

**LONDON BOROUGH OF LEWISHAM  
2023/ 24 DRAFT STATEMENT OF ACCOUNTS  
CONTENTS**

<b>NARRATIVE STATEMENT FOR LEWISHAM COUNCIL</b>	<b>3</b>
<b>– to follow post General Election</b>	
<b>STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS</b>	<b>6</b>
<b>INDEPENDENT AUDITOR’S REPORTS TO THE MEMBERS OF LONDON BOROUGH OF LEWISHAM</b>	<b>7</b>
<b>– to follow post Audit</b>	
<b>SECTION 1 – CORE FINANCIAL STATEMENTS</b>	
a) <b>COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT</b>	<b>8</b>
b) <b>MOVEMENT IN RESERVES STATEMENT</b>	<b>9</b>
c) <b>BALANCE SHEET</b>	<b>11</b>
d) <b>CASH FLOW STATEMENT</b>	<b>13</b>
<b>SECTION 2 – STATEMENT OF ACCOUNTING POLICIES</b>	<b>14</b>
<b>SECTION 3 – NOTES TO THE CORE FINANCIAL STATEMENTS</b>	<b>28</b>
(See Index on following page)	
<b>SECTION 4 – HOUSING REVENUE ACCOUNT</b>	<b>89</b>
<b>SECTION 5 – COLLECTION FUND</b>	<b>98</b>
<b>SECTION 6 – GROUP ACCOUNTS</b>	<b>103</b>
<b>SECTION 7 – GLOSSARY OF TERMS AND ACRONYMS</b>	<b>116</b>
<b>SECTION 8 – PENSION FUND ACCOUNTS</b>	<b>119</b>
<b>SECTION 9 – ANNUAL GOVERNANCE STATEMENT (AGS)</b>	<b>148</b>
<b>– to follow post General Election</b>	

## Contents

**INDEX OF SECTION 3 – NOTES TO THE CORE FINANCIAL STATEMENTS**

<b>Note 1</b>	<b>Expenditure and Funding Analysis</b>	<b>28</b>
<b>Note 2</b>	<b>Accounting Standards Issued, Not Adopted in the 2023/24 Accounts</b>	<b>34</b>
<b>Note 3</b>	<b>Critical Judgements in Applying Accounting Policies</b>	<b>34</b>
<b>Note 4</b>	<b>Assumptions made about the Future and other Major Sources of Estimation Uncertainty</b>	<b>35</b>
<b>Note 5</b>	<b>Material Items of Income and Expenditure</b>	<b>37</b>
<b>Note 6</b>	<b>Events after the Balance Sheet Date</b>	<b>37</b>
<b>Note 7</b>	<b>Other Operating Expenditure – Levies</b>	<b>38</b>
<b>Note 8</b>	<b>Technical Note: An Analysis of the Movement in Reserves Statement Adjustments Between the Accounting Basis and Funding Basis</b>	<b>38</b>
<b>Note 9</b>	<b>Earmarked Reserves</b>	<b>41</b>
<b>Note 10</b>	<b>Non-Current Assets</b>	<b>42</b>
<b>Note 11</b>	<b>Investment Properties</b>	<b>45</b>
<b>Note 12</b>	<b>Financial Instruments</b>	<b>46</b>
<b>Note 13</b>	<b>Nature and Extent of Risks arising from Financial Instruments</b>	<b>50</b>
<b>Note 14</b>	<b>Debtors</b>	<b>53</b>
<b>Note 15</b>	<b>Cash and Cash Equivalents</b>	<b>55</b>
<b>Note 16</b>	<b>Creditors</b>	<b>56</b>
<b>Note 17</b>	<b>Revenue Receipts in Advance</b>	<b>57</b>
<b>Note 18</b>	<b>Provisions</b>	<b>57</b>
<b>Note 19</b>	<b>Usable Capital Receipts</b>	<b>58</b>
<b>Note 20</b>	<b>Pension Reserve</b>	<b>59</b>
<b>Note 21</b>	<b>Revaluation Reserve</b>	<b>60</b>
<b>Note 22</b>	<b>Capital Adjustment Account</b>	<b>61</b>
<b>Note 23</b>	<b>Expenditure and Income Analysed by Nature</b>	<b>62</b>
<b>Note 24</b>	<b>Agency Services and Pooled Budgets</b>	<b>63</b>
<b>Note 25</b>	<b>Investment in Companies</b>	<b>63</b>
<b>Note 26</b>	<b>Members' Allowances</b>	<b>64</b>
<b>Note 27</b>	<b>Officers' Remuneration</b>	<b>65</b>
<b>Note 28</b>	<b>External Audit Costs</b>	<b>67</b>
<b>Note 29</b>	<b>Dedicated Schools' Grant</b>	<b>68</b>
<b>Note 30</b>	<b>Grant Income</b>	<b>69</b>
<b>Note 31</b>	<b>Related Party Transactions</b>	<b>70</b>
<b>Note 32</b>	<b>Capital Expenditure and Capital Financing</b>	<b>71</b>
<b>Note 33</b>	<b>Leases</b>	<b>71</b>
<b>Note 34</b>	<b>Private Finance Initiatives (PFI) Contracts</b>	<b>73</b>
<b>Note 35</b>	<b>Capital Contractual Commitments</b>	<b>78</b>
<b>Note 36</b>	<b>Defined Contribution Pension Schemes</b>	<b>79</b>
<b>Note 37</b>	<b>Defined Benefit Pension Schemes</b>	<b>80</b>
<b>Note 38</b>	<b>Contingent Liabilities</b>	<b>84</b>
<b>Note 39</b>	<b>Contingent Assets</b>	<b>85</b>
<b>Note 40</b>	<b>Trust Funds</b>	<b>85</b>
<b>Note 41</b>	<b>Heritage Assets</b>	<b>85</b>
<b>Note 42</b>	<b>Capital Grants Unapplied Reserve</b>	<b>85</b>
<b>Note 43</b>	<b>Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements</b>	<b>86</b>
<b>Note 44</b>	<b>Adjustment for Items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities</b>	<b>86</b>
<b>Note 45</b>	<b>Cash Flow Statement – Operating Activities</b>	<b>86</b>
<b>Note 46</b>	<b>Cash Flow Statement – Investing Activities</b>	<b>87</b>
<b>Note 47</b>	<b>Cash Flow Statement – Financing Activities</b>	<b>87</b>
<b>Note 48</b>	<b>Prior Year Adjustments/ Restatements</b>	<b>87</b>

## **NARRATIVE STATEMENT FOR LEWISHAM COUNCIL**

This Narrative Statement provides information about Lewisham the place, together with the key issues affecting the Council and its accounts.

On the advice of the Monitoring Officer for the London Borough of Lewisham due to the Pre-Election period until 4<sup>th</sup> July 2024 the decision has been taken to not include the following sections of the narrative statement in this draft version of the accounts. These sections will be added to the second draft that will be published after the General Election has taken place.

- 1. COUNCIL STRUCTURE AND PERFORMANCE**
- 2. LOCAL GOVERNMENT FINANCE CONSIDERATIONS**
- 3. FINANCIAL PERFORMANCE**
- 4. LOOKING AHEAD**
- 5. PENSION FUND VALUATION**

### **6. THE COUNCIL'S STATEMENT OF ACCOUNTS**

The statement of accounts reports the income and expenditure on service provision for the year and the value of the Council's assets and liabilities at the end of the financial year. This is prepared in accordance with proper accounting practices as defined in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

Local authorities are required to produce a comprehensive income and expenditure statement, a balance sheet and a cash flow statement, as a private sector company would. From 2016/17 an expenditure and funding analysis was introduced. However, as local authorities are also tax raising bodies (through Council Tax), they are required to produce an additional financial statement, accounting for movements to and from the general fund, through a movement in reserves statement. A review of materiality has also concluded that Group Accounts are again required this year. A brief explanation of the purpose of each of financial statements is provided below:

#### **Section 1 – The Core Financial Statements**

##### **Section 1a – Comprehensive Income and Expenditure Statement (CIES)**

This statement shows the cost of providing services in the year in accordance with International Financial Reporting Standards, rather than the amount funded from Council Tax, and other Government grants. The amount funded from Council Tax and Government grants differ from this by a series of adjustments made in accordance with regulations. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

##### **Section 1b - Movement in Reserves Statement (MiRS)**

This statement shows the movement from the start of the year to the end 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 other 'unusable reserves'. The Movement in Reserves Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council Tax [or rents] for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

---

**Narrative Statement**

---

**Section 1c - Balance Sheet**

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

**Section 1d - Cash Flow Statement**

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority 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 authority 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.

**Section 2 – Statement of Accounting Policies**

These outline the accounting and measurement bases used for the recognition, measurement and disclosure of figures and events in preparing the financial statements in the accounts. Other accounting policies used that are relevant to an understanding of the financial statements are also included.

**Section 3 – Notes to the Core Financial Statements**

This section contains notes that help to explain or give more detail to the Core Financial Statements.

**Section 4 – Housing Revenue Account (HRA)**

This is a statutory account which shows the major elements of income and expenditure on Council Housing provision and associated services to Council tenants and leaseholders.

**Section 5 – Collection Fund Accounts**

This is a statutory account which shows the transactions relating to Council Tax and Non-Domestic Rates. It shows how the amounts collected have been distributed to the Council's General Fund, the Greater London Authority and Central Government.

**Section 6 – Group Accounts**

The Group Accounts combine the financial results of Lewisham Council with those of its subsidiaries, Lewisham Homes Limited and Catford Regeneration Partnership Limited. Transactions between the two subsidiaries and the Council are removed on merging the accounts of all parties. The Group Accounts therefore add the surpluses and balances and show the combined financial position for all three entities.

**Section 7 - Glossary**

This explains some technical and commonly used terms.

**Section 8 – Pension Fund Accounts**

The Lewisham Pension Fund is a separate entity from the Council and thus has its own accounts. These show the income and expenditure for the year, the value of the investments held and an assessment of the liabilities at the year end.

---

**Narrative Statement**

---

**Section 9 – Annual Governance Statement (AGS)**

This sets out the control and governance framework for all significant corporate systems and processes, cultures and values by which the Council is directed and controlled. It describes the activities with which the community is engaged and enables the monitoring of the achievement of the strategic objectives and the delivery of appropriate and cost effective services. It also reports any significant issues and the actions already taken and planned to be taken to address these.

---

**Statement of Responsibilities**

---

**THE STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

**The Authority's Responsibilities**

**The Authority is required:**

- to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Executive Director for Corporate Resources;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to approve the Statement of Accounts.

**Responsibility of the Executive Director for Corporate Resources**

The Executive Director for Corporate Resources is responsible for the preparation of the Authority's Statement of Accounts 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 the Statement of Accounts as set out in this document, I certify that I have:**

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

**I certify that I have also:**

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

**The Statement of Accounts gives a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2024.**

**David Austin CPFA**

Executive Director for Corporate Resources (S151)

17 June 2024

**INDEPENDENT AUDITOR'S REPORTS TO THE MEMBERS OF LONDON  
BOROUGH OF LEWISHAM**

To Follow

## Core Financial Statements

## SECTION 1 - CORE FINANCIAL STATEMENTS

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDING 31 MARCH 2024

Restated				2023/24			
2022/23				Gross Expenditure	Gross Income	Net Expenditure	Note
Gross Expenditure	Gross Income	Net Expenditure		£000s	£000s	£000s	
£000s	£000s	£000s	SERVICE	£000s	£000s	£000s	
476,204	(395,458)	80,746	Children & Young People Directorate	505,160	(404,077)	101,083	
211,703	(114,216)	97,487	Community Services Directorate	216,103	(117,427)	98,676	
81,170	(51,084)	30,086	Place Directorate	85,127	(53,195)	31,932	
231,693	(190,957)	40,736	Corporate Resources Directorate	215,083	(178,921)	36,162	
13,024	(536)	12,488	Chief Executive Directorate	13,688	(280)	13,408	
56,685	(51,345)	5,340	Housing Directorate	82,728	(57,206)	25,522	
145,483	(109,129)	36,354	Housing Revenue Account	155,670	(132,028)	23,642	
17,869	(9,000)	8,869	Corporate Provisions	17,141	0	17,141	
1,233,831	(921,725)	312,106	<b>Cost of Services</b>	1,290,700	(943,134)	347,566	1
			<b>Other Operating Expenditure</b>				
46,987	0	46,987	(Gain) / Loss on the disposal and de-recognition of non-current assets	59,155	0	59,155	
1,683	0	1,683	Levies	1,699	0	1,699	7
0	0	0	Contribution of housing capital receipts to Government Pool	0	0	0	19
48,670	0	48,670		60,854	0	60,854	
			<b>Financing and Investment Income and Expenditure</b>				
30,949	0	30,949	Interest payable and similar charges	29,406	0	29,406	
0	(8,602)	(8,602)	Interest and Investment Income	0	(14,334)	(14,334)	
0	0	0	Loss of Control of Assets	0	0	0	
56,868	(41,175)	15,693	Net interest on the net defined benefit liability	78,553	(73,176)	5,377	37
87,817	(49,777)	38,040		107,959	(87,510)	20,449	
			<b>Taxation and non-specific Grant Income</b>				
0	(123,946)	(123,946)	Income from Council Tax	0	(132,574)	(132,574)	
0	(65,950)	(65,950)	General Government Grants	0	(80,554)	(80,554)	30
0	(27,208)	(27,208)	Recognised Capital Grants and Contributions	0	(35,424)	(35,424)	
0	(85,066)	(85,066)	Non-Domestic Rates income and expenditure	0	(97,132)	(97,132)	
0	(302,170)	(302,170)		0	(345,684)	(345,684)	
		96,646	<b>Deficit/ (Surplus) on provision of services</b>			83,185	1
	(122,818)		Surplus/ (Deficit) on revaluation of non-current assets			59,505	21
	(470,210)		Remeasurement of the net defined benefit liability			(78,079)	20, 37
	(593,028)		<b>Other Comprehensive Income and Expenditure</b>			(18,574)	
		(496,382)	<b>Total Comprehensive Income and Expenditure</b>			64,611	



**LEWISHAM STATEMENT OF ACCOUNTS 2023/24**

**Core Financial Statements**

MOVEMENT IN RESERVES STATEMENT - YEAR ENDING 31 MARCH 2024											
YEAR YEAR ENDING 31 MARCH 2024	General Fund Balance £000	Earmarked Gen Fund Reserves £000	Sub-Total General Fund £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000	Note
Balance at 01 April 2023 Brought Forward	20,000	227,169	247,169	14,068	0	67,138	27,761	356,136	2,254,783	2,610,919	
Opening Balance Adjustment	0	757	757	0	0	0	0	757	(757)	0	
<b>Adjusted Balance at 31 March 2023 Brought Forward</b>	<b>20,000</b>	<b>227,926</b>	<b>247,926</b>	<b>14,068</b>	<b>0</b>	<b>67,138</b>	<b>27,761</b>	<b>356,893</b>	<b>2,254,026</b>	<b>2,610,919</b>	
<b>Movement in Reserves during 2023/24</b>											
Surplus or (Deficit) on the provision of services	6,081	0	6,081	(89,266)	0	0	0	(83,185)	0	(83,185)	
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	18,574	18,574	21, 22
<b>Total Comprehensive Income and Expenditure</b>	<b>6,081</b>	<b>0</b>	<b>6,081</b>	<b>(89,266)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(83,185)</b>	<b>18,574</b>	<b>(64,611)</b>	
Adjustments between accounting basis and funding basis under regulations	(16,671)	0	(16,671)	82,570	0	7,400	18,065	91,364	(91,364)	0	8
<b>Net Increase / (Decrease) before Transfers to Earmarked Reserves</b>	<b>(10,590)</b>	<b>0</b>	<b>(10,590)</b>	<b>(6,696)</b>	<b>0</b>	<b>7,400</b>	<b>18,065</b>	<b>8,179</b>	<b>(72,790)</b>	<b>(64,611)</b>	
Transfers to / (from) Reserves	10,590	(10,590)	0	0	0	0	0	0	0	0	
<b>Increase / (Decrease) in 2023/24</b>	<b>0</b>	<b>(10,590)</b>	<b>(10,590)</b>	<b>(6,696)</b>	<b>0</b>	<b>7,400</b>	<b>18,065</b>	<b>8,179</b>	<b>(72,790)</b>	<b>(64,611)</b>	
<b>Balance at 31 March 2024 Carried Forward</b>	<b>20,000</b>	<b>217,336</b>	<b>237,336</b>	<b>7,372</b>	<b>0</b>	<b>74,538</b>	<b>45,826</b>	<b>365,072</b>	<b>2,181,236</b>	<b>2,546,308</b>	
Note		9		HRA 15	HRA 14	19					

