	5,507	
		10	10	Administrative Costs			10	10	
				Charges to Collection Fund				-	
6,555	1,376		7,931	Increase/(Decrease) in Impairment on receivables	7,042	(1,433)		5,609	
	(7,794)		(7,794)	Increase/(Decrease) in Provision for Appeals		1,202		1,202	
	400		400	Cost of Collection		397		397	
				Other transfer				-	
	2,983		2,983	Enterprise Zone		4,338		4,338	
				Apportionment of previous year's estimated surplus				-	
-	1,881		1,881	Central Government	-	3,239		3,239	
1,524	1,711		3,235	London Borough of Newham	2,313	2,944		5,257	
530	2,109		2,639	Greater London Authority	841	3,631		4,472	
148,231	171,458	5,675	325,364	Total expenditure	161,995	187,845	5,517	355,357	
1,858	6,941	-	8,799	(Surplus)/Deficit arising during the year	1,295	16,024	-	17,319	
(7,020)	(16,795)	-	(23,815)	Collection Fund (Surplus)/Deficit at 1 April	(5,162)	(9,854)	-	(15,016)	
(5,162)	(9,854)	-	(15,016)	(Surplus)/Deficit c/f at 31 March	(3,867)	6,170	-	2,303	

Notes to the Collection Fund

Note 57: Calculation of the Council Tax Base

The Council Tax is calculated per equivalent Band D property. In order to determine the number of equivalent Band D properties, the Council Tax Base is calculated. All properties are categorised into one of eight bandings (A to H) depending upon the valuation of the property (estimated market value at 1 April 1991). An adjustment is then made for properties that are subject to discounts such as single person or non-residency. The resulting number of properties per valuation banding is then adjusted to calculate the number of equivalent Band D properties, using a defined ratio. Finally the tax base is adjusted to reflect an anticipated collection rate, 95.80% for 2024/25.

2024/25

Valuation Band	Number of chargeable dwellings	Property Value (£)	Council tax payable (£)	Ratio	Band D equivalent dwellings
A	5,201	Up to 40,000	1,149.57	6 / 9	2,537
B	33,310	40,001 - 52,000	1,341.14	7 / 9	18,654
C	53,875	52,001 - 68,000	1,532.74	8 / 9	38,826
D	24,830	68,001 - 88,000	1,724.34	9 / 9	20,928
E	6,508	88,001 - 120,000	2,107.54	11 / 9	6,977
F	1,841	120,001 - 160,000	2,490.71	13 / 9	2,395
G	242	160,001 - 320,000	2,873.91	15 / 9	378
H	37	320,001 and over	3,448.68	18 / 9	74
Total	125,844				90,768
In year growth estimate band D equivalent properties					1,124
Less Adjustment for collection rate					(3,859)
Council Tax Base					88,033

2023/24

Valuation Band	Number of chargeable dwellings	Property Value (£)	Council tax payable (£)	Ratio	Band D equivalent dwellings
A	3,848	Up to 40,000	1,085.02	6 / 9	2,563
B	23,190	40,001 - 52,000	1,265.85	7 / 9	18,037
C	42,502	52,001 - 68,000	1,446.69	8 / 9	37,779
D	21,725	68,001 - 88,000	1,627.53	9 / 9	21,725
E	5,502	88,001 - 120,000	1,989.21	11 / 9	6,725
F	1,575	120,001 - 160,000	2,350.87	13 / 9	2,274
G	218	160,001 - 320,000	2,712.55	15 / 9	364
H	41	320,001 and over	3,255.06	18 / 9	82
Total	98,601				89,549
Less Adjustment for collection rate					(3,761)
Council Tax Base					85,788

Note 58: Income from Business Rates

Under the arrangements for uniform business rates, the Council collects National Non-Domestic Rates (NNDR) or business rates for its area, based on local rateable values and multipliers set by Central Government. There are two multipliers:

- (i) the small business multiplier was 49.9p (49.9p in 2023/24); and
- (ii) the standard multiplier was 54.6p (51.2p in 2023/24).

The total amount, less reliefs and other reductions, is shared between the Department of Communities and Local Government, who receive 33% (2023/24 33%), and the London Borough of Newham and Greater London Authority, who retain 30% (2023/24 30%) and 37% (2023/24 37%) respectively.

The total business rateable value for Newham at 31 March 2025 was £467,624,936 (2023/24 £467,875,243).

Note 59: Going concern

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on the going concern basis.

In carrying out its assessment that this basis is appropriate, made for the going concern period to 31st March 2026, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

The key assumptions within this forecast included; the achievement of the £22m savings set out in the February 2024 budget setting report by 31/03/2025; that £16m of capital receipts can be utilised flexibly to meet revenue pressures during the year; that temporary accommodation pressures do not outstrip the budget estimates set, and that government grant and other funding sources will remain within the assumptions laid out within the medium term financial strategy. Furthermore, it is assumed that the Council will be able to continue to set a balanced budget for 2025/26 through a combination of new savings and transformation measures, asset sales and reserves. We have considered a downside scenario where around 15% of the agreed savings are either delayed or not delivered and the above projections would not be significantly affected with both minimum levels of reserves and liquidity remaining through the same period, albeit at a reduced level.

The Council has also made substantial investment in affordable housing and investment property through its subsidiary companies, Populo Limited and Future New Homes Limited, and is satisfied that both remain financially viable during the going concern period.

Our most recent year-end balances, as reported in these statements are as follows:

Date	General Fund	Earmarked reserves
31/03/25	£14m	£140m

Our expected General Fund Reserve has a predicted balance of £17m at 31/03/2026 which reflects the approved budget approach to build back this reserve over the medium term back up to appropriate levels as described in the February 2026 budget setting report. Furthermore, approximately £10m to £14m of the earmarked reserves could be re-directed to manage any unforeseen risk with minimal disruption to services should the need arise.

Our cash flow forecasting and assessment of the adequacy of our liquidity position demonstrates positive cash balances throughout the going concern period, and no expectation of external borrowing other than to support the capital programme which is consistent with our plans and normal practice.

On this basis, the Council have a reasonable expectation that it will have adequate resources to continue in operational existence throughout the going concern period maintaining the provision of its services. For this reason, alongside the statutory guidance, we continue to adopt the going concern basis in preparing these financial statements.

PENSION FUND ACCOUNTS AND NOTES

Pension Fund Accounts and Notes	Page Number
• Fund Account and Net Assets Statement	137
• PEN - 1: Description of the Fund	139
• PEN - 2: Basis of Preparation	141
• PEN - 3: Summary of Significant Accounting Policies	142
• PEN - 4: Critical Judgements in Applying Accounting Policies	146
• PEN - 5: Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty	147
• PEN - 6: Events after the Reporting Date	147
• PEN - 7: Contributions Receivable	148
• PEN - 8: Benefits Payable	149
• PEN - 9: Payments to and on Account of Leavers	149
• PEN - 10: Management Expenses	149
• PEN - 11: Investment Income	151
• PEN - 12: Investments Assets	152
• PEN - 12a: Reconciliation of Movements in Investments	153
• PEN - 12b: Investments Analysed by Fund Manager	155
• PEN - 12c: Stock Lending	156
• PEN - 13: Analysis of Derivatives	156
• PEN - 14a: Fair Value – Basis of Valuation	158
• PEN - 14b: Reconciliation of Fair Value Measurements within Level 3	161
• PEN - 15: Classification of Financial Instruments	161
• PEN - 15a: Net Gains and Losses on Financial Instruments	162
• PEN - 16: Nature and Extent of Risks Arising from Financial Instruments	163
• PEN - 17: Funding Arrangements	169
• PEN - 18: Actuarial Present Value of Promised Retirement Benefits	170
• PEN - 19: Current Assets	171
• PEN - 20: Additional Voluntary Contributions	171
• PEN - 21: Agency Services	171
• PEN - 22: Current Liabilities	171
• PEN - 23: Related Party Transactions	172
• PEN - 23a: Key Management Personnel	172
• PEN - 24: Contingent Liabilities and Contractual Commitments	172

Fund Account and Net Assets Statement

2023/24	Fund Account	2024/25	Note
£'000		£'000	
	Dealing with members, employers and others directly involved in the fund:		
70,866	Contributions	72,265	7
8,370	Transfers in from other pension funds	11,739	
79,236	Sub-Total	84,004	
(69,921)	Benefits	(79,254)	8
(9,091)	Payments to and on account of leavers	(15,639)	9
(79,012)	Sub-Total	(94,893)	
224	Net (additions)/withdrawals from dealing with members.	(10,889)	
(5,936)	Management expenses	(5,914)	10
(5,712)	Net additions/withdrawals including fund management expenses	(16,803)	
	Returns on investments:		
29,205	Investment Income	28,719	11
(54)	Taxes on income	(24)	
173,475	Profit and loss on disposal of investments and changes in the market value of investments	26,728	12a
202,626	Net return on investments	55,423	
196,914	Net decrease /(increase)in the net assets available for benefits during the year	38,620	
1,699,987	Opening net assets of the scheme	1,896,901	
1,896,901	Closing net assets of the scheme	1,935,521	

NET ASSETS STATEMENT

2022/23	Net Assets Statement	2023/24	Note
£'000		£'000	
1,832,356	Investment assets	1,790,380	12
(31,812)	Investment liabilities	(148)	
89,903	Cash deposits	145,140	
1,890,447	Total Investment Assets	1,935,372	12
7,763	Current Assets	13,522	19
(1,309)	Current Liabilities	(13,373)	22
6,454	Net current assets	149	
1,896,901	Net assets of the fund available to fund benefits at the period end	1,935,521	

Notes to the Pension Fund

The accompanying notes form an integral part of the financial statements.