## Core Financial Statements

MOVEMENT IN RESERVES STATEMENT - YEAR ENDING 31 MARCH 2023											
YEAR ENDING 31 MARCH 2023	General Fund Balance £000	Earmarked Gen Fund Reserves £000	Sub-Total General Fund £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000	Note
Balance at 01 April 2022 Brought Forward	20,000	231,340	251,340	30,315	0	64,387	30,372	376,414	1,738,123	2,114,537	
<b>Movement in Reserves during 2022/23</b>											
Surplus or (Deficit) on the provision of services	(8,580)	0	(8,580)	(88,066)	0	0	0	(96,646)	0	(96,646)	
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	593,028	593,028	21, 22
<b>Total Comprehensive Income and Expenditure</b>	<b>(8,580)</b>	<b>0</b>	<b>(8,580)</b>	<b>(88,066)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(96,646)</b>	<b>593,028</b>	<b>496,382</b>	
Adjustments between accounting basis and funding basis under regulations	4,409	0	4,409	71,819	0	2,751	(2,611)	76,368	(76,368)	0	8
<b>Net Increase / (Decrease) before Transfers to Earmarked Reserves</b>	<b>(4,171)</b>	<b>0</b>	<b>(4,171)</b>	<b>(16,247)</b>	<b>0</b>	<b>2,751</b>	<b>(2,611)</b>	<b>(20,278)</b>	<b>516,660</b>	<b>496,382</b>	
Transfers to / (from) Reserves	4,171	(4,171)	0	0	0	0	0	0	0	0	
<b>Increase / (Decrease) in 2022/23</b>	<b>0</b>	<b>(4,171)</b>	<b>(4,171)</b>	<b>(16,247)</b>	<b>0</b>	<b>2,751</b>	<b>(2,611)</b>	<b>(20,278)</b>	<b>516,660</b>	<b>496,382</b>	
Balance at 31 March 2023 Carried Forward	20,000	227,169	247,169	14,068	0	67,138	27,761	356,136	2,254,783	2,610,919	
Note		9		HRA 15	HRA 14	19					

## Core Financial Statements

## BALANCE SHEET AS AT 31 MARCH 2024

Restated 31/03/2023 £000		31/03/2024 £000	Note
	<u>Property, Plant &amp; Equipment</u>		
1,440,091	Council Dw ellings	1,362,726	10b, HRA 1a, 9
1,212,694	Other Land and Buildings	1,204,665	10b
25,836	Vehicles, Plant, Furniture and Equipment	24,543	10b
96,100	Infrastructure	90,536	10c
5,137	Community Assets	5,075	10b
63,659	Surplus Assets not Held for Sale	60,347	10b
114,035	Assets under Construction	87,713	10b
<b>2,957,552</b>		<b>2,835,605</b>	
955	Heritage Assets	955	41
1,829	Long Term Investments	1,781	
60,827	Long Term Debtors	61,548	14a
2,667	Asset related to defined benefit pension scheme	0	20, 37
<b>3,023,830</b>	<b>Total Long Term Assets</b>	<b>2,899,889</b>	
218,539	Short Term Investments	222,683	12
197	Inventories	237	
69,648	Debtors	73,354	14b
93,466	Cash and Cash Equivalents	49,731	15
4,347	Prepayments	5,080	
<b>386,197</b>	<b>Total Current Assets</b>	<b>351,085</b>	
0	Bank Overdraft	0	15
(28,579)	Short Term Borrow ing	(1,960)	12
(8,395)	Provisions (Less than 1 year)	(6,208)	18
(134,337)	Creditors	(151,929)	16
(85,492)	Receipts in Advance	(92,950)	17
(10,852)	PFI Liabilities due w ithin one year	(11,739)	34d
<b>(267,655)</b>	<b>Total Current Liabilities</b>	<b>(264,786)</b>	
<b>3,142,372</b>	<b>Total Assets less Current Liabilities</b>	<b>2,986,188</b>	
(194,947)	Long Term Borrow ing	(195,221)	12
(6,015)	Provisions (More than 1 year)	(7,104)	18
(182,394)	Deferred PFI Liabilities	(170,655)	34d
(4,237)	Capital Grants Receipts in Advance	(5,083)	
(1,614)	Other Long Term Liabilities	(2,323)	
(142,246)	Liability related to defined benefit pension scheme	(59,494)	20, 37
<b>(531,453)</b>	<b>Total Long-Term Liabilities</b>	<b>(439,880)</b>	
<b>2,610,919</b>	<b>NET ASSETS</b>	<b>2,546,308</b>	

## Core Financial Statements

31/03/2023 £000		31/03/2024 £000	Note
	<b>Usable Reserves</b>		
20,000	General Fund Balance	20,000	
227,169	Earmarked Revenue Reserves	217,336	9
14,068	Housing Revenue Account	7,372	HRA 15
0	Major Repairs Reserve	0	HRA 14
67,138	Usable Capital Receipts Reserve	74,538	19
27,761	Capital Grants Unapplied	45,826	42
<b>356,136</b>	<b>Total Usable Reserves</b>	<b>365,072</b>	
	<b>Unusable Reserves</b>		
1,382,592	Revaluation Reserve	1,297,596	21
1,077,605	Capital Adjustment Account	1,013,582	22
93	Deferred Capital Receipts	93	
(32,163)	Financial Instruments Adjustment Account	(31,352)	12e
(139,579)	Pensions Reserve	(59,494)	20, 37
3	Collection Fund Adjustment Account	(934)	Coll Fd 3
(13,091)	DSG Unusable Reserve	(15,522)	29
(20,677)	Short Term Compensated Absences Account	(22,733)	
<b>2,254,783</b>	<b>Total Unusable Reserves</b>	<b>2,181,236</b>	
<b>2,610,919</b>	<b>TOTAL RESERVES</b>	<b>2,546,308</b>	

## Certification by the Executive Director of Corporate Resources

	David Austin CPFA – Executive Director of Corporate Resources (S151) 17 June 2024
--	---

## Core Financial Statements

## CASH FLOW STATEMENT FOR THE YEAR ENDING 31 MARCH 2024

2022/23 £000s		2023/24 £000s	Note
(96,646)	Net surplus or (deficit) on the provision of services	(83,185)	
140,172	Adjustment to surplus or deficit on the provision of services for non-cash movements	173,724	43
(42,507)	Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(54,319)	44
1,019	<b>Net Cash flows from Operating Activities</b>	<b>36,220</b>	
(27,879)	Net Cash flows from Investing Activities	(38,197)	46
8,619	Net Cash flows from Financing Activities	(41,758)	47
(18,241)	<b>Net Increase or (decrease) in Cash and Cash Equivalents</b>	<b>(43,735)</b>	
111,707	Cash and Cash Equivalents at the beginning of the reporting period	93,466	15
93,466	Cash and Cash Equivalents at the end of the reporting period	49,731	15

## **SECTION 2 - STATEMENT OF ACCOUNTING POLICIES**

### **1. GENERAL PRINCIPLES**

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 (as amended for the Accounts and Audit (Amendment) Regulations 2021), which require them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and the SERCOP 2023/24, both published by CIPFA, and based on IFRS and statutory guidance under Section 12 of the Local Government Act 2003 (see Glossary for definitions). The accounting convention adopted in the Statement of Accounts is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Statement of Accounts has been prepared on a 'going concern' basis (in other words, on the expectation that the Council will continue to operate in its current form for the foreseeable future).

### **2. CHANGES IN ACCOUNTING ESTIMATES AND ACCOUNTING POLICIES, MATERIAL ERRORS AND PRIOR PERIOD ADJUSTMENTS**

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. Prior period adjustments may arise from a change in an accounting policy or to correct a material error. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### **3. ACCRUALS OF INCOME AND EXPENDITURE**

The Council's revenue and capital accounts are prepared on an accruals basis. This means that activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Expenditure on supplies is accounted for when they are used. When there is a significant gap between the date on which supplies are received and the date of their use, and the value is material, they are carried as inventories on the Balance Sheet.
- Expenditure in relation to services received (including those provided by employees) is accounted for as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised in the accounts, but cash has not been received or paid, a debtor or creditor for the amount is recorded in the Balance Sheet. Where it is likely that debts may not be settled, a charge is made to revenue for the income that might not be collected and the debtor is impaired.
- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that the economic benefits or service potential associated with the transaction will be received by the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably

---

**Statement of Accounting Policies**

---

the percentage of completion of the transaction and it is probable that the economic benefits or service potential associated with the transaction will be received by the Council.

- Revenue from Council Tax, Non-Domestic Rates and rents is accounted for in the year it is due.
- The Council has a de-minimis level in accounting for manual accruals of £5,000. However, this does not mean that all transactions below this value will not be accrued as they may form part of feeder file accruals (where the file is over £5k) or where similar transactions below £5k add up to a total above £5k.

#### **4. EXCEPTIONAL ITEMS**

Where items of expenditure and income are material, their nature and amount are disclosed separately, either in the Comprehensive Income and Expenditure Statement (the "CIES") or in a note to the accounts, depending on their significance.

#### **5. FOREIGN CURRENCY TRANSLATION**

Where the Council has entered into a foreign currency transaction, it is converted into sterling at the exchange rate prevailing on the transaction date. Where amounts are outstanding at year end, they are converted at the exchange rate on 31 March. Any material gains or losses are charged to the Financing and Investment Income and Expenditure line in the CIES.

#### **6. VALUE ADDED TAX (VAT)**

Income and Expenditure excludes any amounts related to VAT, unless it is irrecoverable from Her Majesty's Revenue and Customs. VAT is paid on invoices received and charged to an input tax account and VAT is collected with income and posted to an output tax account. These accounts are reconciled and claims made to HM Revenue and Customs for the net VAT incurred on a monthly basis.

#### **7. EVENTS AFTER THE BALANCE SHEET DATE**

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

- those that give evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events where they are considered to be material;
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events. However, where they would have a material effect, disclosure is made in the notes of the nature of the event and its estimated financial effect.

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

#### **8. OVERHEADS AND SUPPORT SERVICES**

The costs of overheads and support services are charged to the services where those budgets are controlled, in line with the organisational structure of the Council. However, overheads and support services still continue to be allocated across the benefiting services to cover statutory requirements (for example, between the General Fund and Housing Revenue Account) and for statutory returns to Central Government.

## **9. GOVERNMENT GRANTS AND CONTRIBUTIONS**

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that the Council will comply with the conditions attached to the payments, and the grants or contributions will be received. Amounts recognised as due to the Council are not credited to the CIES until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential of the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or else the future economic benefits or service potential must be returned to the transferor. Amounts received as grants and contributions for which conditions have not been satisfied are carried on the Balance Sheet as receipts in advance. When conditions are satisfied, they are credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non ring-fenced revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the Movement in Reserves Statement (MiRS). Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

## **10. LEASES**

Leases are classified as finance leases where the terms of the lease substantially transfer all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements which do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where the fulfilment of the arrangement is dependent on the use of specific assets.

### **a) The Council as Lessee**

#### **i) Finance Leases**

The Council as lessee does not have any finance leases.

#### **ii) Operating Leases**

Rentals paid under operating leases are charged to the CIES as expenditure of the services which benefit from the use of the leased asset. Charges are made on a straight-line basis over the life of the lease, even if this does not match the incidence of payments (e.g. where there is a rent-free period).

### **b) The Council as Lessor**

#### **i) Finance Leases**

When the Council grants a finance lease over a property or item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Any gain, representing the Council's net investment in the lease, is credited to the same line in the CIES as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease asset (long-term debtor) in the Balance Sheet. The gain credited to the CIES on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. The written-off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the MiRS.



---

**Statement of Accounting Policies**

---

Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the MiRS. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the MiRS. When the future rentals are received, the capital receipt for the disposal of the asset is used to write down the lease debtor, and the associated deferred capital receipt is transferred to the Capital Receipts Reserve.

Lease rentals received are apportioned between a charge for the acquisition of the interest in the property, which is applied to write down the lease debtor (together with any premiums received), and finance income (credited to the Financing and Investment Income and Expenditure line in the CIES).

**ii) Operating Leases**

Where the Council grants an operating lease over a property or item of plant or equipment, the asset is retained on the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the CIES on a straight-line basis over the life of the lease, even if this does not match the incidence of payments received.

The implementation of IFRS 16 Leases has been deferred to 1 April 2024 - for further information see Note 2 of Section 3 in these Accounts.

**11. INVENTORIES (STOCK)**

Highways and fleet stores are valued and included in the Balance Sheet at cost price as a proxy for average price. Revenue accounts are charged with the cost of obsolescent stock written off.

**12. LONG TERM CONTRACTS**

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 under the contract during the financial year.

**13. EMPLOYEE BENEFITS**

**a) Benefits Payable during Employment**

Short-term employee benefits are those which are settled within 12 months of the year-end. They include salaries, paid annual leave and sick leave for current employees and are recognised as an expense in the year in which employees render their services to the Council. An accrual is made for the cost of entitlements (or any form of leave) 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 salary rates applicable in the year in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the MiRS using the Short Term Compensated Absences Account so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs. This account shows the differences arising 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 each year. Statutory requirements are that the impact on Council Tax is reversed through the Account.

**b) Termination and Discretionary Benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before their normal retirement date. They are charged on an accruals basis to the relevant Service Cost line in the CIES in the year in which the Council is committed to the termination of the employment of the officer. The Council has an approved scheme to make awards of benefits in the event of early retirements which requires a panel to consider and agree proposals on the grounds of redundancy and/or efficiency and applications for voluntary early retirement from employees.

---

**Statement of Accounting Policies**

---

Where termination benefits have involved the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, 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 amounts payable but unpaid at the year-end.

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

**c) Post-Employment Benefits**

Employees of the Council are members of four separate pension schemes:-

- The Teachers' Pension Scheme, administered by Capita Teachers Pensions for the DfE;
- The NHS Pension Scheme, administered by EA Finance NHS Pensions;
- The London Pension Fund administered by the Local Pensions Partnership Limited (LPP) on behalf of the London Pensions Fund Authority (LPFA);
- The Local Government Pension Scheme (LGPS), administered by Lewisham Council.

These schemes provide defined benefits to members (retirement lump sums and pensions), which are earned as they work for the Council.

**(i) Teachers' Pension Scheme and the NHS Pension Scheme**

These schemes are defined benefit schemes, but are accounted for as if they were defined contributions schemes, since their liabilities cannot be separately identified to individual Local Authorities. No liabilities for future payment of benefits are therefore recognised in the Balance Sheet for these schemes. The CIES is charged with the employer's contributions paid to the schemes during the year.

**(ii) London Pension Fund Scheme**

This scheme is a defined benefit scheme and is accounted for as such, since its liabilities and assets can be identified to individual Councils. The CIES is charged with a levy from the LPFA to meet the employer's contributions such as premature retirement costs in respect of former employees of the GLC, ILEA and LRB.

**(iii) Local Government Pension Scheme**

This scheme is a defined benefit scheme and is accounted for as such, since its liabilities and assets are attributable to individual Local Authorities. The Council's attributed liabilities are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments to be made by the Scheme in relation to benefits earned to date, based on a number of assumptions about mortality rates, turnover, projected earnings etc. These liabilities are discounted to their value at current prices, using a discount rate recommended by the Scheme's Actuaries.

The assets of the Scheme are included in the Balance Sheet at their fair value as follows:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value.

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

- Service Costs comprising
  - The current service cost which is the increase in liabilities as a result of years of service earned this year. These are allocated in the CIES to the services for which the employees worked.
  - The past service cost which is the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. These are debited to the relevant Service Directorate in the Surplus or Deficit on the Provision of Services in the CIES.

---

**Statement of Accounting Policies**

---

- Net interest on the net defined benefit liability  
This is the change in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES. This is calculated by applying the discount rate to the net defined benefit liability at the beginning of the period, accounting for any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- Re-measurement comprising  
The return on plan assets excluding amounts included in net interest.  
The actuarial gains and losses arising from changes in demographic and financial assumptions since the last actuarial valuation.  
Other changes not accounted for elsewhere.

Statutory regulations require Council Tax to fund the amounts payable to the Pension Scheme in the year, rather than the amount calculated according to the relevant accounting standards. The notional entries for assets and liabilities are therefore matched with appropriations to and from the Pension Reserve in the Movement in Reserves Statement. The negative balance on the Pensions Reserve thus measures the beneficial impact on the General Fund of being required to account on the basis of cash flows rather than as benefits are earned by employees.

The detailed accounting policies followed in preparing the pension fund accounts are disclosed separately in the Council's Pension Fund Accounts in Section 8 of the Statement of Accounts.

#### **14. INTERESTS IN COMPANIES**

The Council has two wholly owned subsidiary companies, Lewisham Homes Limited and Catford Regeneration Partnership Limited. These are accounted for at cost in the single entity accounts. It also is an equal partner (50:50) in Lewisham Grainger Holdings LLP with Grainger Developments Ltd (There is joint control between the Council and Grainger Developments Ltd., and this meets the definition of a joint venture under IFRS11). The transactions between the Council and all of these companies are included in the Council's accounts. An annual review of the necessity of preparing Group Accounts is undertaken, and for 2023/24 it has again been concluded that the activities of Group's entities are sufficiently material to warrant the production of Group Accounts. See also Section 6 – Group Accounts, and Note 25 - Investment in Companies.

#### **15. REVENUE PROVISIONS AND IMPAIRMENT ALLOWANCES**

##### **a) Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement at a later date and where a reliable estimate can be made of the amount of the obligation. Provisions are charged to the appropriate service line in the CIES in the year that the Council becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. Provisions are determined to be short or long term dependent on when settlement is expected. When payments are eventually made, they are charged to the provision in the Balance Sheet. All provisions are reviewed at the end of the financial year, and where it is assessed that it is less than probable that a settlement will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

---

**Statement of Accounting Policies**

---

**b) Impairment Allowances**

The Authority recognises an allowance for expected credit losses on financial assets measured at amortised cost, debt instruments measured at amortised cost, Business Rates, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instruments

**(i) Trade Receivables**

For trade receivables, the Authority applies a simplified approach permitted under IFRS 9 and recognises a loss allowance equal to lifetime expected credit losses. The expected credit losses on these financial assets are estimated using a unique method for each service area based on their respective historical credit loss experience and adjusted for factors that are specific to each area, general economic conditions, and an assessment of both the current and forecast direction of conditions at the reporting date.

In measuring the expected credit losses, if specific information regarding recoverability of any major debt is available then balances are assessed individually for impairment. Debts not assessed individually have been assessed on a collective basis based on unique method for each service area. Debtors are written off (i.e. derecognised) when there is no reasonable expectation of recovery.

**16. RESERVES**

The Council has set aside specific amounts as reserves to cover future expenditure for contingencies or policy purposes, which fall outside the definition of provisions, and are shown in Note 9 of Section 3. The reserves are created by appropriating amounts out of the General Fund Balance in the MiRS. When expenditure to be financed from a 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 CIES. The reserve is then credited back to the General Fund Balance in the MiRS so that there is no net charge against Council Tax. Statutory reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and are not available for the Council to use to finance services.

**17. CONTINGENT LIABILITIES AND ASSETS**

A contingent liability or asset arises where an event has taken place that gives the Council a possible obligation or asset. However, this will only be confirmed by the occurrence or otherwise of another event not wholly within the control of the Council. These are not recognised in the Balance Sheet but are disclosed in a note to the accounts. A contingent liability could also arise in circumstances where a provision would otherwise be made but either it is not probable that a payment will be required or the amount of the obligation cannot be measured reliably.

**18. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE**

Expenditure incurred which can be capitalised under statutory provisions but does not result in the creation of a non-current asset for the Council (e.g. home improvement grants or voluntary aided schools expenditure), is charged to the relevant service cost line in the CIES. Where this expenditure is met from existing capital resources or by borrowing, a transfer in the MiRS from the General Fund Balance to the Capital Adjustment Account reverses out the amounts charged so that there is no impact on Council Tax.

---

**Statement of Accounting Policies**

---

**19. FINANCIAL INSTRUMENTS**

**a) Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Charges to the Financing and Investment Income and Expenditure line in the CIES for interest payable are based on the carrying amount of the liability, multiplied by its effective rate of interest. This rate exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For the Council's borrowings, the amount on the Balance Sheet is the outstanding principal repayable (plus accrued interest), and the interest charged to the CIES is the amount payable for the year for the loan. Following a change in the Code in 2019/20 call options within LOBO contracts are no longer accounted for separately.

Premiums and discounts from previous year's settlements are charged to the CIES in accordance with regulations requiring the impact on the General Fund and the HRA to be spread over future years. The Council's policy is to spread the gain or loss over the remaining term of the loan repaid on which the premium was payable or discount receivable. As required by statute, the amounts charged to the CIES are adjusted to the required charge against Council Tax or Housing Rents by a transfer to or from the Financial Instruments Adjustment Account in the MiRS. This account holds the accumulated difference between the financing costs charged to the CIES and the accumulated financing costs required to be charged to the General Fund Balance in accordance with regulations.

**b) Financial Assets**

In accordance with IFRS 9, financial assets are classified into three categories:

- Amortised cost
  - These are loans and loan arrangements where repayments of interest and principal occur on set dates and at specified amounts. The amount presented in the Balance Sheet represents the outstanding principal received plus accrued interest and the interest credited to the Comprehensive Income and Expenditure Statement (CIES) is the amount receivable as per the loan agreement.
- Fair value through profit or loss (FVPL)
  - These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.
- Fair value through other comprehensive income (FVOCI)
  - These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are accounted for through a reserve account, with the balance debited or credited to the CIES on asset disposal.

The Council holds investments to collect contractual cash flows. Financial assets within the accounts are classified as amortised cost or Fair value through profit or loss.

---

**Statement of Accounting Policies**

---

**c) Expected Credit Loss Model**

The Council will recognise expected credit losses on all of its financial assets held at amortised cost either on a 12-month or lifetime basis, where material. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

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

**20. CASH AND CASH EQUIVALENTS**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than twenty four hours. Cash equivalents are investments that mature in no more than three months or less from the date of acquisition and are readily convertible to known amounts of cash with insignificant risk of change in value. The Cash Flow Statement shows cash and cash equivalents net of repayable on demand bank overdrafts which form an integral part of the Council's cash management.

**21. INTANGIBLE NON CURRENT ASSETS**

Intangible Non-Current Assets (e.g. software licences) do not have any physical substance and are identifiable and controllable by the Council through custody or legal rights. The expenditure is only capitalised when it and the future economic benefits or service potential flowing from it are both material. The level of spend on these assets is immaterial and therefore is charged direct to the CIES.

**22. NON CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT**

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

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

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

**a) Recognition**

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided it adds value, increases its ability to deliver future economic benefits or service potential, or can be capitalised as a component and exceeds the Council's de-minimis limit of £40,000. Expenditure financed from the government's Devolved Formula Capital Grant is also capitalised on the basis that it increases the school's service potential. Expenditure that only maintains an asset's value (i.e. repairs and maintenance) and does not increase its ability to deliver benefits or services is charged as revenue expenditure when it is incurred.

---

**Statement of Accounting Policies**

---

**b) Measurement and Valuation**

Non-current assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The Council capitalises costs incurred whilst assets are under construction if these costs are directly attributable to an asset and it is probable that future economic benefits will flow to the authority (in accordance with IAS 16). These balances are held on the balance sheet under the category Assets Under Construction (AUC) and are transferred to the specific non-current assets category when the project reaches practical completion. Non-current assets are carried on the Balance Sheet using the following measurement bases:

- community assets and assets under construction – depreciated historical cost;
- dwellings – current value, using the basis of existing use value for social housing (EUV-SH);
- all other assets – current value, being the amount that would be paid for the asset in its existing use (existing use value – EUV);
- where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value;
- where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Non-current assets included in the Balance Sheet at fair value are revalued regularly in accordance with the Statements of Appraisal and Valuation Manual and Guidance Notes issued by the RICS and recommended by CIPFA.

The cost of an asset acquired other than by purchase is deemed to be its fair value. 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 of the CIES. Where the donation has been made conditionally, the gain is held in the Donated Assets Account until conditions are satisfied. Where gains are credited to the CIES, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the MiRS.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Gains are credited to the CIES 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 balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no or an insufficient balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line in the CIES.

Surplus Assets not Held for Sale are assets that are not being used to supply goods and services and do not meet the criteria of assets held for sale. The adoption of IFRS 13 requires that these assets are measured at fair value and not existing use value. 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.

For surplus assets the gross value has been apportioned between land and building elements (residual and depreciable). Remaining useful life elements have also been provided for each asset. The aim is to arrive at the notional 'Highest and Best use value' for the asset. This has been achieved, for these purposes, by comparing the 'current use' of the asset to the notional 'alternative use' based on potential redevelopment on a land value basis for the site.

The valuer (Wilks Head and Eve) has stated in their valuation report that these assets have been categorised at Level 2 of the hierarchy as there are significant observable inputs:

- Land, Office, and Retail assets have been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the locality.
- Market conditions for these asset types are such that the levels of observable inputs are significant leading to the properties being categorised at Level 2 in the Fair Value hierarchy.

---

**Statement of Accounting Policies**

---

Typical valuation inputs which have been analysed in arriving at the Fair Valuations include: Market Rental and Sale Values; Yields; Void and Letting Periods; Size; Configuration, proportions and layout; Location, visibility and access; Condition; Lease covenants; Obsolescence; Construction.

The Fair Value of the asset, for the current use, has been determined by applying an income or comparative approach based on the rental value of the property.

In most cases the assets have been leased on the open market and there are comparables to draw upon in relation to rental values, yields and rental growth.

Although there is an element of Valuer subjectivity, the valuers are of the view that the valuations comprise a higher proportion of observable inputs rather than unobservable inputs.

**c) Charges to Revenue for Non-Current Assets**

All services are charged with the following amounts to reflect the cost of using Property, Plant and Equipment 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).

These amounts are not required to be charged against Council Tax; however the Council is required to make an annual contribution from revenue (the Minimum Revenue Provision – MRP) to reduce its overall outstanding borrowing, calculated on a prudent basis in accordance with statutory guidance. The difference between the two is accounted for within the Capital Adjustment Account in the Movement in Reserves Statement.

**d) Impairment**

Non-current assets held on the Balance Sheet are reviewed at year-end to assess whether they may be impaired. Where an impairment exists, the recoverable amount of the asset is estimated and if material, an impairment loss is recognised for the shortfall and is accounted for as follows:-

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.



---

**Statement of Accounting Policies**

---

**e) Depreciation**

Depreciation is charged on all Property, Plant and Equipment assets by applying the straight-line method based on the asset's useful life. Depreciation is not charged for assets with an indeterminable finite useful life, a long life such that depreciation would be immaterial, assets where the recoverable amount exceeds the carrying amount (i.e. freehold land, community assets) and assets under construction. Depreciation is calculated on the following bases:

- council dwellings – 40 years
- other land & buildings (including hostels) – 40 years
- vehicles, plant & equipment – range of 5 to 40 years

The Council's policy is to charge depreciation on the assets value at 01 April each year. It is charged from the year following the date of purchase or completion of construction, and is not adjusted for disposals or additions of assets during the year. Where an asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

**f) Disposals of Non-Current Assets**

When an asset is disposed of or decommissioned, the carrying amount in the Balance Sheet is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Any receipts from disposals are credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for asset disposals are classified as capital receipts. A proportion of receipts from housing disposals (as per the relevant regulations) are payable to the Government. The retained receipts are required to be credited to the Usable Capital Receipts Reserve, and can only be used to finance new capital investment or set aside to reduce the Council's underlying need to borrow. Receipts are appropriated to the Reserve from the General Fund Balance in the MiRS. The written-off value of disposals is not a charge against Council Tax. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the MiRS.

**g) Deferred Capital Receipts**

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

---

**Statement of Accounting Policies**


---

**23. HIGHWAYS 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.

**a) 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.

**b) 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 England, which was deemed at that time to be historical cost.

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

**c) Depreciation**

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

Annual depreciation is the depreciation amount allocated each year.

Useful lives of the various parts of the highways network are assessed by the Chief Highways Engineer using industry standards where applicable as follows:

<b>Part of the highways network</b>	<b>Useful life</b>
Carriageways	25 years
Footways and cycle tracks	25 years
Structures (bridges, tunnels and underpasses)	25 years
Street lighting	25/ 40 years
Street furniture	25 years
Traffic management systems	25 years

---

**Statement of Accounting Policies**

---

**d) Disposals and derecognition**

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

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

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

**24. HERITAGE ASSETS**

These are assets which are primarily held for their contribution to knowledge or culture; however, where they are used as operational assets, they are classified as such. They are recognised and measured in accordance with the accounting policies on Property, Plant and Equipment in respect of revaluation, impairment and disposal. The Council has, however, opted not to depreciate these assets since they are enduring by nature. The threshold for disclosure is £40,000.

**25. PRIVATE FINANCE INITIATIVE (PFI) CONTRACTS**

These are agreements to receive services where the responsibility for making available the assets needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as ownership of the assets will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment. The original recognition of these assets at fair value is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. Where schemes include a capital contribution, the liability is written down accordingly. Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as other non-current assets owned by the Council. The amounts payable to the PFI operators each year are analysed into the following five elements:

- fair value of the services received during the year – debited to the relevant service in the CIES;
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to Interest Payable and Similar Charges in the CIES;
- contingent rent – increases in the amount to be paid for the asset arising during the contract, debited to Interest Payable and Similar Charges in the CIES;
- payment towards liability – applied to write down the liability towards the PFI operator;
- lifecycle replacement costs – recognised as prepayments in the Balance Sheet and then recognised as non-current assets on the Balance Sheet when the work is carried out.

**26. ACCOUNTING FOR SCHOOLS**

Schools' accounting policies are the same as the Council's, with their income and expenditure being attributed to the appropriate service line in the CIES and their assets, liabilities and balances being included on the Balance Sheet. Schools' earmarked reserves are shown separately within Note 9 to the Core Financial Statements. An analysis of Dedicated Schools' Grant (the main source of funding for schools) is shown in Note 29. Any critical judgements made relating to accounting for schools' non-current assets (i.e. land and buildings) are shown in Note 3.

## Notes to the Core Financial Statements

## SECTION 3 – NOTES TO THE CORE FINANCIAL STATEMENTS

## 1. EXPENDITURE AND FUNDING ANALYSIS – YEAR ENDING 31 MARCH 2024

The objective of the Expenditure and Funding Analysis is to demonstrate to Council Tax and rent payers how the funding available to the authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

SERVICE	As reported for resource management (Narrative report) £'000	Adjustment to arrive at the net amount chargeable to the General Fund and HRA balances £'000	Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustments between Funding and Accounting Basis (see Notes to EFA (i)) £'000	Net Expenditure in the CIES £'000
Children & Young People Directorate	95,800	(11,618)	84,182	16,901	101,083
Community Services Directorate	92,700	47	92,747	5,929	98,676
Place Directorate	21,500	647	22,147	9,785	31,932
Corporate Services Directorate	33,500	1,642	35,142	1,020	36,162
Chief Executive Directorate	13,100	301	13,401	7	13,408
Housing Directorate	19,100	(1,366)	17,734	7,788	25,522
HRA	0	(173)	(173)	23,815	23,642
Corporate Provisions	7,500	32,083	39,583	(22,442)	17,141
<b>Cost of Services</b>	<b>283,200</b>	<b>21,563</b>	<b>304,763</b>	<b>42,803</b>	<b>347,566</b>
Other Income and Expenditure	(263,700)	(24,534)	(288,234)	23,853	(264,381)
<b>(Surplus) or Deficit</b>	<b>19,500</b>	<b>(2,971)</b>	<b>16,529</b>	<b>66,656</b>	<b>83,185</b>

Notes to the Core Financial Statements

**Analysis of Adjustment to arrive at the net amount chargeable to the General Fund and HRA balances £16.5m**

General Fund -£9.7m

The “Other Income and Expenditure” that is reported to management is equal to the net general fund budget set for the year (£263.7m). This is then compared to the net cost of services to get to the reported overspend for the year of £19.5m, as per the Outturn Report table in the Narrative Statement. The net reduction in General Fund reserves for the year was £9.8m, the difference to the reported outturn position being made up of Unplanned Corporate Provisions and Reserves.

HRA £6.7m

Within reports to management the net over/ underspend position of the HRA is always reported as nil, after taking account of/ noting the various movements and forecasts for the main income and expenditure items and the required action to return the account to a net nil budget. The net movement in HRA reserves in the year was a reduction of £6.7m, so this needs to be added back into the “Adjustment to arrive at the net amount chargeable to the General Fund and HRA balances” to get to the required “Net Expenditure Chargeable to the General Fund and HRA Balances”.

Opening General Fund and HRA Balance at 01 April 2023	(261,237)
Add (Surplus)/ Deficit on General fund and HRA Balance in Year	16,529
<b>Closing General Fund and HRA Balance at 31 March 2024</b>	<b>(244,708)</b>

<b><u>Analysed between General Fund and HRA Balances</u></b>			
	<b>General Fund</b>	<b>HRA</b>	<b>Total</b>
Opening General Fund and HRA Balance at 01 April 2023	(247,169)	(14,068)	<b>(261,237)</b>
Add (Surplus)/ Deficit on General fund and HRA Balance in Year	9,833	6,696	<b>16,529</b>
<b>Closing General Fund and HRA Balance at 31 March 2024</b>	<b>(237,336)</b>	<b>(7,372)</b>	<b>(244,708)</b>

## Notes to the Core Financial Statements

## EXPENDITURE AND FUNDING ANALYSIS – YEAR ENDING 31 MARCH 2023

Restated					
SERVICE	As reported for resource management (Narrative report) £'000	Adjustment to arrive at the net amount chargeable to the General Fund and HRA balances £'000	Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustments between Funding and Accounting Basis (see Notes to EFA (i)) £'000	Net Expenditure in the CIES £'000
Children & Young People Directorate	68,900	(19,218)	49,682	31,064	80,746
Community Services Directorate	84,000	7,113	91,113	6,374	97,487
Place Directorate	26,400	3,320	29,720	366	30,086
Corporate Services Directorate	32,900	2,864	35,764	4,972	40,736
Chief Executive Directorate	10,800	959	11,759	729	12,488
Housing Directorate	0	8,828	8,828	(3,488)	5,340
HRA	0	10,634	10,634	25,720	36,354
Corporate Provisions	32,600	1,245	33,845	(24,976)	8,869
<b>Cost of Services</b>	<b>255,600</b>	<b>15,745</b>	<b>271,345</b>	<b>40,761</b>	<b>312,106</b>
Other Income and Expenditure	(248,600)	(2,327)	(250,927)	35,467	(215,460)
<b>(Surplus) or Deficit</b>	<b>7,000</b>	<b>13,418</b>	<b>20,418</b>	<b>76,228</b>	<b>96,646</b>

Notes to the Core Financial Statements

Opening General Fund and HRA Balance at 01 April 2022	(281,655)
Add (Surplus)/ Deficit on General fund and HRA Balance in Year	20,418
<b>Closing General Fund and HRA Balance at 31 March 2023</b>	<b>(261,237)</b>

<b><u>Analysed between General Fund and HRA Balances</u></b>			
	<b>General Fund</b>	<b>HRA</b>	<b>Total</b>
Opening General Fund and HRA Balance at 01 April 2022	(251,340)	(30,315)	<b>(281,655)</b>
Add (Surplus)/ Deficit on General fund and HRA Balance in Year	4,171	16,247	<b>20,418</b>
<b>Closing General Fund and HRA Balance at 31 March 2023</b>	<b>(247,169)</b>	<b>(14,068)</b>	<b>(261,237)</b>