PEN - 1: Description of the Fund

The London Borough of Newham Pension Fund ('the Fund') is part of the Local Government Pension Scheme (LGPS) and is administered by the London Borough of Newham (LBN). The Local Authority is the reporting entity for this Fund.

The following description of the Fund is a summary only, for more detail reference should be made to the Fund's Annual Report 2024/25.

General

The Fund is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme (LGPS) 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.

It is a contributory defined benefit pension scheme administered by the LBN to provide pensions and other benefits for pensionable employees of LBN and a range of other scheduled and admitted bodies within the borough. Teachers are not members as they are included within other national pension schemes.

Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join and remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Newham Pension Fund include:

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

Notes to the Pension Fund (continued)

PEN - 1: Description of the Fund (continued)

Newham Pension Fund	31-Mar-25	31-Mar-24
Number of employers with active members	85	49
Number of employees in scheme:		
London borough of Newham	6,293	6,166
Other employers	4,629	4,511
Total	10,922	10,677
Number of Deferred pensioners:		
Newham council	7,437	7,773
Other employers	1,347	786
Total	8,784	8,559
Number of pensioners:		
Newham council	10,316	10,227
Other employers	3,008	2,716
Total	13,324	12,943
Total number of members in pension scheme	33,030	32,179

Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with The LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2025. Employee contributions are matched by employers contributions which are set based on triennial actuarial funding valuations. The last full valuation of the Fund was at 31 March 2022, employer contribution rates range from 10% to 26.2% of pensionable pay, the average employer primary rate is 18.4%. The Councils current contribution rate is 18.2%. <https://www.newham.gov.uk/downloads/file/5992/newh-2022-valuation-report-v1>

A secondary contribution rate (previously known as deficit amount or past service adjustment) may also be charged. This rate is either paid as a monetary value or as an additional percentage of pensionable pay.

Benefits

For each year of LGPS membership built up prior to 1 April 2014, Fund members receive a pension based on the appropriate accrual rate of their final pay summarised as follows.

	Service pre 1 April 2008	Service post 1 April 2008
Pension	Each year worked is worth 1/80 x final pensionable salary.	Each year worked is worth 1/60 x final pensionable salary.
Lump sum	Automatic lump sum of 3x salary. 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 sums. 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 scheme 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 uprated annually in line with the Consumer Prices Index.

There are a range of other benefits provided including early retirement, disability pensions and death benefits. For more details, please refer to the Fund's scheme handbook available from <http://www.yourpension.org.uk/handr/Newham-Publications.aspx>.

PEN - 2: Basis of Preparation

The Statement of Accounts summarises the Fund’s transactions for the 2024/25 financial year and its year-end position as at 31 March 2025. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (“the code”) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector, and Guidance on Investment Valuations issued by the Pensions Research Accountants Group (PRAG)..

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. No such accounting standards have been identified for 2024/25 by the Fund.

The accounts report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year, nor do they take account of the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose (The Fund has adopted the latter, see Note 18).

Going Concern Statement

Management’s assessment of the entity’s ability to continue as a going concern:

The LGPS is a statutory defined benefit scheme and is effectively guaranteed by Government. It operates on a funded basis, which means that contributions from employees and employers are paid into a fund which is then invested, from which pension benefits are paid as they fall due.

The Fund reduces investment risk by diversifying its investments across a number of different types of global assets; these include shares; equities; property; government bonds and company bonds; infrastructure; and private debt. This diversification means that not all assets are affected by economic events.

The Committee reviewed its Environmental, Social and Governance Policy (ESG) in March 2024, strengthening the Funds commitment to invest responsibly and manage climate risk. The Committee has taken the view that well run companies perform better over the long term.

From time to time the Fund experiences economic downturns and a long-term view must be taken of investment returns. For this reason the actuary carries out a smoothing exercise when assessing the valuation of the Fund’s assets.

The concept of a going concern assumes that the Fund functions and services will continue in operational existence for the foreseeable future. LGPS Regulations remain in force with no expectation of any plans to wind up the Fund or the LGPS. The Fund continues to operate as usual.

In carrying out its assessment that this basis is appropriate, made for the going concern period to 31 March 2026.

What is the process management followed to make its assessment?

The one year investment returns for 2024/25 was 3.85%. Asset values have increased by £60m over the year to 31 March 2025, however from time to time the Fund experiences economic downturns and a long-term view must be taken of investment returns. There is sufficient flexibility in the investment strategy to be able to respond to short term market fluctuations. The Fund is comparatively low risk with smaller proportion of its assets held in volatile equities.

%	1yr	3yr	5yr
Fund	3.85	5.02	7.76

Source: Northern Trust report on Fund performance

The Fund holds cash deposits with the Custodian of £145m at the Balance Sheet date, equivalent to 7% of the Fund Assets. In addition, the Fund holds £1.6b in Level 1 and Level 2 investment assets which could be realised within 3 months if required. Based upon review of its operational cash flow projections the Fund is satisfied it has sufficient cash to meet its obligations to pay pensions, for at least 12 months from the date of authorisation of these accounts, without the need to sell any of these investments.

In line with statutory requirements the Fund undertakes a valuation every three years to determine the ratio of the Funds’ assets to its liabilities. This funding position is a summary statistic often quoted to give an indication of the health of the Fund. The Fund’s triennial valuation at 31 March 2022 reported that the Fund had sufficient assets to cover 100% of the accrued liabilities as it is fully funded.

The purpose of the valuation is to review the current funding strategy and ensure the Fund has a contribution plan and investment strategy in place that will enable it to pay members’ benefits as they fall due.

PEN - 2: Basis of Preparation (continued)

Actuarial revaluations are used to set future contribution rates and underpin the Fund's most significant investment management policies, for example in terms of the balance struck between longer term investment growth and short term yield/return. Any deficits are financed through increased contributions agreed with the actuary and are financed by Council, admitted and scheduled bodies contributions.

The Fund's Investment Strategy Statement (ISS) sets out its strategic asset allocation in order to deliver the investment returns which the Fund requires to achieve full funding over the longer term. The ISS is continually developed and updated at each quarterly Committee. The Committee last reviewed the investment strategy in March 2025.

The employer covenant is reviewed periodically with the Fund's actuary. The aim is to provide early warning of any employer at risk of defaulting on their liabilities and to ensure adequate bonds or guarantees are in place to mitigate that risk and at March 2022 the employer risk review revealed no material risk to the Fund.

The Fund also monitors the timeliness and value of contributions, this will help us to intervene early if we suspect that an employer is struggling to meet their pension obligations.

The Fund's Investment Advisor reports quarterly to the Committee at which fund manager performance is reviewed and discussed to ensure that the investment strategy remains on track.

What are the assumptions on which the assessment is based including whether the key assumptions underlying the budgets and/or forecasts appear appropriate in the circumstances?

Details on the assumptions used in the valuation are contained within the actuary's 2022-25 triennial valuation report which are reflected in the Funding Strategy Statement 2022. The next triennial valuation is currently in process and will be effective from 2025-27.

The Fund monitors budgets and cash flow on a monthly basis and the Committee review these on a quarterly basis. Cash flow will include predictable payments, such as the monthly pension payroll, or more unpredictable payments such as transfer out payments, retirement lump sums or death benefits. The Fund is maturing which means that the cash flow position of the Fund is negative, contributions from employers and employees are not sufficient to meet the payments of benefits due without needing to utilise investment income, or liquidate investment assets. However, this has been forecast for a number of years and the Committee took steps to invest in income yielding assets, currently some assets classes are non-distributing as there is sufficient cash balances to maintain this approach, the Committee will review this approach as the need arises.