## Notes to the Core Financial Statements

## Notes to the EFA

## (i) Adjustments between Funding and Accounting Basis

Adjustments from General Fund to arrive at the CIES amounts	2023/24			
	Adjustment for Capital Purposes £'000	Net change for the Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
<b>SERVICE</b>				
Children & Young People Directorate	14,682	(1,174)	3,393	<b>16,901</b>
Community Services Directorate	5,788	(221)	362	<b>5,929</b>
Place Directorate	9,060	(139)	864	<b>9,785</b>
Corporate Services Directorate	1,135	(173)	58	<b>1,020</b>
Chief Executive Directorate	0	(52)	59	<b>7</b>
Housing Directorate	7,131	(31)	688	<b>7,788</b>
HRA	23,919	(104)	0	<b>23,815</b>
Corporate Provisions	(16,898)	(5,489)	(55)	<b>(22,442)</b>
<b>Cost of Services</b>	<b>44,817</b>	<b>(7,383)</b>	<b>5,369</b>	<b>42,803</b>
Other Income and Expenditure	18,476	5,377	0	<b>23,853</b>
<b>Difference between General Fund surplus or deficit and CIES surplus or deficit</b>	<b>63,293</b>	<b>(2,006)</b>	<b>5,369</b>	<b>66,656</b>



## Notes to the Core Financial Statements

Restated				
2022/23				
Adjustments from General Fund to arrive at the CIES amounts	Adjustment for Capital Purposes £'000	Net change for the Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
<b>SERVICE</b>				
Children & Young People Directorate	4,927	20,119	6,018	<b>31,064</b>
Community Services Directorate	2,804	3,719	(149)	<b>6,374</b>
Place Directorate	8,404	2,945	(10,983)	<b>366</b>
Corporate Services Directorate	1,678	3,001	293	<b>4,972</b>
Chief Executive Directorate	0	864	(135)	<b>729</b>
Housing Directorate	(3,488)	0	0	<b>(3,488)</b>
HRA	25,579	141	0	<b>25,720</b>
Corporate Provisions	(21,457)	(2,701)	(818)	<b>(24,976)</b>
<b>Cost of Services</b>	<b>18,447</b>	<b>28,088</b>	<b>(5,774)</b>	<b>40,761</b>
Other Income and Expenditure	19,774	15,693	0	<b>35,467</b>
<b>Difference between General Fund surplus or deficit and CIES surplus or deficit</b>	<b>38,221</b>	<b>43,781</b>	<b>(5,774)</b>	<b>76,228</b>

## **2. ACCOUNTING STANDARDS ISSUED, NOT ADOPTED IN THE 2023/24 ACCOUNTS**

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom and will be adopted in 24/25:

**IAS 1 Presentation of Financial Statements** will be revised to further clarify the classification of liabilities as current or non-current and improve the information provided where the Council has a non-current liability with a covenant. These changes are not expected to significantly affect the amounts held in the Council's financial statements.

**IFRS 16 Leases** will be implemented to recognise a right-of-use asset on the Balance Sheet for all leases where the Council is the lessee (except where short-term or low value). When rents are paid, they will be applied partly to write down the liability and partly charged as interest on the outstanding liability. The cost of the right-of-use asset will be reflected in depreciation charges in the Comprehensive Income and Expenditure Statement.

## **3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

In applying the Accounting Policies the Council has had to make certain judgements about complex transactions (shown in this note) and a number of assumptions which involve uncertainty about future events (shown in the following note). The major judgements made are as follows:

- a. The Authority has made judgements on whether assets are classified as Investment Property or Property, Plant and Equipment. These judgements are based on the main reason that the Authority is holding the asset. If the asset is used in the delivery of services or is occupied by third parties that are subsidised by the Authority it is deemed to be a Property, Plant and Equipment asset. If there were no subsidy and/or a full market rent being charged this would indicate that the asset is an Investment Property. The classification determines the valuation method used.
- b. An accounting judgement has been made for each school as to whether their land and buildings should be included within the Council's Balance Sheet. All Community Schools are deemed to be held on the Council's Balance Sheet due to the risks and rewards that the Council is deemed to have. Similarly, the Council's two Nursery Schools and the Pupil Referral Unit are owned and operated by the Local Authority and therefore on the Council's Balance Sheet. Voluntary Aided Schools and Academies together with a further two Foundation Schools are not included on the Council's balance sheet as ownership of Land and Buildings rests either with the relevant Diocesan body or, in the case of Academies the Government or the Foundation. In summary therefore:
  - Included are 40 Community Primary Schools, 4 Community Secondary Schools, 3 Community Special Schools, 2 Community Foundation Schools, 1 Pupil Referral Unit and 2 Nursery Schools (52 schools).
  - Excluded are 20 Voluntary-aided Schools, 0 Foundation Schools, 13 Academies and 3 others (36 schools).
  - Also excluded are assets acquired via PFI contracts where they relate to the excluded schools given above, although the PFI liability remains with the Council.
- c. A judgement has been made by the Council that it is proper practice to prepare Group Accounts for 2023/24, on grounds of materiality. For further information, see Section 2 – Accounting Policies (para. 14 – Interests in Companies); also Section 6 – Group Accounts; and Note 25 – Investment in Companies. All relevant entities have been consolidated into the Group Accounts.

## Notes to the Core Financial Statements

**4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY**

These Accounts contain a number of estimated figures that are based on assumptions made about the future or that are otherwise uncertain, and take into account historical experience, current trends and other relevant factors. Because of this, the actual outcomes could be materially different from the assumptions and estimates made. The areas in the Council's Accounts at 31 March 2024 for which there is a significant possibility of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment - PP&E (Valuations, Asset Lives and Derecognition)	<p>Asset valuations are based on Current Value and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets. The Council's external valuers provided valuations as at 31 March 2024 for nearly all of its operational portfolio. The remaining balance of operational properties were also reviewed to ensure values reflect current values. The Council's valuers use a combination of methodologies to value operational assets. This includes Depreciated Replacement Cost (DRC), Existing Use Value (EUUV) and comparable methods. These methods can cause estimation uncertainty due to the indices and inputs that must be used to applying valuations, which are updated monthly.</p> <p>The estimated remaining useful life of all operational assets is reviewed annually based on the advice from the Council external valuers.</p>	<p>Changes to asset value and lives will have an effect on the annual depreciation charge for use of assets charged to services in the CI&amp;ES. The annual depreciation charge for PP&amp;E in 2023/24 is £45.633m (£43.545m in 2022/23) and the gross book value of these assets is £2,772m (£2,886m in 2022/23).</p> <p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's operational properties were to reduce by 5%, this would result in a charge to the Comprehensive Income and Expenditure Statement of approximately £128m. An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement. Depreciation charges for operational buildings will change in direct relation to changes in estimated current value.</p> <p>The asset life has an inverse effect with depreciation charge. The lower the asset life, the higher the depreciation charge; the higher the asset life, the lower the depreciation charge.</p>

## Notes to the Core Financial Statements

Valuation of HRA Dwellings	The HRA residential portfolio is valued based on a beacon methodology, with a 25% EUV-SH (social housing) factor applied, which is the standardised Department for Levelling up, Housing and Communities rate for London. The current value of the stock (at 25%) is £1.36bn. In order to value the whole portfolio, it was necessary to research a number of information sources. These include sales of directly comparable property, changes of income flow for non-residential property, information available at a local level showing house price movement plus regional and National Indices.	A reduction in the estimate value of HRA dwellings would be a reduction on the revaluation reserve or a loss in the CIES. If the value of dwellings were to reduce by 10% this would lead to a reduction in value of about £136m. An increase in estimated valuations would result in increases to the Revaluation Reserve or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.
Actuarial present value of promised retirement benefits	The figure of net liability to pay pensions is based on a significant number of complex assumptions including the discount rate, salary increases, mortality rates and expected returns on Fund assets. The Pension Fund's qualified actuary calculates this figure to ensure the risk of misstatement is minimised. Further sensitivity analysis is included in note 19 to the Pension Fund in Section 8, below.	The effects on the net pension liability of changes in assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption is estimated to reduce the present value of the pension liability by £28.2m. A 0.1% increase in the assumed level of pension increases will increase the net pension liability by £27.7m.
Impairment allowance for expected credit loss	The Authority recognises an allowance for expected credit losses on financial assets measured at amortised cost, debt instruments measured at amortised cost, Business Rates, lease receivables, trade receivables and contract assets. As at 31 March 2024, the Council had an outstanding balance of short-term debtors totalling £162.3m. Of this, £136.8m falls within the scope of the expected credit loss model and has various impairment allowances recognised. Against the £136.8m debtors' balance, there is an impairment allowance of £88.9m. It is not certain that this impairment allowance would be sufficient as the Council cannot assess with certainty which debts will be collected or not. Calculation of expected credit loss is forward looking and doesn't just rely upon historic information without considering if that needs to be adapted to reflect current and future conditions. The calculation of the impairment allowance takes into account current and forecast future conditions.	An understatement of doubtful debts would lead to a future adjustment and impairment to be reflected. The impairment allowances held are based on policies adapted to historic experience and success rates experienced in collection. The nature of the debt and service area have been considered. If collection rates were to deteriorate significantly then the Council would need to review its policies on the calculation of its impairment allowance for expected credit losses. If collection rates of all debts were to deteriorate by 5% then the impairment allowance would need to increase by £6.8m (10% would be £13.7m).
Venture Capital - private equity / infrastructure	As at 31 March 2024, the Council's Pension Fund had venture capital private equity investments of £279.0m. Private equity investments are valued at fair value in accordance with British Private Equity and Venture Capital Association guidelines. These investments are not publicly listed and as such, there is a degree of estimation involved in the valuation. The Council makes up approximately 88% of the active members of the Pension Fund so would be impacted by this uncertainty.	The venture capital investment in the financial statements is £279.0m. There is a risk that this investment may be understated or overstated in the accounts and the risk is estimated to be 4.3%. This would be an increase or decrease in the value of venture capital investments by £12.0m, on a fair value of £279.0m. The Council makes up approximately 88% of the active members of the Pension Fund so would be impacted by this uncertainty - 88% of this risk is £10.6m.

## Notes to the Core Financial Statements

**a) Movement in Land and Buildings valuations analysis**

A sensitivity analysis detailing movement in valuations is as follows:

Asset Category	Assets Valued at 31 March 24	Value on Increase			Value on Decrease		
		1% £000	5% £000	10% £000	1% £000	5% £000	10% £000
Council Dwellings	1,362,726	1,376,353	1,430,862	1,498,999	1,349,099	1,294,590	1,226,453
Other Land & Buildings	1,204,665	1,216,712	1,264,898	1,325,132	1,192,618	1,144,432	1,084,199
Surplus Assets	60,347	60,950	63,364	66,382	59,744	57,330	54,312
<b>Total</b>	<b>2,627,738</b>	<b>2,654,015</b>	<b>2,759,124</b>	<b>2,890,513</b>	<b>2,601,461</b>	<b>2,496,352</b>	<b>2,364,964</b>

Asset Category	Assets Valued at 31 March 23	Value on Increase			Value on Decrease		
		1% £000	5% £000	10% £000	1% £000	5% £000	10% £000
Council Dwellings	1,440,091	1,454,492	1,512,096	1,584,100	1,425,690	1,368,086	1,296,082
Other Land & Buildings	1,212,694	1,224,821	1,273,329	1,333,963	1,200,567	1,152,059	1,091,425
Surplus Assets	63,659	64,296	66,842	70,025	63,022	60,476	57,293
<b>Total</b>	<b>2,716,444</b>	<b>2,743,609</b>	<b>2,852,267</b>	<b>2,988,088</b>	<b>2,689,279</b>	<b>2,580,621</b>	<b>2,444,800</b>

**b) Pension Fund Liability**

The Pension Fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in note 19 to the Pension Fund, see section 8, below. This estimate is subject to significant variances based on changes to underlying assumptions.

**5. MATERIAL ITEMS OF INCOME AND EXPENDITURE**

There are no material items of Income and Expenditure that are not disclosed elsewhere in these Accounts.

**6. EVENTS AFTER THE BALANCE SHEET DATE**

The pre-audit Statement of Accounts was authorised for issue by the Executive Director for Corporate Resources on **17 June 2024**. Events taking place after this date are not reflected in the accounts. Where events took place before this date which materially altered the conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect these altered conditions.

## Notes to the Core Financial Statements

**7. OTHER OPERATING EXPENDITURE - LEVIES**

These are included under the "Other Operating Expenditure" line in the Comprehensive Income and Expenditure Statement and comprises the statutory levies for services carried out by other bodies.

	<b>2023/24</b> <b>£000</b>	<b>2022/23</b> <b>£000</b>
London Pension Fund Authority (a)	1,263	1,263
Lee Valley Regional Park Authority	226	210
Environment Agency	210	210
<b>Total Levies Paid</b>	<b>1,699</b>	<b>1,683</b>

(a) London Pension Fund Authority

The CIES is charged with a levy from the LPFA to meet the employer's contributions such as premature retirement costs in respect of former employees of the Greater London Council and Inner London Education Authority.

**8. TECHNICAL NOTE: AN ANALYSIS OF THE MOVEMENT IN RESERVES STATEMENT ADJUSTMENTS BETWEEN THE ACCOUNTING BASIS AND FUNDING BASIS**

This note details the adjustments that are made to the CIES recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The total of these adjustments appears as a line on the Movement in Reserves Statement.

## Notes to the Core Financial Statements

2023/24	Usable Reserves					Movement in Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
<b>Adjustments to Revenue Resources</b>						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
<b>Pensions costs</b> (transferred to/ from the Pensions Reserve)	(1,990)	(16)				2,006
<b>Financial instruments</b> (transferred to the Financial Instruments Adjustment Account)	(811)	0				811
<b>Council Tax and NDR</b> (transfers to/ from Collection Fund Adjustment Account)	937					(937)
<b>Holiday Pay</b> (transferred to the Accumulated Absences Account)	2,056					(2,056)
<b>Reversal of entries included in the Surplus/ Deficit on the Provision of Services in relation to capital expenditure</b> (these items are charged to the Capital Adjustment Account)	38,732	99,449	26,311			(164,492)
<b>Schools Budget deficit accounting</b> (to account for the in-year deficit and year-end deficit)	2,431					(2,431)
<b>Total Adjustments to Revenue Resources</b>	<b>41,355</b>	<b>99,433</b>	<b>26,311</b>	<b>0</b>	<b>0</b>	<b>(167,099)</b>
<b>Adjustments between Revenue and Capital Resources</b>						
<b>Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve</b>	(172)	(13,085)		13,257		0
<b>Payments to the Government housing receipts pool</b> (funded by a contribution from the Capital Receipts Reserve)	0			0		0
<b>Statutory provision for the repayment of debt</b> (transfer from the CAA)	(15,195)	0				15,195
<b>Revenue Expenditure Funded from Capital under Statute</b>	3,201					(3,201)
<b>Capital expenditure funded from revenue balances</b> (transfer to the CAA)	(4,750)	(3,778)				8,528
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(16,916)</b>	<b>(16,863)</b>	<b>0</b>	<b>13,257</b>	<b>0</b>	<b>20,522</b>
<b>Adjustments to Capital Resources</b>						
Use of the Capital Receipts Reserve to finance capital expenditure				(5,857)		5,857
Use of the Major Repairs Reserve to finance capital expenditure			(26,311)			26,311
Application of capital grants to finance capital expenditure	(41,110)				18,065	23,045
<b>Total Adjustments to Capital Resources</b>	<b>(41,110)</b>	<b>0</b>	<b>(26,311)</b>	<b>(5,857)</b>	<b>18,065</b>	<b>55,213</b>
<b>Total Adjustments</b>	<b>(16,671)</b>	<b>82,570</b>	<b>0</b>	<b>7,400</b>	<b>18,065</b>	<b>(91,364)</b>

## Notes to the Core Financial Statements

2022/23	Usable Reserves					Movement in Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
<b>Adjustments to Revenue Resources</b>						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
<b>Pensions costs</b> (transferred to/ from the Pensions Reserve)	43,557	224				(43,781)
<b>Financial instruments</b> (transferred to the Financial Instruments Adjustment Account)	(818)	0				818
<b>Council Tax and NDR</b> (transfers to/ from Collection Fund Adjustment Account)	(11,303)					11,303
<b>Holiday Pay</b> (transferred to the Accumulated Absences Account)	2,122					(2,122)
<b>Reversal of entries included in the Surplus/ Deficit on the Provision of Services in relation to capital expenditure</b> (these items are charged to the Capital Adjustment Account)	13,231	100,951	25,703			(139,885)
<b>Schools Budget deficit accounting</b> (to account for the in-year deficit and year-end deficit)	4,225					(4,225)
<b>Total Adjustments to Revenue Resources</b>	<b>51,014</b>	<b>101,175</b>	<b>25,703</b>	<b>0</b>	<b>0</b>	<b>(177,892)</b>
<b>Adjustments between Revenue and Capital Resources</b>						
<b>Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve</b>	(628)	(14,710)		15,338		0
<b>Payments to the Government housing receipts pool</b> (funded by a contribution from the Capital Receipts Reserve)	0			0		0
<b>Statutory provision for the repayment of debt</b> (transfer from the CAA)	(11,371)	(3,455)				14,826
<b>Revenue Expenditure Funded from Capital under Statute</b>	2,945					(2,945)
<b>Capital expenditure funded from revenue balances</b> (transfer to the CAA)	(10,338)	(11,191)				21,529
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(19,392)</b>	<b>(29,356)</b>	<b>0</b>	<b>15,338</b>	<b>0</b>	<b>33,410</b>
<b>Adjustments to Capital Resources</b>						
Use of the Capital Receipts Reserve to finance capital expenditure				(12,587)		12,587
Use of the Major Repairs Reserve to finance capital expenditure			(25,703)			25,703
Application of capital grants to finance capital expenditure	(27,213)				(2,611)	29,824
<b>Total Adjustments to Capital Resources</b>	<b>(27,213)</b>	<b>0</b>	<b>(25,703)</b>	<b>(12,587)</b>	<b>(2,611)</b>	<b>68,114</b>
<b>Total Adjustments</b>	<b>4,409</b>	<b>71,819</b>	<b>0</b>	<b>2,751</b>	<b>(2,611)</b>	<b>(76,368)</b>



## Notes to the Core Financial Statements

**9. EARMARKED RESERVES**

The Council has a number of earmarked reserves on its 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 to provide resources for future spending plans. This note shows the amounts used to meet General Fund expenditure in 2023/24 and amounts set aside in the year to finance future expenditure plans. The use of HRA earmarked reserves is shown in the notes to the HRA in Section 4.

Name of Reserve	Restated	2023/24 Transfers		Balance	
	Balance 31/03/23 £000	Out £000	In £000	31/03/24 £000	
Specific Revenue Earmarked - Corporate	101,466	(40,450)	37,497	<b>98,513</b>	(a (i))
Specific Revenue Earmarked - Collection Funds	7,372	(8,211)	13,080	<b>12,241</b>	(a (ii))
Covid Grants	519	(519)	0	<b>0</b>	(a (iii))
Sinking Fund Reserves	33,829	(4,359)	2,797	<b>32,267</b>	(b)
Capital Contingency & Programme Expenditure	27,366	(18,270)	17,898	<b>26,994</b>	(c)
Insurance	14,384	(1,705)	400	<b>13,079</b>	(d)
Section 106 Reserve	20,198	(2,445)	0	<b>17,753</b>	(e)
	<b>205,134</b>	<b>(75,959)</b>	<b>71,672</b>	<b>200,847</b>	
Schools Reserves and External Funds	22,035	(17,449)	11,903	<b>16,489</b>	(f)
	<b>22,035</b>	<b>(17,449)</b>	<b>11,903</b>	<b>16,489</b>	
<b>Total</b>	<b>227,169</b>	<b>(93,408)</b>	<b>83,575</b>	<b>217,336</b>	

**a) Specific Earmarked Reserves**

- (i) These comprise a number of specific reserves which are earmarked for particular purposes.
- (ii) Earmarked reserves have also been set up for future smoothing of potential collection fund deficits.
- (iii) Revenue reserves balances also included £0.5m of Other Covid-19 grants at the beginning of 2023/24. These were either used against revenue spend in 2023/24, used to support the Collection Fund, or returned to Central Government.

**b) Sinking Fund Reserves**

These reserves enable services to make revenue contributions towards their committed contractual spend in future years. This includes schools, street lighting and leisure.

**c) Capital Contingency & Programme Expenditure Reserve**

The reserve is made up of unused grant ('New Homes Bonus grant') from central government. The grant is based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use. Use of the reserve is not ring-fenced and will be used to support the capital programme in future years.

**d) Insurance Reserve**

This has been established in order to supplement the insurance provision and covers potential costs arising from self-insured risks.

**e) Section 106 Reserve**

This is S106 income received where no conditions related to repayment of unspent amount of grant received exists. This reserve will be used to finance capital programme expenditure in future years.

## Notes to the Core Financial Statements

**f) Schools Reserves and Schools External Funds**

The Schools Reserves consist of the unspent year-end balances from schools' self-managed budgets. School External Funds are unspent balances from schools' locally generated funds. All these balances are earmarked to be used by schools in future years.

**10. NON CURRENT ASSETS****a) Non-Current Assets Revaluations**

Assets are valued at least every five years as a minimum or more regularly where a five-yearly valuation is insufficient to keep pace with material changes in fair value, to ensure that the Council's assets are valued in accordance with RICS and CIPFA guidance. The valuations this year were undertaken and signed off by the valuers Wilkes, Head and Eve LLP. Where revaluations have occurred in 2023/24, their exact effective date was 31 March 2024 for council dwellings and 31 March 2024 for other assets.

	<b>Council Dwellings £000</b>	<b>Other Land &amp; Buildings £000</b>	<b>Surplus Assets £000</b>	<b>Total £000</b>
<b>Valued at Historic Cost</b>	<b>244</b>	<b>0</b>	<b>0</b>	<b>244</b>
<b>Valued at Current Value</b>				
2023-24	1,362,482	1,193,867	57,434	<b>2,613,783</b>
2022-23	0	10,759	2,913	<b>13,672</b>
2021-22	0	0	0	<b>0</b>
2020-21	0	0	0	<b>0</b>
2019-20	0	0	0	<b>0</b>
2018-19	0	0	0	<b>0</b>
2017-18	0	39	0	<b>39</b>
<b>Total Net Book Value</b>	<b>1,362,726</b>	<b>1,204,665</b>	<b>60,347</b>	<b>2,627,738</b>

## Notes to the Core Financial Statements

**b) Movements in Non-Current Assets**

The movements in non-current assets during 2023/24 were as follows:

2023/24	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equip't £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	TOTAL £000
<b>Gross Book Value b/fwd at 01 April 2023</b>	<b>1,440,605</b>	<b>1,212,764</b>	<b>49,045</b>	<b>5,462</b>	<b>63,661</b>	<b>114,035</b>	<b>2,885,572</b>
Additions	65,973	7,482	1,419	0	0	25,684	<b>100,558</b>
Revaluations (recognised in Revaluation Reserve)	(58,519)	(9,433)	0	0	(2,542)	0	<b>(70,494)</b>
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	(51,033)	(12,163)	(17)	0	(833)	0	<b>(64,046)</b>
Impairments (recognised in Revaluation Reserve)	(365)	(3,884)	0	0	0	0	<b>(4,249)</b>
Impairments (recognised in Surplus/ Deficit on the Provision of Services)	(775)	(2,287)	0	0	0	0	<b>(3,062)</b>
Loss of Control of Assets (recognised in Revaluation Reserve)	0	0	0	0	0	0	<b>0</b>
Loss of Control of Assets (recognised in Financing and Investment Income and Expenditure)	0	0	0	0	0	0	<b>0</b>
De-recognition of Assets (recognised in Other Operating Expenditure)	(65,192)	0	0	0	0	0	<b>(65,192)</b>
Disposals	(6,815)	0	(26)	0	(663)	0	<b>(7,504)</b>
Transfers	38,846	12,382	0	0	778	(52,006)	<b>0</b>
<b>Gross Book Value c/fwd at 31 March 2024</b>	<b>1,362,725</b>	<b>1,204,861</b>	<b>50,421</b>	<b>5,462</b>	<b>60,401</b>	<b>87,713</b>	<b>2,771,583</b>
<b>Depreciation b/fwd at 01 April 2023</b>	<b>(514)</b>	<b>(70)</b>	<b>(23,209)</b>	<b>(325)</b>	<b>(2)</b>	<b>0</b>	<b>(24,120)</b>
Depreciation for year	(25,218)	(17,203)	(2,778)	(62)	(372)	0	<b>(45,633)</b>
<u>Depreciation written back on:</u>							
Transfers	14	0	0	0	(14)	0	<b>0</b>
Revaluations (recognised in Revaluation Reserve)	1,377	13,644	66	0	151	0	<b>15,238</b>
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	24,342	3,433	17	0	183	0	<b>27,975</b>
Impairments (recognised in Revaluation Reserve)	0	0	0	0	0	0	<b>0</b>
Impairments (recognised in Surplus/ Deficit on the Provision of Services)	0	0	0	0	0	0	<b>0</b>
Assets Sold	0	0	26	0	0	0	<b>26</b>
<b>Depreciation c/fwd at 31 March 2024</b>	<b>1</b>	<b>(196)</b>	<b>(25,878)</b>	<b>(387)</b>	<b>(54)</b>	<b>0</b>	<b>(26,514)</b>
<b>Net Book Value at 31 March 2024</b>	<b>1,362,726</b>	<b>1,204,665</b>	<b>24,543</b>	<b>5,075</b>	<b>60,347</b>	<b>87,713</b>	<b>2,745,069</b>

## Notes to the Core Financial Statements

The movements in non-current assets during 2022/23 were as follows:

2022/23	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equip't £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	TOTAL £000
<b>Gross Book Value b/fwd at 01 April 2022</b>	<b>1,413,441</b>	<b>1,106,925</b>	<b>46,972</b>	<b>5,462</b>	<b>60,857</b>	<b>123,671</b>	<b>2,757,328</b>
Additions	79,252	8,366	1,370	0	0	44,671	<b>133,659</b>
Revaluations (recognised in Revaluation Reserve)	21,501	63,461	10	0	2,568	0	<b>87,540</b>
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	(32,218)	22,544	(11)	0	623	0	<b>(9,062)</b>
Impairments (recognised in Revaluation Reserve)	0	(217)				0	<b>(217)</b>
Impairments (recognised in Surplus/ Deficit on the Provision of Services)	(31)	(133)				(21,187)	<b>(21,351)</b>
Loss of Control of Assets (recognised in Revaluation Reserve)	0	0	0	0	0	0	<b>0</b>
Loss of Control of Assets (recognised in Financing and Investment Income and Expenditure)	0	0	0	0	0	0	<b>0</b>
De-recognition of Assets (recognised in Other Operating Expenditure)	(54,813)	0	0	0	0	0	<b>(54,813)</b>
Disposals	(7,379)	0	0	0	(133)	0	<b>(7,512)</b>
Transfers	20,852	11,818	704		(254)	(33,120)	<b>0</b>
<b>Gross Book Value c/fwd at 31 March 2023</b>	<b>1,440,605</b>	<b>1,212,764</b>	<b>49,045</b>	<b>5,462</b>	<b>63,661</b>	<b>114,035</b>	<b>2,885,572</b>
<b>Depreciation b/fwd at 01 April 2022</b>	<b>(1)</b>	<b>(48)</b>	<b>(19,971)</b>	<b>(263)</b>	<b>(1)</b>	<b>0</b>	<b>(20,284)</b>
Depreciation for year	(24,743)	(15,057)	(3,355)	(62)	(328)	0	<b>(43,545)</b>
Depreciation written back on:							
Transfers	20	0	0	0	(20)	0	<b>0</b>
Revaluations (recognised in Revaluation Reserve)	22,666	12,414	106	0	309	0	<b>35,495</b>
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	1,544	2,621	11	0	38	0	<b>4,214</b>
Impairments (recognised in Revaluation Reserve)	0	0	0	0	0	0	<b>0</b>
Impairments (recognised in Surplus/ Deficit on the Provision of Services)	0	0	0	0	0	0	<b>0</b>
Assets Sold	0	0	0	0	0	0	<b>0</b>
<b>Depreciation c/fwd at 31 March 2023</b>	<b>(514)</b>	<b>(70)</b>	<b>(23,209)</b>	<b>(325)</b>	<b>(2)</b>	<b>0</b>	<b>(24,120)</b>
<b>Net Book Value at 31 March 2023</b>	<b>1,440,091</b>	<b>1,212,694</b>	<b>25,836</b>	<b>5,137</b>	<b>63,659</b>	<b>114,035</b>	<b>2,861,452</b>

## Notes to the Core Financial Statements

## c) Highways Infrastructure Assets

## Movements on balances

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets note 10 (b) 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 to the 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 infrastructure assets.

	2023/24 £000	2022/23 £000
<b>Net book value (modified historical cost)</b> at 1 April	96,100	103,286
Additions	2,248	630
Derecognition	0	0
Depreciation	(7,812)	(7,816)
Impairment	0	0
<b>Net Book Value</b> at 31 March	<b>90,536</b>	<b>96,100</b>

## Derecognition

The authority has determined in accordance with Regulation [30M England] 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.

## 11. INVESTMENT PROPERTIES

Investment Properties were all reclassified to Property, Plant & Equipment in a previous year (2015/16), hence the nil balance.

## Notes to the Core Financial Statements

## 12. FINANCIAL INSTRUMENTS

The following categories of financial instruments are carried in the Balance Sheet. Where values are zero, the relevant lines have been excluded from the table.

## a) Categories of Financial Instruments

The value of debtors and creditors reported in the table below are solely those amounts meeting the definition of a financial instrument.

The balances of debtors and creditors reported in the balance sheet and Notes 14 and 16 also include balances which do not meet the definition of a financial instrument, such as tax-based debtors and creditors.

**Financial Assets**

31-Mar-23			31-Mar-24	
Long Term	Short Term		Long Term	Short Term
£000	£000		£000	£000
		<b>Fair Value Through Profit &amp; Loss</b>		
0	90,963	MMF Investments (Cash & Cash Equivalent)	0	43,499
		<b>Financial assets at amortised cost</b>		
0	218,539	Investments	0	222,683
60,827	37,846	Debtors	61,548	47,412
0	2,503	Other Cash & Cash Equivalents	0	6,226
<b>60,827</b>	<b>349,851</b>	<b>Total financial assets</b>	<b>61,548</b>	<b>319,820</b>

**Financial Liabilities**

31-Mar-23			31-Mar-24	
Long Term	Short Term		Long Term	Short Term
£000	£000		£000	£000
		<b>Financial liabilities at amortised cost</b>		
194,947	28,579	Borrowing	195,221	1,960
182,394	10,852	Private finance initiative (PFI) liabilities	170,655	11,739
0	85,976	Creditors	0	112,288
<b>377,341</b>	<b>125,407</b>	<b>Total financial liabilities</b>	<b>365,876</b>	<b>125,987</b>

Under accounting requirements, the carrying value of financial instruments is shown in the balance sheet (including the principal amount borrowed or lent and adjustments for accrued interest where relevant). Accrued interest is included in current assets / liabilities where it is due within one year.

The value of short-term investments on the Balance Sheet of £222m includes short term fixed deposits and Certificates of Deposits of £215m, including accrued interest.

## Notes to the Core Financial Statements

**b) Financial and Non-Financial Instruments split**

Debtors and creditors carried in the Balance Sheet include transactions which, by their nature, are not financial instruments due to their non-contractual status, including taxation debtors such as Council Tax and non-domestic rates. Those balances are as follows:

**Debtors**

	Long Term		Current		Total	
	Debtors		Debtors			
	31/03/24	31/03/23	31/03/24	31/03/23	31/03/24	31/03/23
	£000	£000	£000	£000	£000	£000
Financial instruments	61,548	60,827	47,412	37,846	108,960	98,673
Non-financial instruments	0	0	25,942	31,802	25,942	31,802
<b>Total Debtors</b>	<b>61,548</b>	<b>60,827</b>	<b>73,354</b>	<b>69,648</b>	<b>134,902</b>	<b>130,475</b>

**Creditors**

	Long Term		Current		Total	
	Creditors		Creditors			
	31/03/24	31/03/23	31/03/24	31/03/23	31/03/24	31/03/23
	£000	£000	£000	£000	£000	£000
Financial instruments	0	0	112,288	85,976	112,288	85,976
Non-financial instruments	0	0	56,187	60,572	56,187	60,572
<b>Total Creditors</b>	<b>0</b>	<b>0</b>	<b>168,475</b>	<b>146,548</b>	<b>168,475</b>	<b>146,548</b>

**c) Income, Expense, Gains and Losses**

The gains and losses recognised in the CIES in relation to financial instruments are as follows (there were no revaluations of financial instruments in 2023/24 or 2023/23):

	2023/24		2022/23	
	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000
Interest Income	(17,441)	0	(8,691)	0
<b>Total income in Surplus/Deficit on the Provision of Services</b>	<b>(17,441)</b>	<b>0</b>	<b>(8,691)</b>	<b>0</b>
Interest expense	7,705	0	8,353	0
<b>Total Expense in Surplus/Deficit on the Provision of Service</b>	<b>7,705</b>	<b>0</b>	<b>8,353</b>	<b>0</b>
<b>Net (Gain)/ Loss for the Year</b>	<b>(9,736)</b>	<b>0</b>	<b>(338)</b>	<b>0</b>

## Notes to the Core Financial Statements

## d) Fair value of assets and liabilities

## Financial Liabilities

Financial liabilities classed as financial liabilities at amortised cost are carried in the balance sheet at amortised cost. Their fair values can be estimated by calculating the present value of cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Borrowing rates from the PWLB have been applied to PWLB loans and disclosed at the New Loan/ Certainty discount rate, which is the rate that would be offered by the PWLB to undertake new borrowing at the Balance Sheet date.
- For non-PWLB loans, fair value has also been estimated using the PWLB New Loan/ Certainty discount rate. In the absence of any tangible market evidence, rates are based on discussions with possible market participants for new lending. The lenders are targeting lower than PWLB rates to encourage public sector bodies to consider alternatives to the PWLB and, based on discussions with those potential lenders, the differing structures and rates being offered would suggest an immaterial difference between those spot rates and the PWLB New Loan/Certainty rates.
- Where an instrument has a maturity of less than 12 months the fair value is taken to be the carrying amount.

The fair values for financial liabilities have been assessed by reference to Level 2 Inputs, i.e. inputs other than quoted prices that are observable for the financial liability. These give a reasonable estimate for the fair value of a financial instrument and includes accrued interest.

31/03/23			31/03/24	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
		<b>Financial liabilities at amortised cost:</b>		
		Borrowing		
92,883	87,145	Public Works Loan Board loans	91,368	90,040
130,643	112,362	Lender Option Borrower Option (LOBO) loans	107,459	91,564
0	0	Other Loans	600	600
193,246	193,246	PFI and finance lease liabilities	182,394	182,394
<b>416,772</b>	<b>392,753</b>	<b>Sub-Total</b>	<b>381,821</b>	<b>364,598</b>
85,976	85,976	Creditors	112,288	112,288
<b>502,748</b>	<b>478,729</b>	<b>Total Financial Liabilities</b>	<b>494,109</b>	<b>476,886</b>

The fair value of borrowings is less than the carrying amount because the authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the prevailing rates at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2024) arising from a commitment to pay interest to lenders below current market rates.