In establishing an acceptable working cash balance, we wish to determine a sum that is sufficient to cover predictable benefit payments, taking account of expected cash flow, whilst also providing a buffer to meet unpredictable payments together with any deterioration in cash inflow.

PEN - 3: Summary of Significant Accounting Policies

Fund Account – revenue recognition

a. *Contribution income*

Normal contributions are accounted for on an accruals basis as follows;

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes which rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the Fund actuary for the period to which they relate.

Employer deficit funding contributions are accounted for on the basis advised by the Fund actuary in the rates and adjustment certificate issued to the relevant employing body. Additional employers' contribution in respect of ill-health and early retirements are accounted for in the year the event arose. Any amount due in the year but unpaid will be classed as a current financial assets.

b. *Transfers to and from other schemes*

Transfers in and out relate to members who have either joined or left the Fund.

Individual transfers in/out are accounted for when received or paid. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (Note 20) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers in.

PEN - 3: Summary of Significant Accounting Policies (continued)**c. Investment income****i) Interest income**

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

ii) Dividend income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

iii) Distributions from pooled funds

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 Asset Statement (NAS) as a current financial asset.

iv) Movement in the net market value of investments

Changes in the value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund Account – expense items**d. Benefits payable**

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the NAS as current liabilities, providing that payment has been approved.

e. Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

f. Management expenses

The Fund discloses its management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016), all items of expenditure are charged to the Fund on an accruals basis as follows:

Administrative expenses

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

Oversight and governance costs

All staff costs associated with oversight and governance are recharged to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

Investment management expenses

Investment management expenses are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are netted off quarterly valuations by investment managers, these expenses are shown separately in Note 10a and grossed up to increase the change in value of investments.

PEN - 3: Summary of Significant Accounting Policies (continued)*Investment management expenses (continued)*

Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the Market value of the investments under their management and therefore increase or decrease as the value of these investments change.

Lifetime Allowances

Members are entitled to request the Fund pays their tax liabilities due in respect of annual allowance and lifetime allowance in exchange for a reduced pension.

Net Assets Statement**g) *Financial assets***

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

The values of investments as shown in the NAS have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 14). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

h) *Foreign currency transactions*

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market 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.

i) *Derivatives*

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

Derivative contract assets are fair value at bid prices and liabilities are fair value at offer prices. Changes in the fair value of derivative contracts are included in the change of market value.

The future value of forward currency contracts is based on market forward exchange rates at the year end date and determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract.

j) *Cash and cash equivalents*

Cash comprises cash in hand in terms of temporary deposits, amounts held by the Fund's external managers and invested in money market funds. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

k) *Financial liabilities*

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

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

PEN - 3: Summary of Significant Accounting Policies (continued)

l) *Actuarial present value of promised retirement benefits*

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

m) *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 Fund. AVCs are not included in the accounts in accordance with section 4(1) (b) of The LGPS (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (Note 20). The AVC provider is Clerical Medical and contributions are also collected for life assurance policies provided by Utmost Life and Pensions.

n) *Contingent assets and contingent liabilities*

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of future events.

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the NAS but are disclosed by way of narrative in the notes.

n) *Accounting Policies*

There have been no changes to accounting policies.

PEN - 4: Critical Judgements in Applying Accounting Policies

Pension Fund Liability

The liability is re-calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines.

This estimate is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary and have been summarised (see Note 18).

Actuarial revaluations are used to set future contribution rates and underpin the Fund’s most significant investment management policies, for example in terms of the balance struck between longer term investment growth and short-term yield/return.

PEN - 5: Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported. Estimates and assumptions are made taking into account historical experience, current trends and future expectations. The items in the NAS for which there is a significant risk of material adjustment in the following year are as follows.

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 18)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and returns on fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.	The effects on the present value of total pension obligation in individual assumptions can be measured. For instance: <ul style="list-style-type: none">• a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £24m• a 0.1% increase in assumed earnings inflation would increase the value of liabilities by approximately £2m, and• a one year increase in assumed life expectancy would increase the liability by approximately £62m.
Level 3 Investments (Note 14)	Private equity investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines 2012. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	Level 3 investments total £366m, which represents 19% of the total Fund value of £1,935m.

PEN - 6: Events after the Reporting Date

The Present Value of Promised Retirement Benefits (Note 18) includes an allowance for the "McCloud ruling", i.e. an estimate of the potential increase in past service benefits arising from this case affecting public service pension schemes. This estimate was allowed for in the 31 March 2025 IAS26 reporting and is continued to be allowed for within the liabilities this year. There will be changes made to scheme regulations that will remove age discrimination from the LGPS in due course.

The Fund has valued its assets based on the 31 March 2025 position as reported by its investment managers. However, there is uncertainty over asset valuations, in particular for real and private market assets. The Fund believes that these valuations are the most reliable, as there are not alternative reliable estimates given the absence of trading in these asset classes.

PEN - 7: Contributions Receivable

2023/24	Category	2024/25
£'000		£'000
17,739	Employees	18,432
	Employers:	
51,171	Normal contributions	52,622
25	Deficit recovery contributions	3
1,931	Augmentation contributions	1,208
53,127	Total employer contributions	53,833
70,866	Total employer contributions	72,265

2023/24	Type of employer	2024/25
£'000		£'000
50,109	Administering authority	50,727
5,028	Scheduled bodies	4,967
15,729	Admitted bodies	16,572
70,866	Total	72,266

PEN - 8: Benefits Payable

2023/24	Category	2024/25
£'000		£'000
(57,999)	Pensions	(63,471)
(10,346)	Commutation and lump sum retirement benefits	(13,641)
(1,576)	Lump sum death benefits	(2,143)
(69,921)	Total	(79,255)

2023/24	Authority	2024/25
£'000		£'000
(63,380)	Administering authority	(69,073)
(2,552)	Admitted bodies	(2,835)
(3,989)	Scheduled bodies	(5,933)
-		
(69,921)	Total	(77,841)

PEN - 9: Payments to and on Account of Leavers

2023/24		2024/25
£'000		£'000
(175)	Refund to members leaving service	(161)
(8,916)	Individual transfers	(15,478)
(9,091)	Total	(15,639)

PEN - 10: Management Expenses

2023/24	Category	2024/25
£'000		£'000
(1,286)	Administrative costs	(1,721)
(3,947)	Investment management expenses	(3,686)
(703)	Oversight and governance costs	(507)
(5,936)	Total	(5,914)

PEN - 10a: Investment Management Expenses

2024/25	Total	Management fees	Transaction costs
	£'000	£'000	£'000
Asset pool	(140)	(140)	-
Equity	(74)	(74)	-
Fixed income	(4)	(2)	(2)
Pooled equity	(824)	(267)	(557)
Pooled fixed income	-	-	-
Pooled property Investments	(784)	(784)	-
Private debt	(194)	(194)	-
Private equity	(681)	(681)	
Real assets	(558)	(558)	
Subtotal	(3,259)	(2,700)	(559)
Custody Costs	(69)		
Total	(3,328)		

2023/24	Total	Management fees	Transaction costs
	£'000	£'000	£'000
Asset pool	(139)	(139)	-
Equity	(204)	(204)	-
Fixed income	(2)	(1)	(1)
Pooled equity	(527)	(129)	(398)
Pooled fixed income	(390)	(390)	-
Pooled property Investments	(967)	(967)	-
Private debt	(234)	(234)	-
Private equity	(634)	(634)	
Real assets	(766)	(766)	
Subtotal	(3,863)	(3,464)	(399)
Custody Costs	(83)		
Total	(3,946)		

PEN - 10b External Audit Costs

2023/24		2024/25
£'000		£'000
(79)	Current audit fee	(111)
-	Additional Fees for PY audit	-
(79)	Total	(111)

PEN - 11: Investment Income

2023/24		2024/25
£'000		£'000
3	Fixed interest securities	-
398	Equities	(2)
57	Pooled equities	1,559
3,581	Pooled property	6,351
4,435	Pooled fixed income	2,136
14,203	Private debt	12,180
1,454	Private equity	912
741	Real assets	-
-	Diversified Alternatives	2,442
4,333	Interest on cash deposits	3,140
29,205	Total	28,718