## Notes to the Core Financial Statements

**Financial Assets**

Financial assets classed as financial assets held at amortised cost are carried in the balance sheet at amortised cost. Their fair values can be estimated by calculating the present value of cash flows that will take place over the remaining term of the instruments, using the assumption that the fair value of the financial assets is equal to the carrying value, where the carrying value of assets with a maturity of less than 12 months is taken to be the fair value.

Financial assets classed as fair value through profit and loss are carried in the balance sheet at fair value. The fair values of these assets have been assessed by reference to Level 1 Inputs. Level 1 inputs are quoted prices for identical assets or liabilities in active markets.

31/03/23			31/03/24	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
		<b>Fair Value Through Profit and Loss</b>		
90,963	90,963	MMF Investments (Cash & Cash Equivalent)	43,499	43,499
		<b>Financial Assets Held at Amortised Cost</b>		
218,539	218,539	Investments	222,683	222,683
98,673	98,673	Debtors	108,961	108,961
2,503	2,503	Cash and Cash Equivalents	6,226	6,226
<b>410,678</b>	<b>410,678</b>	<b>Total Financial Assets</b>	<b>381,369</b>	<b>381,369</b>

**e) Financial Instruments Adjustment Account**

Details of the balances and the in-year movements in the Financial Instruments Adjustment Account can be found in the table below:

	Balance 31/03/23 £000	23/24 Transfers Net £000	Balance 31/03/24 £000
	Loan Premium (created in Nov-17 following Loan restructure)	(20,186)	569
FV recognition adjustment following LOBO restructure	(9,977)	(5)	<b>(9,982)</b>
Other Premiums and Discounts	(2,000)	247	<b>(1,753)</b>
<b>Total</b>	<b>(32,163)</b>	<b>811</b>	<b>(31,352)</b>

**f) Other Required Declarations**

There have been no reclassifications of financial instruments in the year or in regard to the previous year.

There were no unusual movements during the year.

The Council provided no financial guarantees in the year and has none outstanding from previous years.

---

**Notes to the Core Financial Statements**

---

The Council has made no loans to voluntary organisations at less than market rates (soft loans), nor has it received any such loans.

No de-recognition is expected to impact where the Council has transferred financial assets to a third party.

The Council did not hold and did not obtain any collateral for third party debts or other credit enhancements in the year or the previous year.

The adoption of IFRS 9 includes the requirement for disclosure of the expected credit loss impairment or gain associated with financial instruments held at amortised cost. For 2023/24 this loss is set out in the following section as £0.028m (£0.025m loss in 2022/23). These gains relate to the expected debit gains on trade receivables.

No defaults or breaches relating to the Council's financial instruments were incurred during the year or the previous year.

### **13. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

#### **a) Key Risks**

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

**Credit Risk** - The possibility that other parties might fail to pay amounts due to the Council;

**Liquidity Risk** - The possibility that the Council might not have funds available to meet its commitments to make payments;

**Re-financing Risk** - The possibility that the Council might need to renew a financial instrument on maturity at disadvantageous interest rates or terms;

**Market Risk** - The possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

#### **b) Overall Procedures for Managing Risk**

The Council's overall risk management procedures focus on the unpredictability of financial markets, and seek to minimise potential adverse effects on the resources available to fund services. They are set out through a legal framework based on the Local Government Act 2003 and associated regulations, and require the Council to manage risk in the following ways:

- formally adopt the requirements of the CIPFA Treasury Management Code of Practice;
- adopt a Treasury Policy Statement and include treasury management clauses within its financial regulations/standing orders/constitution;
- approve annually in advance prudential and treasury indicators for the following three years which includes limiting the Council's overall borrowing, managing interest rate exposure, and managing the maturity structure of debt.
- approve an investment strategy for the forthcoming year setting out its criteria for investing and selecting investment counterparties in compliance with Government guidance.

These procedures are required to be reported and approved at Council 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 Council's financial instrument exposure. Actual performance is also reported after each year. The annual treasury management strategy which incorporates the prudential indicators was last approved by Council in February 2020 and is available on the Council website. The Council maintains written principles for overall risk management, as well as written policies (Treasury Management Practices) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These are a requirement of the Code of Practice and are reviewed periodically.

**c) Credit Risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This risk is minimised through the Annual Investment Strategy, which 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 & Poor's Credit Ratings Services. It also considers maximum amounts and time limits in respect of each financial institution. The Council uses the creditworthiness service provided by Link Asset Services which uses a sophisticated modelling approach with credit ratings from all three rating agencies forming the core element. This is combined with credit watches and credit outlooks in a weighted scoring system, with an overlay of CDS spreads which gives an early warning of likely changes in credit ratings, for which the end product is an indication of the relative creditworthiness of counterparties.

The Council's maximum exposure to credit risk in respect of its investments cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to an individual institution. It is rare for such entities to be unable to meet their commitments and a risk of irrecoverable losses applies to all of the Council's deposits; however at the 31 March 2024 there was no evidence that this was likely to happen.

**d) Amounts Arising from Expected Credit Losses (ECL)**

As required by the Code of Practice, the Council is required to calculate an Expected Credit Loss (ECL) for its financial assets, which reflect the expectation that future cash flows might not take place because the borrower could default on their obligations.

The Council's investment assets are held with highly rated counterparties with very low historical rates of default and are mainly simple deposit products held for durations of less than a year to collect contractual cash flows. Using the 12-month ECL model, at 31 March 2024 the Council's investment assets with a value of £314m had a calculated ECL of £0.028m; the Council has deemed this immaterial for adjusting the carrying values of those assets. There has been an additional impairment of £17m in current debtors - see note 14c.

**e) Liquidity Risk**

The Council manages its liquidity position through the procedures above as well as using a comprehensive cash flow management system, as required by the CIPFA Treasury Management Code of Practice, which ensures that cash is available when needed. The Council has ready access to borrowings from the money markets to cover any day to day cash flow need and the PWLB and money markets for access to longer term funds; 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 a time of unfavourable interest rates. The authority sets limits on the proportion of its fixed rate borrowing maturing during specified periods, and a maturity analysis of financial liabilities within those periods is as follows:

## Notes to the Core Financial Statements

31/03/24				Maturity Period	31/03/23			
PWLB	LOBO	PFI and Finance Leases	Total		PWLB	LOBO	PFI and Finance Leases	Total
£000	£000	£000	£000		£000	£000	£000	£000
903	1,594	11,739	<b>14,236</b>	Less than 1 year	2,399	1,462	10,852	<b>14,713</b>
1,871	913	13,377	<b>16,161</b>	Between 1 and 2 years	0	768	11,739	<b>12,507</b>
8,043	2,409	36,300	<b>46,753</b>	Between 2 and 5 years	6,173	2,020	38,911	<b>47,104</b>
10,101	2,467	70,534	<b>83,102</b>	Between 5 and 10 years	13,842	2,426	64,535	<b>80,803</b>
10,510	4,935	50,444	<b>65,888</b>	Between 10 and 20 years	10,510	29,852	67,209	<b>107,571</b>
11,321	19,935	0	<b>31,256</b>	Between 20 and 30 years	11,321	14,852	0	<b>26,173</b>
48,638	31,288	0	<b>79,925</b>	Between 30 and 40 years	48,638	36,763	0	<b>85,401</b>
0	42,500	0	<b>42,500</b>	Above 40 years	0	42,500	0	<b>42,500</b>
<b>91,386</b>	<b>106,040</b>	<b>182,394</b>	<b>379,821</b>	<b>Total</b>	<b>92,883</b>	<b>130,643</b>	<b>193,246</b>	<b>416,772</b>

The LOBO maturity profile assumes that the lenders will not exercise any options embedded in the loans until maturity. As of 31 March 2024, LOBO loans with nominal value £57.5m have fixed interest rates ranging from 3.58% to 4.50%, whilst a loan with nominal value £37m has a stepped rate ranging from 2.69% on 31 March 2024 to 6.30% at maturity. Of the total amount of LOBO loans, £10m has a break clause at every biannual interest payment date, £5m has a break clause every three years, and £79.5m every five years. In the current interest rate environment, it is unlikely that the lenders will exercise their options to request early repayment of these LOBOs.

#### f) Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered sufficient to manage the refinancing risk, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments over one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the corporate treasury team address the operational risks within these parameters.

#### g) Market Risk – Interest Rate Risk

The Council is exposed to interest rate movements on its borrowings and investments and these impact the Council according to how variable and fixed interest rates move across differing financial instrument periods. The Council has a number of strategies for managing interest rate risk. The annual Treasury Management Strategy includes expected interest rate movements. A treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure, and this is monitored regularly. If variable interest rates had been 0.1% higher (with all other variables held constant) the financial effect would be a net increase in income of £0.044m. The impact of a 0.1% fall in interest rates would be a net decrease in income of £0.044m.

## Notes to the Core Financial Statements

## 14. DEBTORS

## a) Long Term Debtors

These consist of sums repayable to the Council over a period of time of more than one year.

	31/03/24 £000	31/03/23 £000	
Lewisham Homes Limited - Loan	40,000	40,000	(a)
Catford Regeneration Partnership Limited (CRPL) - Loan	16,934	16,225	(b)
Street Lighting PFI Sinking Fund	2,950	2,950	(c)
Other Long Term Debtors	1,664	1,652	
<b>Total Long Term Debtors</b>	<b>61,548</b>	<b>60,827</b>	

a) Lewisham Homes Limited Loan

A loan of £8m was advanced to Lewisham Homes Limited in 2015/16, a further £6m in 2016/17 a further £12m in 2017/18, a further £11m in 2018/19 and a further £3m in 2021/22. (See Section 6 – Group Accounts).

b) Catford Regeneration Partnership Limited Loan

A loan of £12m was advanced to CRPL in 2010/11, followed by further loans of £0.25m in 2015/16, £1.0m in 2016/17, £0.5m in 2019/20, £1.2m in 2020/21 and £0.6m in 2021/22. (See Section 6 – Group Accounts). In recent years the yearly interest charge on the loan has been capitalised and added to the loan value.

c) Street Lighting PFI Sinking Fund

This fund is held by LB Croydon on behalf of the Council in their role as lead borough for the on-going PFI scheme for the upgrade and maintenance of the borough's street lights.

## Notes to the Core Financial Statements

**b) Current Debtors**

These are short term debts for goods and services which are expected to be repayable within a year.

	31/03/24 £000	31/03/23 £000
Government and Other Public Bodies:		
HM Revenue & Customs - VAT	7,049	8,251
Central Government bodies	8,062	11,044
Other Local Authorities	2,432	3,038
NHS bodies	6,108	1,754
Other Public bodies	482	680
Council Tax Payers	38,531	36,203
NDR Payers	2,475	2,365
Council Tax Court Costs	5,450	5,700
Housing Benefit Overpayments	16,395	19,069
Housing Rents (inc PSL, B & B, Hostels, Commercial)	15,201	12,056
Leaseholders Services Charges	11,322	8,156
LBL Pension Fund	1,338	2,192
General Debtors due for Supplies and Services	47,417	44,007
<b>Total Current Debtors</b>	<b>162,262</b>	<b>154,515</b>
<b>Impairment Allowances</b>	<b>(88,908)</b>	<b>(84,867)</b>
<b>Total Net Current Debtors</b>	<b>73,354</b>	<b>69,648</b>

**c) Impairment Allowances**

	Balance at 31/03/23 £000	Movement in 2023/24 £000	Balance at 31/03/24 £000
Council Tax Payers	(32,497)	(2,196)	<b>(34,693)</b>
Council Tax Court Costs	(5,074)	336	<b>(4,738)</b>
NDR Payers	(2,025)	97	<b>(1,928)</b>
Housing Benefit Overpayments	(17,000)	2,528	<b>(14,472)</b>
Housing Rents (inc PSL, B & B, Hostels, Commercial)	(4,150)	(516)	<b>(4,666)</b>
Leaseholders Services Charges	(2,532)	(587)	<b>(3,119)</b>
General Debtors due for Supplies and Services	(21,589)	(3,703)	<b>(25,292)</b>
<b>Total Impairment Allowances</b>	<b>(84,867)</b>	<b>(4,041)</b>	<b>(88,908)</b>

The above impairment allowances have been determined individually according to the particular factors for each type of debtor.

## Notes to the Core Financial Statements

## 15. CASH AND CASH EQUIVALENTS

	Balance 31/03/23 £000	Movement in 2023/4 £000	Balance 31/03/24 £000
<b>Cash Equivalents</b>			
Short Term Deposits	0	0	0
<b>Cash</b>			
Money Market Funds	90,963	(47,464)	43,499
Call Accounts with Banks	0	0	0
	<b>90,963</b>	<b>(47,464)</b>	<b>43,499</b>
<b>Other Cash and Bank Balances</b>			
Main Bank Accounts	0	379	379
Schools Bank Accounts	1,523	2,293	3,816
Other Cash and Bank Accounts	980	1,057	2,037
	<b>2,503</b>	<b>3,729</b>	<b>6,232</b>
<b>Total Cash and Cash Equivalents</b>	<b>93,466</b>	<b>(43,735)</b>	<b>49,731</b>
<b>Bank Accounts Overdrawn</b>			
Main Bank Accounts	0	0	0
Schools Bank Accounts	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Cash and Cash Equivalents</b>	<b>93,466</b>	<b>(43,735)</b>	<b>49,731</b>

a) Short term deposits are made for varying periods of between one day and three months (less than 92 days), depending on the immediate cash requirements, and earn interest at the respective rates.

b) The carrying amounts of cash equivalents, cash and bank overdrafts approximate to their fair values.

c) The schools bank accounts are an integral part of the Council's overall cash management arrangements, and are therefore included under Net Cash and Cash Equivalents. They consist of individual accounts for each school, and an overall treasury account which is used to invest the net balance in conjunction with the Council's other balances. The balances on these accounts were £19.8m (2022/23 £18.7m) and overdrawn £16.0m (2022/23 overdrawn £17.2m) respectively.

## Notes to the Core Financial Statements

## 16. CREDITORS

These are amounts owed to the Government and other public bodies and all unpaid sums for goods and services received as at the end of the year.

	31/03/24 £000	Restated 31/03/23 £000
Government and other public bodies:		
HM Revenue & Customs	7,028	5,794
Central Government bodies	13,353	13,885 (a)
Other Local Authorities	10,783	14,180
NHS bodies	3,167	1,424
Other Public bodies	705	110
	<b>35,036</b>	<b>35,393</b>
Short Term Compensated Absences	22,734	20,677
Council Tax	8,507	8,188
NDR	3,789	4,594
General Creditors (amounts owed for supplies and services)	81,863	65,485
<b>Total Creditors</b>	<b>151,929</b>	<b>134,337</b>

a) Central Government bodies

See table below for an analysis of Central Government bodies creditors:

	31/03/24 £000	Restated 31/03/23 £000
DLUHC - Collection Fund NDR Creditor	5,374	8,962
DLUHC - Business Rate Relief Section 31 grant	4,062	0
Teachers Pensions	1,834	2,542
NDR Transitional payments received on account	1,016	0
Covid Grants	0	1,509
Energy Support Grant	0	396
Other	1,067	476
<b>Total Central Government Creditors</b>	<b>13,353</b>	<b>13,885</b>



## Notes to the Core Financial Statements

## 17. REVENUE RECEIPTS IN ADVANCE

	31/03/24	Restated
	£000	31/03/23 £000
Capital Contributions Unapplied	15,206	13,209 (a)
PFI Schemes	24,311	25,723
Revenue Grants and Contributions	29,857	23,041
Rents in Advance	10,858	11,911
Council Tax	1,953	3,140
NDR	20	284
Other Receipts in Advance	10,745	8,184
<b>Total Receipts in Advance</b>	<b>92,950</b>	<b>85,492</b>

(a) Capital Contributions Unapplied

Capital Contributions Unapplied includes a balance of £15.2m Section 106 Contributions, where the conditions have not yet been met, in 2023/24 (2022/23 was £13.2m).

## 18. PROVISIONS

Provisions are recognised where the Council has a legal or constructive obligation arising from a past event that will probably require settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are determined to be short or long term dependent on when settlement is expected.

	Balance 31/03/23 £000	2023/24 Transfers		Balance 31/03/24 £000
		Out £000	In £000	
<b>Current (less than 1 year)</b>				
Insurance Provision (a)	2,347	(3,388)	3,129	<b>2,088</b>
Term Time Only Claims Provision (b)	567	0	0	<b>567</b>
NDR Appeals Provision	3,832	(5,891)	4,620	<b>2,561</b>
Other Provisions (c)	1,649	(716)	59	<b>992</b>
	<b>8,395</b>	<b>(9,995)</b>	<b>7,808</b>	<b>6,208</b>
<b>Non Current (Over 1 year)</b>				
Insurance Provision (a)	4,715	0	1,089	<b>5,804</b>
Other Provisions (c)	1,300	0	0	<b>1,300</b>
	<b>6,015</b>	<b>0</b>	<b>1,089</b>	<b>7,104</b>
<b>Total - Provisions</b>	<b>14,410</b>	<b>(9,995)</b>	<b>8,897</b>	<b>13,312</b>

(a) Insurance Provisions

The Council's insurance programme comprises a mix of external insurance, largely for cover at catastrophe level or where required by contract or lease arrangements, and self-insurance. Dedicated Insurance Provisions and Reserves are maintained to provide 'self-insurance' to meet either uninsured losses or losses that fall below the external insurance excess. The appropriate levels are assessed annually by the Council's insurance actuaries.