PEN - 12: Investments Assets

2023/24	Analysis of Investments	2024/25
£'000		£'000
	Pooled funds	
46,197	Fixed income unit trust	48,778
1,196,041	Equity unit trust	1,183,728
472	Managed alternatives	210
1,242,710	Subtotal	1,232,716
	Other investments	
89,801	Private equity	86,682
95,700	Real assets	110,324
109,243	Private debt	87,259
77,976	Social Housing	81,617
191,151	Pooled property investments	190,711
563,871		556,593
	Diversified Alternatives	
150	Shares in London CIV	150
	Other investment assets:	
424	Investment income due	411
69	Derivative assets	512
25,110	Other Investment assets	-
25,603		923
89,903	Cash Deposits	145,140
	Investment liabilities:	
(25,812)	Derivative liabilities	(148)
(6,000)	Amounts payable for purchases	-
(31,812)		(148)
1,890,425	Total Investment assets	1,935,374

PEN - 12a: Reconciliation of Movements in Investments

Movement in Earmarked reserves	Market value 01-April-2024	Purchases during the year	Transfers In	Sales during the year	Transfers Out	Change in cash	Change in market value	Market value 31- March-2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Equities (active)	-	-	-	(171)	-	-	171	-
Pooled funds	1,242,710	153,523	-	(187,317)	-	-	23,800	1,232,716
Pooled property investments	191,151	84,528	-	(69,636)	-	-	(15,331)	190,712
Other investments	372,742	17,020	-	(33,326)	-	-	9,445	365,881
Diversified alternatives	-	-	-	-	-	-	-	-
Shareholding in London CIV	150	-	-	-	-	-	-	150
	1,806,753	255,071	-	(290,450)	-	-	18,085	1,789,459
Derivative contracts:								
Purchased/written options	(24,276)	20,876	-	-	-	-	3,400	-
Forward currency contracts	(1,467)	9,895		(14,074)			6,010	364
	1,781,010	285,842	-	(304,524)	-	-	27,495	1,789,823
Other Investment balances	25,110							-
Cash deposits	89,903						(648)	145,140
Investment income due								411
Amount receivable for sales of investments	424							-
Amounts payable for purchases of investments	(6,000)							-
Spot FX Contracts							(117)	-
	1,890,447	-	-	-	-	-	26,730	1,935,374

PEN - 12a: Reconciliation of Movements in Investments (continued)

Movement in Earmarked reserves	Market value 01-April-2023	Purchases during the year	Transfers In	Sales during the year	Transfers Out	Change in cash	Change in market value	Market value 01- April-2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Equities (active)	-	-	-	(6)	-	-	6	-
Pooled funds	1,063,441	74,299	-	(84,344)	-	-	189,314	1,242,710
Pooled property investments	186,343	15,483	-	(12,862)	-	-	2,187	191,151
Other investments	363,747	28,570	-	(22,585)	-	-	3,010	372,742
Diversified alternatives	543	-	-	(18)	-	-	(525)	-
Shareholding in London CIV	150	-	-	-	-	-	-	150
	1,614,224	118,352	-	(119,815)	-	-	193,992	1,806,753
Derivative contracts:								
Purchased/written options	(95)	11,060	-	(11,060)	-	-	(24,181)	(24,276)
Forward currency contracts	2,092	3,117		(10,803)			4,127	(1,467)
	1,616,221	132,529	-	(141,678)	-	-	173,938	1,781,010
Other Investment balances	-							25,110
Cash deposits	61,317						(243)	89,903
Investment income due	313							424
Amount receivable for sales of investments	(516)							-
Amounts payable for purchases of investments	-							(6,000)
Spot FX Contracts							(220)	-
	61,114	-	-	-	-	-	(463)	1,890,447

PEN - 12b: Investments Analysed by Fund Manager

	Market Value 31-March-2024 £'000	% of Fund	Market Value 31-March-2025 £'000	% of Fund
Investments managed by the London CIV asset pool				
LCIV Shareholding	150	-	150	-
LCIV Global Bond Fund (PIMCO)	45,807	2.45	48,364	2.50
LCIV Global Equity Focus Fund (Longview)	185,774	9.94	155,485	8.03
LCIV Global Equity Value Fund (Wellington)	-	-	145,037	7.49
Investments aligned with London CIV asset pool				
Legal and General Investment Management (LGIM)	1,010,178	54.00	883,158	45.64
	1,241,909		1,232,194	
Investments managed outside of the London CIV asset pool				
Arcmont	50,072	2.61	52,647	2.72
Brightwood	46,245	2.40	47,824	2.47
Brockton	11,945	0.64	12,889	0.64
CBRE	166,790	8.92	179,228	9.93
Cheyne	79,828	4.17	81,595	4.22
Fiera Capital	90,739	4.16	92,766	4.79
HarbourVest	90,603	4.76	91,984	4.75
KGAL Capital	19,234	1.02	19,833	1.02
Northern Trust cash deposits	20,692	1.11	39,937	2.06
Payden & Rygel	390	0.02	414	0.02
Permira	38,664	2.00	40,522	2.09
Schroders (formerly River & Mercantile)	33,337	1.78	43,540	2.25
	648,539		703,179	
Total investment assets	1,890,448	100	1,935,373	101

The following investments represent over 5% of the net assets of the fund.

	Market Value 31-March-2024 £'000	% of Fund	Market Value 31-March-2025 £'000	% of Fund
LGIM – Paris Aligned	781,677	41.81	654,654	33.83
LCIV Global Equity Focus Fund	199,713	1,068.00	155,485	8.00
LCIV Global Bond Fund	45,807	2.45	-	-
LGIM - <15YR Index-linked gilts	185,774	9.94	197,764	10.20
LCIV Global Equity Value Fund	-	-	145,012	7.50
CBRE Global Alpha Fund	92,502	4.95	192,117	9.90

PEN - 12c: Stock Lending

The Fund does not carry out stock lending directly, and is an investor of a pooled fund with the passive equity manager, LGIM, who carry out stock lending as part of the Fund’s activities. Stock Lending occurs in limited number of overseas equities index funds.

The Stock Lending programme is managed and administered by the custodian of the Funds (Citibank) within the risk control parameters set by LGIM. The programme has been operating for over 10 years and enjoys an indemnity from Citibank. Stock lending is only undertaken with counterparties who have satisfied the requirements in terms of market capability and minimum credit standing.

All income arising from stock lending less the custodian/administrator's costs are credited to the Funds lending the stocks. LGIM does not receive any revenue from the stock lending. As at 31 March 2025, the value of quoted equities on loan was £47m (2024/25: £26m). These equities continue to be recognised in the Fund's financial statements.

PEN - 13: Analysis of Derivatives

Objectives and policies for holding derivatives

Most of the holding in derivatives is to hedge liabilities or hedge exposures to reduce risk in the Fund. Derivatives may be used to gain exposure to an asset more efficiently than holding the underlying asset. The use of derivatives is managed in line with the investment management agreement agreed between the Fund and the various investment managers.

The Fund currently has exposure to forward currency contracts and the purpose of this is to reduce the Fund’s exposure to fluctuations in exchange rates. The Fund managers who use forward currency contracts is Schroders, formerly River and Mercantile. A breakdown of forward contracts held by the Fund as at 31 March 2025 is given below:

Open forward currency contracts

Settlements	Currency bought	Local Value	Currency sold	Local Value	Asset value	Liability value
		£'000	(+/-)	£'000	£'000	£'000
one to six months	GBP	81,755	USD	(96,639)	512	-
one to six months	GBP	136,838	EUR	(176,802)	-	(148)
Open forward currency contracts at 31 March 2025					512	(148)
Net forward currency contracts at 31 March 2025						364
Prior Year comparative						
Open forward currency contracts at 31 March 2024					65	(1,532)
Net forward currency contracts at 31 March 2024						(1,467)

Purchased/written options

As part of its risk management strategy, the Fund purchases equity option contracts that protect it from falls in value in its main investment markets.

PEN - 13: Analysis of Derivatives (continued)

Purchased/written options

As part of its risk management strategy, the Fund purchases equity option contracts that protect it from falls in value in its main investment markets.

Investment underlying option contract	Expires	Put/Call	Notional Holdings	Market Value 31-March-2024	Notional Holdings	Market Value 31-March-2025
		£'000	(+/-)	£'000	£'000	£'000
Assets						
Overseas equity Purchased	one to three months	Put	71	4	-	-
				4		
Assets						
Overseas equity written	one to three months	Put	(88)	-	-	-
Overseas equity written	one to three months	Call	(71)	(24,279)		
				(24,279)	-	-
Net purchased/written options				(24,275)	-	-

PEN - 14a: Fair Value – Basis of Valuation

Description of asset	Valuation hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price on the final day of the accounting period	Not Required	Not required
Quoted bonds	Level 1	Market value based on current yields	Not Required	Not required
Exchange traded pooled investments	Level 1	Closing bid value on published exchanges	Not Required	Not required
Overseas bond options	Level 2	Fixed income securities are priced based on evaluated prices provided by independent pricing services.	Evaluated price feeds	Not required
Pooled investments - unit trusts	Level 2	Closing bid price where bid and offer are published	NAV-based pricing set on a forward pricing basis	Not required
Structured equity	Level 2	Estimated valuation reported by counterparty	Market information such as interest rates, equity values, implied volatility, implied dividends	Reported values are estimates and do not represent trading value to enter into or close a position.
Pooled investments -property funds	Level 3	Closing bid price where bid and offer are published	NAV-based pricing set on a forward pricing basis	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts.
Pooled investments -hedge funds	Level 3	Closing bid price where bid and offer are published	NAV-based pricing set on a forward pricing basis	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts.
Private (Unquoted) equity / debt and real assets	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2012)	<ul style="list-style-type: none"> · Earnings before interest, tax, depreciation and amortisation multiple · Revenue multiple · Discount for lack of marketability · Control premium 	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts.

Notes to the Pension Fund (continued)

PEN - 14a: Fair Value Hierarchy (continued)

Values at 31-March-2025	Quoted market price Level 1	Using observable inputs Level 2	With significant observable Level 3	Total
	£'000	£'000	£'000	£'000
Financial assets at fair value through profit and loss				
Pooled investments	145,012	1,087,493	210	1,232,715
Pooled property investments	-	203,636	-	203,636
Private equity	-	-	373,615	373,615
Derivative assets	-	512		512
Cash deposits	145,140			145,140
Other investment assets	-			-
Investment income due	411			411
London collective investment vehicle	150			150
Total	290,713	1,291,641	373,825	1,956,179
Financial liabilities at fair value through profit and loss				-
Payable for investment purchases		-		0
Derivative liabilities		(148)		(148)
Total	290,713	1,291,493	373,825	1,956,031

Values at 31-March-2024	Quoted market price Level 1	Using observable inputs Level 2	With significant observable Level 3	Total
	£'000	£'000	£'000	£'000
Financial assets at fair value through profit and loss				
Pooled investments	-	1,242,238	472	1,242,710
Pooled property investments	13,217	123,378	54,556	191,151
Private equity	-		372,742	372,742
Derivative assets	-	69		69
Cash deposits	89,903			89,903
Other investment assets	150			150
Investment income due	25,534			25,534
				-
Total	128,804	1,365,685	427,770	1,922,259
Financial liabilities at fair value through profit and loss				-
Payable for investment purchases		(6,000)	-	6,000
Derivative liabilities		(25,812)	-	(25,812)
Total	128,804	1,333,873	427,770	1,890,447

PEN - 14a: Fair Value – Basis of Valuation

Sensitivity of assets valued at level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2025.

The figures set out below are independent investment advisors assessment of the 1 year volatility for the asset classes held.

	Valuation range	Value at 31-March-2025	Value on increase	Value on decrease
	(+/-)	£'000	£'000	£'000
Private debt*	10.0%	87,259	95,984	78,533
Private equity	25.0%	-	-	-
Real assets**	10.0%	-	-	-
Social Housing	10.0%	81,617	89,778	73,455
		168,876	185,762	151,988
Overseas Hedge Funds	10.0%	210	231	189
Property funds	10.0%	197,005	216,706	177,305
Total		366,091	402,699	329,482

*Private debt is combined totals of the following managers; Arcmont, Brightwood & Permira

**Real assets is combined totals of the following managers; Fiera & KGAL

PEN - 14a: Fair Value Hierarchy

Assets and liabilities have been classified three levels, according to the quality and reliability of information used to determine fair values.

Level 1

where the fair values are derived from adjusted quoted prices in active markets for identical assets or liabilities. Comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts

Level 2

Assets and liabilities at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value.

Level 3

Assets and liabilities at level 3 are those where at least one input that could have a significant effect on the instrument’s valuation is not based on observable market data.

The following table provides an analysis of the financial assets and liabilities of the Fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

PEN - 14b: Reconciliation of Fair Value Measurements within Level 3

	Market value 01-April-2024	Transfer into level 3	Transfer out of level 3	Purchases	Sales	Unrealised gain (loss)	Realised gain (loss)	Market value 31- March-2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Pooled investments-hedge funds	-	-	-	-	-	-	-	-
Private equity (Overseas property funds)	7,494	(2,431)	-	-	-	(5,063)	-	-
Property funds(Overseas venture capital)	177,767	-	-	72,780	(69,730)	20,060	(3,871)	197,006
Private debt (Private Debt)	109,243			6,071	(25,427)	(3,576)	947	87,258
Real assets(UK Property funds)	34,137	(39,817)				5,856	(176)	-
Social Housing(UK venture capital)	77,998					3,619		81,617
Overseas Hedge Fund(Overseas Hedge funds)	472				(237)	(75)	49	209
	407,111	(42,248)	-	78,851	(95,394)	20,821	(3,051)	366,090

Unrealised and realised gains and losses are recognised in the profit and losses on disposal and changes in the market value of investments line of the Fund of account.

PEN - 15: Classification of Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and NAS heading.

PEN - 15: Classification of Financial Instruments (continued)

	Values at 31-March-2025				Values at 31-March-2024			
	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost	Total	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets								
Equities	1,232,716			1,232,716	-			-
Pooled funds	190,711			190,711	1,242,710			1,242,710
Pooled property Investments	365,881			365,881	178,226			178,226
Private equity/debt & real assets		150		150	384,872			384,872
London collective investment vehicle	145,140			145,140	150			150
Cash and cash equivalents	512			512	89,903	150		90,053
Derivatives	411			411	69			69
Other investment balances	-			-	25,534			25,534
Sundry Debtors and Prepayments		(4,646)		(4,646)	-	2,062		2,062
Financial assets total	1,935,371	(4,496)	-	1,930,875	1,921,464	2,212	-	1,923,676
Financial liabilities								
Derivatives			(148)	(148)	(25,812)			
Sundry creditors							(201)	(201)
Spot currency contracts	-		-	-	(6,000)	-		(6,000)
Financial liabilities total	-	-	(148)	(148)	(31,812)	-	-	(6,201)
Total	1,935,371	(4,496)	(148)	1,930,727	1,889,652	2,212	-	1,917,475

All realised gains and losses arise from the sale or disposal of financial assets which have been derecognised in the financial statements.
The Fund has not entered into any financial guarantees that are required to be accounted for as financial instruments.

PEN - 15a: Net Gains and Losses on Financial Instruments

2023/24	Investments	2024/25
£'000		£'000
	Financial Assets:	
193,505	Fair Value through profit and loss	38,742
244	Other investment balances	-
	Financial Liabilities:	
(20,054)	Measured at amortised cost	9,410
(220)	Other investment balances	(765)
173,475	Total	47,387

All realised gains and losses arise from the sale or disposal of financial assets which have been derecognised in the financial statements.
The Fund has not entered into any financial guarantees that are required to be accounted for as financial instruments.

PEN - 16: Nature and Extent of Risks Arising from Financial Instruments

Risk and Risk Management

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

Responsibility for the Fund's risk management strategy rests with the Committee. Risk management policies are established to identify and analyse the risks faced by the Fund's operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

a) Market risk

Market risk is the risk of loss emanating from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, while optimising investment return.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis, and manage any identified risk in two ways:

1. The exposure of the Fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels
2. specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. The Fund's structured equity is a hedge that provides some level of mitigation to market volatility.

b) other price risk

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

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short are unlimited.

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

PEN - 16: Nature and Extent of Risks Arising from Financial Instruments (continued)

Other price risk – sensitivity analysis

In consultation with its investment advisors, the Fund has determined that the following movements in market price risk are reasonably possible for 2024/25, assuming that all other variables, in particular foreign exchange rates and interest rates, remain the same:

Asset Type	Values at 31- March-2025	Movement	Value on increase	Value on decrease
	£'000	%	£'000	£'000
Pooled investments	1,232,716	10	1,355,987	1,109,444
Pooled Property Investments	203,636	10	224,000	183,272
Private Equity	373,615	25	467,019	280,211
Derivative Assets	512	10	563	461
Cash deposits	145,140	5	152,397	137,883
Other investment assets	-	-	-	-
Investment income due	411	-	411	411
London CIV	150	15	173	128
Investment liabilities	(148)	-	(148)	(148)
Total	1,956,032		2,200,402	1,711,662

Asset Type	Values at 31- March-2025	Movement	Value on increase	Value on decrease
	£'000	%	£'000	£'000
Pooled investments	1,242,710	10	1,366,981	1,118,439
Pooled Property Investments	191,151	10	210,266	172,036
Private Equity	372,742	25	456,298	279,557
Derivative Assets	69	10	76	62
Cash deposits	89,903	5	94,398	85,408
Other investment assets	25,110	-	25,110	25,110
Investment income due	424	-	424	424
London CIV	150	15	173	128
Investment liabilities	(31,812)	-	(31,812)	(31,812)
Total	1,890,447		2,121,914	1,649,352

PEN - 16: Nature and Extent of Risks Arising from Financial Instruments (continued)

Interest rate risk

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

The Fund's direct exposure to interest rate movements as at 31 March 2025 and 31 March 2024 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

PEN - 16: Nature and Extent of Risks Arising from Financial Instruments (continued)

Interest rate risk – sensitivity analysis

The Fund recognises that interest rates can vary and affect both income to the Fund and the carrying value of Fund assets, both of which affect the value of the net assets available to pay benefits. A 100 basis point (BPS) movement in interest rates is consistent with the level of sensitivity applied as part of the Fund’s risk management strategy. The Fund’s investment advisor has advised that there is a low probability that long-term average rates are expected to move less move by more than 100 basis points (1%) from one year to the next.