(b) Term Time Only Claims Provision

There were errors with the formula used by some Councils to calculate holiday pay for term-time only support staff in schools dating back several years. A provision was set up for this in

## Notes to the Core Financial Statements

2020/21 with most payments being made in 2021/22 and 2022/23, it is expected that the remainder of the provision will be used in 2024/25.

(c) Other Provisions

Other Provisions includes a provision for the potential liability in respect of savings accounts for Children Leaving Care, which extends back a number of years (£1.7m). Payments related to these are expected in 2024/25 and future years.

**19. USABLE CAPITAL RECEIPTS**

Capital Receipts are mainly sums received from the sale of non-current assets. Housing capital receipts are subject to pooling arrangements whereby under certain conditions a portion is payable to central government. Non housing capital receipts are wholly usable to finance new capital expenditure. The balance on this account is available to fund future capital expenditure.

	2023/24 £000	2022/23 £000
<b>Balance brought forward at start of year</b>	67,138	64,387
Amounts Received	13,257	15,338
Poolable to Central Government	0	0
Receipts returned to Central Government	0	0
Amounts applied to finance new capital investment	(5,857)	(12,587)
<b>Total increase/(decrease) in capital receipts in year</b>	<b>7,400</b>	<b>2,751</b>
<b>Balance carried forward at end of year</b>	<b>74,538</b>	<b>67,138</b>

## Notes to the Core Financial Statements

**20. PENSION RESERVE**

The Pensions Reserve reflects the timing differences which arise from the accounting treatment for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall between the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements ensure that funding will have been set aside by the Council by the time the benefits are due to be paid.

	<b>2023/24</b> <b>£000</b>	<b>2022/23</b> <b>£000</b>
<b>Balance brought forward at start of year</b>	<b>(139,579)</b>	<b>(566,008)</b>
Adj to opening bal (RE: Lewisham Homes)	<b>49,118</b>	0
Actuarial gains or losses on pensions assets and liabilities	<b>(93,860)</b>	575,463
Return on Assets excluding amounts included in Net Interest	<b>122,821</b>	(105,253)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	<b>(38,444)</b>	(81,189)
Employer's pensions contributions and direct payments to pensioners payable in the year	<b>40,450</b>	37,408
<b>Balance carried forward at end of year</b>	<b>(59,494)</b>	<b>(139,579)</b>

## Notes to the Core Financial Statements

**21. REVALUATION RESERVE**

The Revaluation Reserve records the accumulated gains since 1st April 2007 on non-current assets held by the Council arising from increases in value (to the extent that these gains have not been consumed by subsequent downward movements in value). The Reserve is also debited with the part of the depreciation that has been incurred because the asset has been revalued. On disposal of an asset, its Revaluation Reserve balance is written out to the Capital Adjustment Account. The overall balance on the Reserve thus represents the amount by which the value of non-current assets carried in the Balance Sheet is greater because they are carried at revalued amounts rather than depreciated historical cost.

	2023/24 £000	2022/23 £000
<b>Balance brought forward at start of year</b>	<b>1,382,592</b>	<b>1,288,111</b>
<b>Opening Balance Adjustment</b>	<b>1,302</b>	<b>0</b>
Revaluation of Assets	(55,256)	123,035
Impairment Losses	(4,249)	(217)
Loss of Control of Assets	0	0
<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>(59,505)</b>	<b>122,818</b>
Difference between fair value and historic cost depreciation	(24,022)	(21,979)
Accumulated gains on assets sold or scrapped	(2,771)	(6,358)
<b>Amount written off to the Capital Adjustment Account</b>	<b>(26,793)</b>	<b>(28,337)</b>
<b>Balance carried forward at end of year</b>	<b>1,297,596</b>	<b>1,382,592</b>

## Notes to the Core Financial Statements

**22. CAPITAL ADJUSTMENT ACCOUNT**

This reflects the timing differences arising from the accounting treatment for the use of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling entries from the Revaluation Reserve to convert fair value figures to a historical cost basis). It is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

	<b>2023/24</b> <b>£000</b>	<b>2022/23</b> <b>£000</b>
<b>Balance brought forward at start of year</b>	<b>1,077,605</b>	<b>1,087,629</b>
<b>Opening Balance Adjustment</b>	<b>(2,059)</b>	<b>0</b>
<u>Reversal of capital expenditure items debited or credited to the CIES</u>		
Charges for depreciation and impairment of non-current assets	<b>(91,649)</b>	(77,560)
Revenue expenditure funded from capital under statute	<b>(3,201)</b>	(2,945)
Non-current assets written off on disposal and de-recognition - gain/loss to the CIES	<b>(72,843)</b>	(62,325)
	<b>(167,693)</b>	<b>(142,830)</b>
Adjusting amounts written out of the Revaluation Reserve	<b>26,793</b>	28,337
<b>Net amount written out of the cost of non-current assets consumed in the year</b>	<b>(140,900)</b>	<b>(114,493)</b>
<u>Capital Financing applied in the year:</u>		
Use of Capital Receipts to finance new capital expenditure	<b>5,857</b>	12,587
Use of Major Repairs Reserve to finance new capital expenditure	<b>26,311</b>	25,703
Capital grants and contributions credited to the CIES	<b>23,045</b>	29,824
Statutory Provision for the financing of capital investment	<b>4,343</b>	4,668
Repayment of Principal on PFI schemes	<b>10,852</b>	10,158
Capital expenditure charged to General Fund and HRA	<b>8,528</b>	21,529
	<b>78,936</b>	<b>104,469</b>
<b>Balance carried forward at end of year</b>	<b>1,013,582</b>	<b>1,077,605</b>

## Notes to the Core Financial Statements

**23. EXPENDITURE AND INCOME ANALYSED BY NATURE**

The Council's expenditure and income is analysed by type in the table below:

	2023/24 £000	2022/23 £000
Employee expenses - LBL	344,716	314,242
Employee expenses - Schools Non-LBL	67,191	68,051
Other Expenditure	786,276	773,079
Revaluation, Depreciation, Amortisation and Impairment	92,517	78,459
Interest payments	29,406	30,949
Loss of Control of Assets	0	0
Precepts and levies	1,699	1,683
Payments to Housing Capital Receipts Pool	0	0
Gain or loss on disposal and de-recognition of non-current assets	59,155	46,987
Net interest on the net defined benefit liability	5,377	15,693
<b>Total Expenditure</b>	<b>1,386,337</b>	<b>1,329,143</b>
Government grants and contributions	(707,893)	(693,622)
Fees, Charges and Other service income	(315,795)	(294,053)
Interest and Investment income	(14,334)	(8,602)
Income from council tax, non-domestic rates, district rate income	(229,706)	(209,012)
Recognised Capital Grants and Contributions	(35,424)	(27,208)
Gain or loss on disposal and de-recognition of non-current assets	0	0
Other Income	0	0
<b>Total Income</b>	<b>(1,303,152)</b>	<b>(1,232,497)</b>
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>83,185</b>	<b>96,646</b>

The Council's Fees, Charges and Other Service Income is analysed by type in the table below:

	2023/24 £000	2022/23 £000
<b>Fees, Charges and Other Service Income</b>		
Rent & Service Charges	(149,250)	(134,299)
Contributions from Health	(36,302)	(38,578)
Parking Income	(16,438)	(15,480)
Schools Income	(15,757)	(17,053)
Fees & Charges Income	(15,175)	(11,424)
PFI Credits Income	(10,984)	(11,887)
Other Care Charges Income	(6,826)	(4,011)
Fairer Charging Income	(6,807)	(6,226)
Community Infrastructure Levy (CIL)	(2,873)	(7,455)
Cemeteries & Crematoria Income	(2,669)	(2,529)
Housing Benefits - Other Income	(2,309)	(1,334)
Licenses & Permits	(2,322)	(2,627)
Court Costs Income	(2,250)	(2,809)
Section 106	(2,206)	0
Contributions from Other Local Authorities	(2,008)	(1,817)
Planning Fees	(1,562)	(1,877)
Bailiff Fees	(1,226)	(1,157)
Other Income	(38,831)	(33,490)
<b>Total Income</b>	<b>(315,795)</b>	<b>(294,053)</b>

## Notes to the Core Financial Statements

**24. AGENCY SERVICES AND POOLED BUDGETS**

In 2023/24 the Council operated a pooled budget as defined by the terms of a Section 75 Agreement (National Health Service Act 2006).

There is one Pooled fund called Lewisham Better Care Fund (BCF). The Host Partner for the pooled fund is the Council (LBL) and the Pooled Fund Manager, is an officer of the council, the Strategic Finance Business partner, Community Services.

The two partners in the agreement are LBL and NHS Lewisham ICB.

Before the start of the financial year the Partners agree an expenditure plan and the financial contribution of each party. Each element of the plan indicates which party will be the Lead Commissioner (or whether there will be joint commissioning). All BCF expenditure will require the approval of the Partnership Board as such there is joint control of the Fund. Payments to and from the Pooled Fund are made from and recorded on the Council's financial systems.

Except where agreed otherwise payments to providers for services that are part of the BCF are made by the Partner holding the contract. These are identified and agreed by the Partners at least yearly before the start of each financial year. The Council invoices the ICB monthly for 1/12th of the agreed annual contribution less all planned payments made by the ICB in relation to ICB let contracts delivering the Schemes. Each party therefore accounts only for its share of the relevant expenditure within its own accounts with any surplus or deficit on the Fund held on behalf of the Fund by the Lead Authority.

The total Lewisham Better Care Fund for 2023/24 was £44.8m, the split of which can be seen in the table below.

	2023/24 £000	2022/23 £000
<u>Funding provided to the pooled budget:</u>		
Lewisham Borough Council	(17,373)	(17,235)
Lewisham ICB (Previously NHS Lewisham CCG)	(27,442)	(25,972)
	<b>(44,815)</b>	<b>(43,207)</b>
<u>Expenditure met from the pooled budget:</u>		
Lewisham Borough Council	28,962	28,099
Lewisham ICB (Previously NHS Lewisham CCG)	15,853	15,108
	<b>44,815</b>	<b>43,207</b>
<b>Net surplus arising in year</b>	<b>0</b>	<b>0</b>

Note: There was additional DFG grant of £137k received during 2023/24 that required a variation to plan and planned spend. Also BCF plan included LA and ICB discharge funding which are separately captured and accounted for by LBL and hence not included in the above figures

**25. INVESTMENT IN COMPANIES****a) Companies of which the Council is the sole owner.**

The Council is sole owner of two companies:

- i) Lewisham Homes Limited
- ii) Catford Regeneration Partnership Limited

Further detail on these companies is given in the Group Accounts section of these statements.

## Notes to the Core Financial Statements

**b) Companies of which the Council is a joint owner or shareholder.****i) Lewisham Schools for the Future LEP Limited and Lewisham Schools for the Future SPV Limited**

The Council has a stake of 10% in Lewisham Schools for the Future LEP Limited which is the Local Education Partnership company also comprising Costain Engineering & Construction Limited, Babcock Project Investments Limited and Building Schools for the Future Limited as well. It was established under the Council's Building Schools for the Future (BSF) programme to rebuild and refurbish the secondary schools within the Borough. No payments were made to this company in 23/24 or 22/23.

The Council also has a 10% stake in four Special Purpose Vehicles which were set up in relation to the schools which were built within this BSF Programme. The companies concerned are Lewisham Schools for The Future SPV Limited (payments made in 23/24 was £10.5m, 22/23 £9.6m), Lewisham Schools for The Future SPV2 Limited (payments made in 23/24 was £3.5m, 22/23 £3.3m), Lewisham Schools for The Future SPV3 Limited (payments made in 23/24 was £5.1m, 22/23 £4.8m) and Lewisham Schools for The Future SPV4 Limited (payments made in 23/24 was £9.5m, 22/23 £8.9m). The Director of Financial Services is the Council's Director on all of these companies' boards. The corporate structure is standard to BSF schemes.

**ii) South-East London Combined Heat and Power Limited (SELCHP)**

The Council has a minority share of less than 1% in South-East London Combined Heat and Power Limited (SELCHP) which is a joint venture with the London Borough of Greenwich for the provision of waste disposal and waste to energy services. The Council's interest does not provide it with joint control, and it is not a party to the joint venture. Payments of £7.1m were made in 2023/24 to the company £5.8m in 2022/23) and are included in the Place directorate line of the CIES.

**iii) Lewisham Grainger Holdings LLP**

During 2018/19 the Council formed a Limited Liability Partnership with Grainger Developments Ltd. The Council and Grainger are each 50:50 shareholders in the holding company and this (and its subsidiaries) are all registered at Companies House. Therefore, this is not a subsidiary of the Council as LBL do not have the majority shareholding. There is joint control between the Council and Grainger Developments Ltd., and this meets the definition of a joint venture under IFRS11. The partnership will build housing for rent in Besson Street, New Cross. No payments were made to the company by the Council in 2023/24 or 2022/23.

**26. MEMBERS' ALLOWANCES**

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

	2023/24 £000	2022/23 £000
Allowances (incl. NI)	1,074	1,113
Other Expenses	5	7
<b>Total Expenditure in Year</b>	<b>1,079</b>	<b>1,120</b>



## Notes to the Core Financial Statements

## 27. OFFICERS' REMUNERATION

## a) The number of Employees whose Remuneration was £50,000 or more

Remuneration Band	Non-Schools		Schools		Totals	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
£50,000 to £54,999	204	191	207	348	411	539
£55,000 to £59,999	188	95	397	39	585	134
£60,000 to £64,999	86	64	34	43	120	107
£65,000 to £69,999	30	12	42	78	72	90
£70,000 to £74,999	15	13	46	49	61	62
£75,000 to £79,999	26	31	47	35	73	66
£80,000 to £84,999	31	3	21	24	52	27
£85,000 to £89,999	5	4	32	16	37	20
£90,000 to £94,999	5	1	18	15	23	16
£95,000 to £99,999	1	1	16	7	17	8
£100,000 to £104,999	1	1	4	6	5	7
£105,000 to £109,999	2	3	5	1	7	4
£110,000 to £114,999	6	7	2	1	8	8
£115,000 to £119,999	1	3	1	4	2	7
£120,000 to £124,999	2	0	2	2	4	2
£125,000 and over	3	2	7	4	10	6
<b>Total</b>	<b>606</b>	<b>431</b>	<b>881</b>	<b>672</b>	<b>1487</b>	<b>1103</b>

\* Non- School Employees who appear on the Senior Employees remuneration note no 27b have not been included in this table

## b) Disclosure of Senior Employees' Remuneration

## Disclosure of Senior Employees Remuneration for financial year 2023/24

Financial Year 2023/24	Salary (inc fees and allowances)	Employer's Pension Contributions	Total (inc. Pension Contributions)
	£	£	£
<b>Senior Employees</b>			
Chief Executive (Jennifer Daothong) (a)	199,198	43,824	243,022
Executive Director for Corporate Resources	172,788	38,014	210,802
01-Apr-23 to 31-Jul-23 (Kathy Freeman)	54,557	12,003	66,560
01-Jul-23 to 31-Mar-24 (David Austin)	118,231	26,011	144,242
Executive Director for Children and Young People (Pinaki Ghoshal)	163,671	36,008	199,679
Executive Director for Community Services (Tom Brown)	171,437	36,008	207,445
Executive Director for Housing (Gillian Douglas) (b)	90,928	20,004	110,932
Executive Director for Place (Nazeya Hussain) (c)	193,983	0	193,983
Director of Public Health	112,821	24,821	137,642
Director of Law & Corporate Governance (Jeremy Chambers)	160,425	8,823	169,248
<b>Totals</b>	<b>1,265,251</b>	<b>207,502</b>	<b>1,472,753</b>

a) Jennifer Daothong: Acting Chief Executive 01-Apr-23 - 03-Mar-24. Chief Executive 04-Mar-24 - 31-Mar-24.

b) For period 11-Sep-23 - 31-Mar-24

c) Executive Director for Place is filled by an interim staff member.

## Notes to the Core Financial Statements

## Disclosure of Senior Employees Remuneration for financial year 2022/23

Financial Year 2022/23	Salary (inc fees and allowances)	Employer's Pension Contributions	Total (inc. Pension Contributions)
	£	£	£
<b>Senior Employees</b>			
Chief Executive (Kim Wright)	192,426	43,296	235,722
Acting Chief Executive (Jennifer Daothong) (a)	15,503	3,488	18,991
Assistant Chief Executive (01-Apr-22 -31-Dec-22) (b)	94,317	21,222	115,539
Executive Director for Corporate Resources (Kathy Freeman)	160,404	36,091	196,495
Executive Director for Children and Young People (Pinaki Ghoshal)	160,449	36,101	196,550
Executive Director for Community Services (Tom Brown)	160,449	36,101	196,550
Executive Director for Housing, Regeneration and Public Realm (c)	140,627	31,641	172,268
01-Apr-22 to 03-Mar-23 (Jennifer Daothong) (a)	140,627	31,641	172,268
04-Mar-23 to 31-Mar-23	0	0	0
Executive Director for Place (13-Mar-23 to 31-Mar-23) (c)	12,018	0	12,018
Director of Public Health	110,592	24,883	135,475
Director of Law & Corporate Governance	143,815	0	143,815
<b>Totals</b>	<b>1,190,600</b>	<b>232,823</b>	<b>1,423,423</b>

(a) Jennifer Daothong commenced in post as Acting Chief Executive as of the 04-Mar-23.