Assets exposed to interest rate risk	Values at 31- March-2025		Value on increase	Value on decrease
	£'000	%	£'000	£'000
Cash and Cash equivalents	145,140	1	146,591	143,688
Cash balances	150	1	152	149
Total	145,290		146,743	143,837

Assets exposed to interest rate risk	Values at 31- March-2024		Value on increase	Value on decrease
	£'000	%	£'000	£'000
Cash and Cash equivalents	89,903	1	90,802	89,004
Cash balances	150	1	152	149
Total	90,053		90,954	89,153

Interest Receivable	Values at 31- March-2025		Value on increase	Value on decrease
	£'000	%	£'000	£'000
Cash and Cash equivalents	41,558	1	41,973	41,142
	-	1	-	-
Total	41,558		41,973	41,142

Interest Receivable	Values at 31- March-2024		Value on increase	Value on decrease
	£'000	%	£'000	£'000
Cash and Cash equivalents	4,333	1	4,376	4,290
	-	1	-	-
Total	4,333		4,376	4,290

This analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances.

PEN - 16: Nature and Extent of Risks Arising from Financial Instruments (continued)

Currency risk

Currency risk represents the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on any cash balances and investment assets not denominated in UK sterling. Following analysis of historical data in consultation with the Fund investment advisors, the Fund considers the likely volatility associated with foreign exchange rate movements to be not more than 10%. A 10% strengthening/weakening of the pound against the various currencies in which the Fund holds investments would decrease/increase the net assets available to pay benefits as follows.

Assets exposed to currency risk	Values at 31- March-2025	Movement	Value on increase	Value on decrease
	£'000	%	£'000	£'000
Overseas fixed interest unit trusts	414	10	455	373
Overseas pooled property investments	101,564	10	111,720	91,408
Overseas venture capital	197,005	10	216,706	177,408
Overseas Equity Funds	300,570	10	330,627	270,513
Overseas Hedge Fund	210	10	231	189
Total	599,763		659,739	539,891

Assets exposed to currency risk	Values at 31- March-2024	Movement	Value on increase	Value on decrease
	£'000	%	£'000	£'000
Overseas fixed interest unit trusts	390	10	429	351
Overseas pooled property investments	99,997	10	109,997	89,997
Overseas venture capital	177,767	10	195,544	159,990
Overseas Equity Funds	185,864	10	204,450	167,278
Overseas Hedge Fund	472	10	519	425
Total	464,490		510,939	418,041

PEN - 16: Nature and Extent of Risks Arising from Financial Instruments (continued)

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 has also set limits as to the maximum sum placed on deposit with individual financial institutions. In addition, the Fund invests an agreed percentage of its Funds in the money markets to provide diversification. Money market funds chosen all have AAA rating from a leading ratings agency, as shown below.

Assets exposed to interest rate risk	Rating	31-March-2024	31-March-2025
		£'000	£'000
Money Market Funds:			
Northern Trust custody cash accounts	AAA	89,903	145,140
Other investment balances			411
Bank Deposits and Current Account:			
Lloyds	A+	150	2
Total		90,053	145,553

The Fund has experienced no defaults from fund managers, brokers or bank accounts over many years.

Credit risk may also occur if an employing body not supported by central government does not pay contributions promptly, or defaults on its obligations. The Fund has not experienced any actual defaults in recent years and the current practice is to obtain a guarantee before admitting new employers so that all pension obligations are covered in the event of that employer facing financial difficulties. All contributions due at 31 March 2025 and 31 March 2024 (£6.0m and £5.6m respectively) were received in the first two months of the respective financial year.

Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's cash holding under its treasury management arrangements at 31 March 2025 was £42m (31 March 2024: £23m).

Cash not needed to settle immediate financial obligations is invested by the Fund in accordance with LBN's Treasury Investment Strategy (TIS). The TIS sets out the criteria for investing and selecting investment counterparties and details the approach to managing risk.

The Fund also has access to an overdraft facility for short-term cash needs (up to seven days). This facility is only used to meet timing differences on pension payments. As at 31 March 2025 the balance on this facility stood at £0 (31 March 2024: £0). The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert into cash. As at 31 March 2025 the value of liquid assets represented 81% of the total Fund value (31 March 2024: 78% of the total Fund assets).

Refinancing risk

The key risk is that the Authority will be bound to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. The Fund does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategy.

PEN - 17: Funding Arrangements

In line with the Local Government Pension Scheme Regulations 2013, the Fund’s actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022 and the next valuation is due to take place as at 31 March 2025.

The key elements of the funding policy are:

- to ensure the long-term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment
- to ensure that employer contribution rates are as stable as possible
- to minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return
- to reflect the different characteristics of employing bodies in determining contribution rates where it reasonable to do so
- to use reasonable measures to reduce the risk to other employers and ultimately to the authority tax payer from an employer defaulting on its pension obligations.

At the 2022 actuarial valuation, the Fund was assessed as 100% funded (96% at the March 2019 valuation). This corresponded to a surplus of £4m (2019 valuation: £58m deficit) at that time. When an employer’s funding level is less than 10% of the 100% funding target, then a deficit recovery plan will be put in place requiring addition employer contributions. Individual employers’ rates will vary depending on the demographic and actuarial factors particular to each employer.

In addition to the primary contribution rate, most employers also pay a secondary contribution rate depending on the demographic and actuarial factors particular to each employer. Full details of the contribution rates payable can be found in the 2022 Actuarial Valuation Report and the Funding Strategy Statement on the Fund’s website: www.newham.gov.uk/council/pension-fund

The valuation of the Fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. The principal assumptions were as follows.

Financial assumptions as noted in the triennial valuation

Assumed returns at	31-Mar-2025	31-Mar-2022	31-Mar-2019
	%	%	%
Discount rate	4.7	4.7	5.0
CPI Inflation	2.9	2.9	2.6
Pension increases	2.9	2.9	2.6
Salary increases	3.9	3.9	3.6

Notes to the Pension Fund (continued)

PEN - 17: Funding Arrangements (continued)

Mortality assumptions as noted in the triennial valuation

Future life expectancy based on the actuary's fund-specific mortality review was as follows.

Assumed returns at	31-Mar-2025	31-Mar-2022	31-Mar-2019
	Years	Years	Years
Males retiring today	19.51	19.51	21.2
Females retiring today	22.88	22.88	23.8
Males retiring in 20 years	20.87	20.87	22.7
Females retiring in 20 years	24.43	24.43	25.4

Commutation assumptions

An allowance is included for future retirements to elect to take 50% of the maximum additional tax free cash up to HMRC limits for pre- April 2008 service and 75% of the maximum tax-free cash for post April 2008 service.

50:50 option

Less than 1% of active members (evenly distributed across age, service length and salary range) have taken up the 50:50 option.

PEN - 18: Actuarial Present Value of Promised Retirement Benefits

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the Fund liabilities, on an IAS 19 basis, every year using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting Fund contribution rates and the Fund accounts do not take account of liabilities to pay pensions and other benefits in the future. In order to assess the value of the benefits on this basis, the actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Note 17). The actuary has also used valued ill-health and death benefits in line with IAS 19.

Assumptions used	2024/25 £'000	2023/24 £'000
Present value of promised retirement benefits	1,701	(1,910)
Fair value of scheme assets (bid value)	1,935	1,870
Net Liabilities	(234)	(40)

An allowance for the potential impact of the McCloud & Sargeant judgement is included in the present value of promised retirement benefits.

As noted above, the liabilities above are calculated on an IAS 19 basis and therefore will differ from the results of the 2022 triennial funding valuation (see Note 17) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

PEN - 19: Current Assets

31-March-2024	Investments	31-March-2025
£'000		£'000
1,383	Contributions due – employees	1,569
4,168	Contributions due – employers	4,394
342	Receivables	353
1,720	Debtors	5,033
150	Cash balances	2,173
7,763	Total	13,522

PEN - 20: Additional Voluntary Contributions

31-March-2024	Investments	31-March-2025
£'000		£'000
1,071	Clerical Medical	1,091
134	Utmost Life and Pensions	140
-		-
1,205	Total	1,231

AVC contributions of £0.042m were paid directly to Clerical Medical during the year (£0.056m 2023/24). There have been no further contributions to Utmost in either financial year.

These amounts are not included in the Fund accounts in accordance with Regulation 4 (1) (b) of the LGPS (Management and Investment of funds) Regulations 2016.

PEN - 21: Agency Services

The Fund pays discretionary awards to the former teachers of LBN, the amounts are fully reclaimed.

31-March-2024		31-March-2025
£'000		£'000
-		-
341	Payments on behalf of London Borough of Newham	340
-		-
341	Total	340

PEN - 22: Current Liabilities

31-March-2024		31-March-2025
£'000		£'000
(1,309)		(13,373)
(1,309)	Total	(13,373)

PEN - 23: Related Party Transactions

The Fund is administered by LBN. During the reporting period, the Council incurred costs of £0.58m (2023/24: £1.6m) in relation to the administration the Fund and was subsequently reimbursed by the Fund for these expenses (see Note 10). As at 31 March 2025 the Council owed the Fund £5.7m (2023/24 £0.58m).

Responsibility for management of the Fund has been delegated to the Pensions Committee and the day to day operations of the Fund have been delegated to the Statutory Section 151. Of the Committee members there are no active members of the LGPS and one deferred member; Councillor John Gray. The Members of the Committee do not receive fees in relation to their specific responsibilities as Members of the Committee.

The Council is also the largest employer in the Fund and in 2024/25 contributed £33.1m (2023/24 £35.4m) to the Pension Fund in respect of employer’s contributions. All monies owing to and due from the fund were paid in year.

The Fund is a minority shareholder in London LGPS CIV Ltd. Shares valued at £0.15m at 31 March 2025 (£0.15m at 31 March 2024) are included as long-term investments in the NAS. A mixed portfolio of investments is managed by the regional asset pool as shown in Note 12b. During 2024/25 a total of £0.14m was charged to the pension fund by London CIV in respect of investment management services (£0.14m in 2023/24).

PEN - 23a: Key Management Personnel

Key management personnel are members of the Committee, the Corporate Director of Resources, the Director of Exchequer and Transactional Services (OneSource) and the Head of Pensions & Treasury. Total remuneration payable to key management personnel which is recharged to the Fund is set out below:

2023/24		2024/25
£'000		£'000
37	Short Term benefits	46
1,910	Post employment benefits	1,414
1,947		1,460

PEN - 24: Contingent Liabilities and Contractual Commitments

Outstanding capital commitments for private debt, property, private equity, real assets and social housing at 31 March 2025 totalled £85m (31 March 2024: £96m). There are no contingent liabilities to report.

6 admitted body employers in the Fund hold insurance bonds and 8 admitted bodies have a guarantee in place with the Local Authority to guard against the possibility of being unable to meet the pension obligations. These bonds/guarantees are drawn in favour of the Fund and payment will only be triggered in the event of employer default. No such defaults have occurred.

The Fund, in conjunction with other Borough shareholders in the London CIV, has entered into an exit agreement with the London CIV, acting as a guarantor. The Fund will meet any exit payments due should the London CIV cease its admission arrangements with City of London. Should an amount become due the Fund will meet proportionate share of costs.

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GLOSSARY OF FINANCIAL TERMS

For the purposes of compiling the Statement of Accounts the following definitions have been adopted:

Accounting Period - The period of time covered by the Council's accounts. The Council's financial year is from the period 1 April to the following 31 March.

Accounting Policies - The specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting the financial statements.

Accounting Standards - A set of rules explaining how accounts are to be kept (See 'International Financial Reporting Standards').

Accrual - The recognition of income and expenditure in the year that these amounts occur and not when any cash is received or paid.

Accumulated Absences Account - This account represents the value of leave rolled over from one financial year to another. This reserve account is used to avoid reducing General Fund reserves.

Actuary - An independent adviser to the Authority regarding the year-end financial position of the Pension Fund.

Actuarial Valuation - Every three years the Actuary reviews the assets and liabilities of the Pension Fund and reports on the Fund's financial position and recommended employers' contribution rates. The last full valuation of the Scheme was in 2022.

Agency Services - Services provided by, or for, another Local Authority or Public Body where the costs of carrying out the service are reimbursed.

Amortisation - The write-off of an intangible asset or loan balance to the Comprehensive Income and Expenditure Statement over an appropriate period of time.

Amortised Cost - The carrying value of an asset or liability in the Balance Sheet, whose value has been increased via the Comprehensive Income and Expenditure Statement.

Balance Sheet - A statement of all the assets, liabilities and other balances of the Authority at the end of an accounting period.

Billing Authority - Refers to a Local Authority that is responsible for the collection of tax, both on behalf of itself and other local authorities in its area.

Budget - A forecast of future expenditure plans for the Council. Detailed revenue budgets are prepared for each year and it is on the basis of these figures that Council Tax is determined. Budgets are revised throughout the year for changes as necessary.

Capital Adjustment Account - Represents amounts set aside from revenue resources or capital receipts to finance expenditure on Property, Plant and Equipment (PPE) or for the repayment of external loans or certain other capital financing transactions.

Capital Expenditure - Expenditure on the purchase of new PPE or expenditure which adds to the value of an existing PPE asset.

Capital Financing Requirement - Represents the Authority's underlying need to borrow for a capital purpose.

Capital Grants Receipts In Advance - Balances of capital grants and contributions that have conditions which may require future repayment if not spent.

Capital Grants Unapplied - Grant balances that are used to fund future capital expenditure.

Capital Receipt - Income received from the sale of PPE such as land or buildings.

Capital Receipts Reserve - Represents proceeds from the sale of PPE available to meet future capital investment needs.

Carrying Value - In relation to the year-end value of Long Term Assets, the carrying amounts are based on the original costs of individual assets less any depreciation, amortisation or impairment costs recorded against these assets.

Cash Equivalents - Highly liquid, low-risk investments that can be easily and readily converted into cash.

Chartered Institute of Public Finance and Accountancy (CIPFA) - A professional accountancy body specialising in the public sector. CIPFA promotes best practice by issuing accounting guidance updates and Codes of Practice.

Collection Fund - A statutory account which receives Council Tax and National Non-Domestic Rates (NNDR) to cover the costs of services provided by the Council and its precepting authorities.

Collection Fund Adjustment Account - The Collection Fund Adjustment Account represents the Council's share of the Collection Fund Surplus or Deficit for the year.

Community Assets - Assets that a Local Authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of Community Assets are parks and historic buildings.

Comprehensive Income and Expenditure Statement - A statement showing the expenditure and income of the Council's services during the year demonstrating how costs have been financed from general Government grants and income from local taxpayers.

Contingent Liability - Where possible "one-off" future liabilities or losses are identified but the level of uncertainty is such that the creation of a provision within the accounts is not appropriate.

Consumer Price Index (CPI) - Measures the average change in retail prices of a basket of goods and services purchased by most UK households in order to provide an indication of the rate of inflation. The CPI includes some financial services in the basket of goods not included within the separate RPI calculation. CPI is the official measure of the inflation of consumer prices in the United Kingdom.

Creditors - Monies owed by the Council to external parties for goods and services received. Creditors are referred to as Payables within the Balance Sheet and supporting notes.

GLOSSARY OF FINANCIAL TERM (continued)

Debtors - Monies owed to the Council by individuals and organisations. Debtors are also referred to as Receivables within the Balance Sheet and supporting notes.

Dedicated Schools Grant - Grant monies provided by the Department for Education (DfE) that are ring-fenced to schools' budgets.

Deferred Capital Receipts - The balance of outstanding mortgages granted mainly to purchasers of Council Houses.

Deferred Income – Receipt In Advance - This represents an amount received as a result of the Council entering into a building lease. The receipt is subsequently released over the term of the lease

Deferred Liabilities - These are future liabilities that the Council is contractually obliged to pay in future years. These liabilities often relate to Private Finance Initiative (PFI) schemes.

Defined Benefit Pension Scheme - An employer pension scheme which defines benefits independently of the contributions payable. Within this type of scheme, the Council is committed to a specified monthly benefit on retirement for employees that is predetermined by a formula based on the employee's earnings history, rather than depending directly on individual investment returns within the Pension Fund.

Depreciation - The measure of the wearing out, consumption or other reduction in the useful economic life of PPE assets, whether arising from use, the passage of time or obsolescence through technological or other changes.

Earmarked Reserves - Amounts set aside for a specific purpose to meet future expenditure commitments or potential liabilities, for which it is not appropriate to establish separate provisions.

Fair Value - In relation to the value of financial instruments, this is the amount for which an asset can be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction.

Finance Lease - A lease that substantially transfers the risks and rewards associated with the ownership of an asset to the lessee.

Financial Instrument - A contract that gives rise to the creation of a financial asset for one entity and a corresponding financial liability or equity instrument of another.

Financial Instruments Adjustment Account - This account represents the balance of deferred discounts relating to the premature redemption of Public Works Loans Board (PWLb) debt.

General Fund (GF) - The main revenue account from which the costs of providing the majority of the Council's services are met.

Greater London Authority (GLA) - A strategic Local Authority with a capital-wide role.

Group Accounts - Where a Council has a material interest in a separate entity, this entity's assets and liabilities may need to be incorporated within a set of Group Accounts. If an Authority does control an entity, for accounting purposes, it is defined as a subsidiary.

Heritage Asset - An asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Historic Cost - Where the cost of an asset is defined by past purchase price rather than current market value.

Housing Revenue Account (HRA) - A summary account within the Statement of Accounts maintained separately from the General Fund in order to itemise the specific income and expenditure relating to the provision of Council Housing.

Impairment - A decrease in the value of PPE caused by a consumption of economic benefit or by a general reduction in price levels.

Infrastructure Assets - Inalienable assets; expenditure on which is only recoverable by continued use of the asset created. There is no prospect of future sale or alternative use. Examples include roads, bridges and tunnels.

Intangible Assets - Non-financial long-term assets that do not have physical substance but are identifiable and controlled by the Council, for instance purchased software licences.

Interest Rate Risk - The uncertainty of interest paid or received on variable rate financial instruments and the effect of fluctuations in interest rates on the fair values of such instruments.

International Financial Reporting Standards (IFRS) - The set of international accounting standards issued by the International Accounting Standards Board (IASB). Local Authorities are required to produce accounts based on IFRS.

Inventories - Comprises the value of stocks held and work in progress that has not been completed at year-end.

Investment Properties - Properties that are held by the Council solely to earn rental income and/or for capital appreciation purposes rather than for the delivery of services.

Lender Option Borrower Option (LOBO) – LOBO's are a long term borrowing instrument commonly used by banks. It is an alternative lender option to the Governments Public Works Loan Board. In simple terms the instrument gets its name because the lender has an option to set revised interest rates at predetermined dates and at which point the borrower has the option to accept the revised rates or pay the debt in full without penalty.

Levy - Payments to bodies such as the Environment Agency. The costs of running these bodies are funded by Local Authorities in the area concerned as determined by their Council Tax base. Such costs are met from the Council's General Fund.

Long Term Assets - Assets that yield benefit to the Council and the services provided for a period of greater than one year.

Long Term Borrowing - Loans that the Council has taken, in line with the Council Treasury Management Strategy, where the amount borrowed are for longer than a 12 month period.

Long Term Liabilities - Amounts that are payable by arrangement within a period of greater than one year.

Major Repairs Reserve - Represents the funds available to meet capital investment needs in respect of Council Housing.

GLOSSARY OF FINANCIAL TERM (continued)

Minimum Revenue Provision (MRP) - The amount that has to be charged to revenue to provide for the redemption of debt. This provision does not apply within the HRA.

Movement In Reserves Statement - A summary of the Council's reserves at the year-end date split between usable and unusable reserves.

National Non-Domestic Rates (NNDR) Pool - Non-Domestic Rates (Business Rates) are paid into a central pool controlled by Central Government. These funds are subsequently redistributed to Councils on the basis of resident population.

Net Book Value - Applicable to the year-end value of PPE after depreciation has been deducted.

Net Realisable Value - The open market value of an asset less any expenses incurred in realising the asset.

Operating Lease - A lease other than a finance lease; a lease which permits the use of an asset without substantially transferring the risks and rewards of ownership.

Outturn - The actual level of expenditure and income for the year.

Precept - The charge made by the Greater London Authority on the Council to finance its net expenditure.

Private Finance Initiative (PFI) - Contracts whereby private sector suppliers provide services and/or capital investment in return for a unitary payment subject to agreed performance targets.

Projected Unit Credit Method - Pension Scheme valuation method whose key feature is to assess future service cost. The Actuary calculates the employer's contribution rate which will meet the cost of benefits accruing in the year following the valuation date.

Property, Plant and Equipment (PPE) - The land and building assets under the Council's control or ownership. Such assets have a physical existence and are expected to be used for a period exceeding one year.

Provisions - Amounts set aside for liabilities and losses which are certain or very likely to occur but where the exact amount or timing of the payment are uncertain.

Public Works Loans Board (PWLb) - Central Government agency which funds the majority of Local Government borrowing.

Registered Social Landlord - A not-for-profit, independent housing organisation registered with the Housing Corporation under the Housing Act 1996 which owns and manages social housing.

Reserves - Amounts set aside to fund items of anticipated expenditure that do not fall within the definition of a provision. These include general reserves or balances which every Council must maintain as a matter of prudence.

Retail Price Index (RPI) - Measures the average change in retail prices of a basket of goods and services purchased by most UK households so as to provide an indication of the rate of inflation. The RPI includes mortgage interest payments and Council Tax in the basket of goods not included in the CPI. The measure is published monthly by the Office for National Statistics.

Revaluation Reserve - Represents the increase in value of the Council's land and building assets from 1 April 2007 onwards.

Revenue Contributions to Capital Outlay (RCCO) - The Council's use of revenue monies to fund capital expenditure.

Revenue Expenditure - The day-to-day expenditure of the Council including costs such as wages and salaries, goods and services and capital financing charges.

Revenue Support Grant (RSG) - A general grant paid by Central Government to Local Authorities.

Right to Buy - The Council is legally required to sell Council Homes to tenants at a discount where the tenant wishes to buy their home. The cash amounts received from such sales are capital receipts, some of which will be retained by the Council to fund capital expenditure, whilst the remainder must be paid over to the Department for Communities and Local Government (DCLG) under pooling arrangements.

Service Level Agreements (SLA) - Agreements between operational units that state the price and specifications of the support service by one function to another.

Short Term Borrowing - Loans that the Council has taken, in line with the Council Treasury Management Strategy, where the amount borrowed needs to be repaid within 12 months.

Soft Loan - A loan that the Council provides at an interest rate below the established market rate to community or other not-for-profit organisations.

Stepped LOBO - These loans have agreed dates when the interest rate is 'stepped' up to another. Again, the lender does not have the option to change these rates but can demand repayment on the next call date. Call dates for these loans vary from every 2 years to every 10 years.

Support Services - Activities of a professional, technical and administrative nature which are not Council services in their own right, but which support front-line departments such as Finance, Information Technology and Human Resources.

Surplus Assets - Those assets which are not being used to deliver services but which do not meet the criteria to be classified as either Investment Properties or Non-Current Assets Held for Sale.

Unusable Reserves - These represent reserve balances that cannot be spent as part of an Authority's medium-term financial plan. Examples include the Revaluation Reserve and Capital Adjustment Account.

Usable Reserves - Reserve balances that can be spent within an Authority's medium-term financial plan. As best practice, all organisations must review reserve levels to ensure long-term financial stability. Usable reserves include the General Fund and the Housing Revenue Account (HRA).

Value for Money (VfM) - This term is used to describe the relationship between the Economy, Efficiency, and Effectiveness (known as the 'three Es') of a service, function or activity. Value for money is high when there is an optimum balance between all three.

GLOSSARY OF FINANCIAL TERM (continued)

Vanilla LOBO - These are fixed rate loans, the interest rate the borrower pays cannot be changed by the lender, the lender does though have the option to request repayment of the loan on the next call date. The call dates are set out in the loan documentation and vary from between every 6 months to every 3 years.

Zero to Par LOBO - The interest rate payable on these loans is fixed. Interest is not paid to the lender but added to the loan principal - or compounded. If the lender exercises their call option, only the interest compounded to date is payable by the borrower, thereafter the loan is converted to a vanilla type LOBO with the borrower paying interest to the lender annually and the lender able to exercise their call option every 5 years. If the lender does not exercise their option to receive the compounded interest, the principal plus compound interest is repaid (at Par) on the maturity date.