(b) Assistant Chief Executive: The post was vacant from when the previous post holder left (31-Dec-22) to financial year end.

(c) The role for Executive Director for Housing, Regeneration and Public Realm has been replaced by Executive Director for Place from February 2023, this was filled in March 2023.

The definition of a "Senior Employee" is set out in Regulation 7 of the Accounts and Audit (England) Regulations 2011 (SI 2011/817). In summary, they are either a statutory chief officer, or have the power to direct or control the major activities of the Council or report direct to the Head of the Council's paid service. They are not the same group of senior staff whose salaries are published on the Council's website. After a review in 2020/21 it was decided to only include the current members of the Executive Management Team (EMT) and the statutory post holders.

### c) Termination Benefits - Exit Packages Agreed in Year

The number and cost of exit packages granted to employees in the year are shown below. These costs include redundancy payments to employees which were charged to the CIES. They also include payments to the Pension Fund in respect of the extra pension costs of employees who were granted early access to their pensions.

#### Cost Band (inc Pension Fund Contributions)

	Total Number of Exit Packages		Total Cost of Exit Packages	
	2023/24 No.	2022/23 No.	2023/24 £000	2022/23 £000
£0 to £20,000	38	62	311	575
£20,001 to £40,000	13	37	381	1,001
£40,001 to £60,000	8	22	372	1,084
£60,001 to £80,000	1	5	67	333
£80,001 to £100,000	1	0	99	0
£100,001 and over	1	4	179	568
<b>Total</b>	<b>62</b>	<b>130</b>	<b>1,409</b>	<b>3,561</b>

## Notes to the Core Financial Statements

**28. EXTERNAL AUDIT COSTS**

	2023/24 £000	2022/23 £000
External Audit Services	481	269
Certification of Grant Claims and Returns	77	70
Other services provided by the appointed auditor	28	8
	<b>586</b>	<b>347</b>

**2023/24 audit fee scale – set by PSAA**

The 2023/24 audits are the first in the second five-year appointing period specified by PSAA, covering 2023/24 to 2027/28. PSAA awarded new contracts for this period in 2022 to six audit firms. The procurement outcome is an increase of 151% on total fees for local audit work.

PSAA is very much aware of the significant financial pressures on all local government bodies and understands that any further cost pressure is unwelcome. The level at which the 2023/24 fee scale is set is largely determined by two factors which PSAA does not control: the volume of audit work required to deliver audits compliant with the requirements of the Code of Audit Practice, and audit supply market rates.

## Notes to the Core Financial Statements

## 29. DEDICATED SCHOOLS' GRANT

The Council's expenditure on schools is funded primarily by the Dedicated Schools' Grant (DSG) provided by the DfE. The DSG is ring-fenced and can only be used to meet expenditure as defined in the School Finance (England) Regulations 2011. The Schools Budget includes elements for a range of educational services provided on a Council wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

The table below shows the position for the DSG at 2023/24. The table notes a cumulative deficit of £15.5m relating to the High Needs Block, reflecting an increase of £2.4m in 2023/24. The increase is lower than in previous years reflecting actions being undertaken by Children and Young People's directorate in partnership with Schools forum to action a mitigation plan. Lewisham is also part of the Delivering Better Value work sponsored by the Department for Education). The council has been successful in their bid to support £1m towards managements actions for 2024/25, which should build on the actions currently being taken.

	2023/24			2022/23		
	Central Expenditure £000	Individual Schools Budget (ISB) £000	Total £000	Central Expenditure £000	Individual Schools Budget (ISB) £000	Total £000
<b>Final DSG before academy &amp; high needs recoupment</b>			336,035			319,388
Academy & high needs figure recouped			(49,367)			(40,821)
<b>Total DSG after academy &amp; high needs recoupment</b>			286,668			278,567
Brought forward from previous year	0	0	0	0	0	0
Carry forward to next year agreed in advance	0	0	0	0	0	0
<b>Agreed initial budgeted distribution</b>	69,586	217,082	286,668	64,282	214,285	278,567
In year adjustments	0	19	19	0	216	216
<b>Final Budget Distribution</b>	69,586	217,101	286,687	64,282	214,501	278,783
<b>Actual Central Expenditure</b>	72,017		72,017	68,507		68,507
<b>Actual ISB deployed to schools</b>		217,101	217,101		214,501	214,501
Local authority contribution	0		0	0		0
<b>Total In-Year (Deficit)/ Surplus</b>	(2,431)	0	(2,431)	(4,225)	0	(4,225)
<b>DSG unusable reserve (cumulative deficit) b/f</b>			(13,091)			(8,866)
Addition to DSG unusable reserve (in-year deficit)			(2,431)			(4,225)
<b>Total of DSG unusable reserve (cumulative deficit) at the end of year</b>			(15,522)			(13,091)

## Notes to the Core Financial Statements

**30. GRANT INCOME**

The following grants were credited to services during the year:

	2023/24 £000	2022/23 £000
Dedicated Schools Grant	(290,222)	(278,784)
Housing Benefit Grant	(159,715)	(158,678)
Public Health Grant	(26,914)	(26,064)
BSF/ Grouped Schools PFI Unitary Charge Grant	(26,472)	(26,468)
Improved Better Care Fund	(14,942)	(14,942)
Pupil Premium Grant	(12,026)	(12,070)
Housing Subsidy/ Decent Homes Backlog Grant	(10,353)	(10,353)
Household Support Grant & Covid-19 Grants	(5,337)	(7,314)
Social Care Grants	(5,298)	(10,773) (a)
Energy Support Grant	(397)	(14,921)
Other Grants	(75,663)	(67,305)
<b>Total</b>	<b>(627,339)</b>	<b>(627,672)</b>

The following grants were credited to Taxation and non-specific Grant Income during the year:

	2023/24 £000	2022/23 £000
Revenue Support Grant (RSG)	(32,392)	(29,017)
Social Care Grants	(23,402)	(3,849) (a)
S31 Business rate relief grant	(17,184)	(13,991)
Services & Lower Tier Services Grants	(3,848)	(7,377)
New Homes Bonus	(114)	(1,011)
S31 Business rate grants - Other	0	(8,212)
Other	(3,614)	(2,493)
<b>Total</b>	<b>(80,554)</b>	<b>(65,950)</b>

**(a) Social Care Grants**

Social Care grants are received from DLUHC. In 2023/24 the grant total was £28,699k split between three grants: Social Care grant (£23,402k), Market Sustainability and Fair Cost of Care grant (£3,203k) and Discharge grant (£2,095k). The Social Care grant was included in the CIES as part of non-specific grants and the Market Sustainability and Fair Cost of Care grant and Discharge grant were both credited to Community Services directorate. In 2022/23 the Social Care grant was £14,622k and was split £10,773k to Children and Young People (CYP) directorate and £3,849k to non-specific grants.

## Notes to the Core Financial Statements

**31. RELATED PARTY TRANSACTIONS**

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

(a) Central Government and Other Local Authorities

Central government exerts significant influence over the Council through legislation and grant funding. The general government grants received are shown in Note 30 to the Core Financial Statements. The precept to the Greater London Authority is shown in the notes of the Collection Fund in Section 5 of these Accounts. There were numerous other transactions between the Council and other Local Authorities.

(b) Subsidiaries, Associated Companies and Joint Ventures

Further details on these companies are given in Note 25 – Investment in Companies – and the Group Accounts section of these statements.

Transactions with the companies that are solely owned by the Council are in the table below:

2023/24					
Name	Loan with LBL	Expenditure	Income	Income outstanding to LBL (LBL debtor balance)	Balance outstanding (LBL creditor balance)
	£'000	£'000	£'000	£'000	£'000
Lewisham Homes Ltd	40,000	29,701	1,373	769	206
Catford Regeneration Partnership Ltd	16,934	21	944	36	0

2022/23					
Name	Loan with LBL	Expenditure	Income	Income outstanding to LBL (LBL debtor balance)	Balance outstanding (LBL creditor balance)
	£'000	£'000	£'000	£'000	£'000
Lewisham Homes Ltd	40,000	52,833	6,390	2,482	8,825
Catford Regeneration Partnership Ltd	16,225	11	861	0	0

(c) Companies of which the Council is a Joint Owner or Shareholder

Further details on these companies are given in Note 25 – Investment in Companies.

Payments made by the Council to these companies in 2023/24 are shown below:

- i) Lewisham Grainger Holdings LLP – no payments were made.

(d) Elected Members (Councillors) and Chief Officers

Councillors have direct control over the Council's financial and operating policies, and their total cost is shown in Note 26. They are required to declare all related party transactions which they have with any organisation in which they have a controlling interest. This information is recorded on the Council's Register of Members and Chief Officers' Declarations of Interests and is open to public inspection at the Civic Suite at Lewisham Civic Suite during office hours. The information is also published on the Council's website. The Council is compliant with the Localism Act 2012.

The Council has concluded that no related party transactions should be disclosed since all declared interests by Members or Offices are within organisations where they cannot exert a controlling interest.

## Notes to the Core Financial Statements

(e) Lewisham Pension Fund

The Pension Fund Accounts are included in Section 8 of this document.

**32. CAPITAL EXPENDITURE AND CAPITAL FINANCING**

The capital expenditure incurred in the year (excluding the value of assets acquired under finance leases and PFI contracts) and the resources used to finance it are shown below. Any expenditure which is not financed in the year will add to the Capital Financing Requirement (CFR), which measures the capital expenditure incurred historically by the Council that has yet to be financed. The Council is required to set aside an amount each year (the Minimum Revenue Provision - MRP) to repay debt, this reduces the CFR.

	2023/24 £000	2022/23 £000
<b>Opening Capital Financing Requirement</b>	<b>551,105</b>	<b>518,340</b>
<b>Capital Investment</b>		
Property, Plant and Equipment	102,806	134,289
Revenue Expenditure Funded from Capital under Statute	3,201	2,945
	<b>106,007</b>	<b>137,234</b>
<b>Resources Used for Financing</b>		
Capital Receipts	(5,857)	(12,587)
Government Grants and Other Contributions	(23,045)	(29,824)
Major Repairs Reserve	(26,311)	(25,703)
Sums set aside from Revenue:	(8,528)	(21,529)
	<b>(63,741)</b>	<b>(89,643)</b>
<b>Increase in the underlying need to borrowing</b>	<b>42,266</b>	<b>47,591</b>
<b>Debt Redeemed</b>		
Minimum Revenue Provision	(4,343)	(4,668)
Repayment of Principal on PFI schemes	(10,852)	(10,158)
	<b>(15,195)</b>	<b>(14,826)</b>
<b>Increase/ (decrease) in Capital Financing Requirement</b>	<b>27,071</b>	<b>32,765</b>
<b>Closing Capital Financing Requirement</b>	<b>578,176</b>	<b>551,105</b>

**33. LEASES****a) Council as a Lessee**i) Finance Leases

The council does not have any assets held under Finance Leases.

## Notes to the Core Financial Statements

ii) Operating Leases

The Council has operating leases in the areas of Council Dwellings, School Plant and Equipment and Refuse Vehicles. The expenditure charged to services in the CIES during the year in relation to these leases was £1.43m (£1.43m in 2022/23). The future minimum lease payments due under non-cancellable leases in futures are:

	31/03/24 £000	31/03/23 £000
Not later than one year	1,207	1,425
Later than one year and not later than five years	3,276	3,373
Later than five years	15,395	14,115
	<b>19,878</b>	<b>18,913</b>

**b) Council as a Lessor**i) Finance Leases

The Council does not lease out any assets held under Finance Leases.

ii) Operating Leases

The Council leases out a number of commercial properties for Investment purposes. The future minimum lease payments receivable under non-cancellable leases in future years are:

	31/03/24 £000	31/03/23 £000
Not later than one year	3,846	3,513
Later than one year and not later than five years	6,220	6,984
Later than five years	5,151	6,090
	<b>15,217</b>	<b>16,587</b>



## Notes to the Core Financial Statements

## 34. PRIVATE FINANCE INITIATIVES (PFI) CONTRACTS

## a) Summary of PFI Schemes

PFI Scheme	Brockley HRA	Downham Lifestyles	Grouped Schools	BSF 1	BSF 2	BSF 3	BSF 4	Street Lighting
Start of Contract	2007	2007	2007	2009	2011	2012	2012	2011
End of Contract	2027	2039	2036	2035	2037	2037	2038	2036
<b>Total Estimated Cost</b>	<b>£297m</b>	<b>£90m</b>	<b>£239m</b>	<b>£252m</b>	<b>£89m</b>	<b>£124m</b>	<b>£234m</b>	<b>£95m</b>
Total PFI Credits	£207m	£30m			£674m			£54m
<b>Net PFI Cost</b>	<b>£90m</b>	<b>£60m</b>			<b>£264m</b>			<b>£41m</b>

## b) Payments made under PFI contracts

	Brockley HRA	Downham Lifestyles	Grouped Schools	BSF 1	BSF 2	BSF 3	BSF 4	Street Lighting	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>2023/24</b>									
Service Charges	11,764	650	5,035	5,347	1,330	1,601	2,819	903	<b>29,449</b>
Interest	2,956	2,127	2,793	3,231	1,550	2,392	4,785	2,125	<b>21,959</b>
Liability Repayment	4,210	225	1,027	1,688	478	888	1,450	886	<b>10,852</b>
<b>Unitary Charge</b>	<b>18,930</b>	<b>3,002</b>	<b>8,855</b>	<b>10,266</b>	<b>3,358</b>	<b>4,881</b>	<b>9,054</b>	<b>3,914</b>	<b>62,260</b>

<b>2022/23</b>									
Service Charges	11,501	592	4,636	4,628	1,252	1,375	2,235	881	<b>27,100</b>
Interest	2,935	1,987	2,884	3,522	1,593	2,480	5,014	2,182	<b>22,597</b>
Liability Repayment	3,455	198	956	1,747	438	920	1,628	816	<b>10,158</b>
<b>Unitary Charge</b>	<b>17,891</b>	<b>2,777</b>	<b>8,476</b>	<b>9,897</b>	<b>3,283</b>	<b>4,775</b>	<b>8,877</b>	<b>3,879</b>	<b>59,855</b>

## Notes to the Core Financial Statements

## c) Movement in PFI Assets in year

The assets which are used to provide the services under these PFI contracts are recognised within the Council's Balance Sheet. The movements in value over the year are detailed in the following table.

	2023/24		2022/23	
	£000	£000	£000	£000
<b>Gross Book Value b/fwd</b>		<b>409,635</b>		<b>387,240</b>
<b>Additions</b>		<b>391</b>		<b>0</b>
Revaluations (recognised in Revaluation Reserve)	(1,998)		23,015	
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	(2,612)	(4,610)	814	23,829
Impairments (recognised in Revaluation Reserve)	(391)		0	
Impairments (recognised in Surplus/ Deficit on the Provision of Services)	0	(391)	0	0
Loss of Control of Assets (recognised in Revaluation Reserve)	0		0	
Loss of Control of Assets (recognised in Financing and Investment Income and Expenditure)	0	0	0	0
Disposals		(719)		(1,434)
Transfers		0		0
Assets reclassified (to)/ from Held for Sale		0		0
<b>Gross Book Value c/fwd</b>		<b>404,306</b>		<b>409,635</b>
<b>Depreciation b/fwd</b>		<b>(9,672)</b>		<b>(8,506)</b>
Depreciation for year		(7,897)		(7,382)
<u>Depreciation written back on:</u>				
Transfers		0		0
Revaluations (recognised in Revaluation Reserve)	4,463		6,105	
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	2,268	6,731	111	6,216
Impairments (recognised in Revaluation Reserve)	0		0	
Impairments (recognised in Surplus/ Deficit on the Provision of Services)	0		0	
Assets sold		0		0
<b>Depreciation c/fwd</b>		<b>(10,838)</b>		<b>(9,672)</b>
<b>Net Book Value at End of Year</b>		<b>393,468</b>		<b>399,963</b>

## Notes to the Core Financial Statements

**d) PFI Liabilities**

The unitary payments made to the contractors have been calculated to pay them the fair value of the services they provide, the capital expenditure they have incurred and interest they will pay whilst the capital expenditure remains to be reimbursed. The Council's total outstanding liability to the contractors is shown in the following table.

	Current Liabilities (Due within 1 Year)		Deferred (Future) Liabilities	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Balance outstanding at start of year	10,852	10,158	182,394	193,246
Balance outstanding at end of year	11,739	10,852	170,655	182,394

**e) Payments due under PFI contracts in future years**

The Council makes an agreed payment each year which is linked to inflation and can be reduced if the contractor fails to meet availability and performance standards. The following table shows the estimated payments due to be paid (as part of a unitary charge) for each PFI. The price base is in nominal terms assuming a 1.9% RPI increase per annum compounded until the end of the contract. The amounts are broken down into the different elements of the payments reflecting how they will be accounted for.

Note: Amounts shown for Brockley HRA PFI relate only to the unitary charge for tenanted properties.

## Notes to the Core Financial Statements

	In 2024/25 £000s	2 to 5 years £000s	6 to 10 years £000s	11 to 15 years £000s	16 to 20 years £000s	Total £000s
<b>Brockley HRA</b>						
Service charges	11,411	24,445				35,856
Interest	2,556	4,042				6,597
Repayment of liability	4,641	11,452				16,094
Planned lifecycle replacement	690	1,418				2,108
<b>Downham Lifestyles</b>						
Service charges	325	1,385	1,935	2,190		5,835
Interest	2,145	8,658	10,350	9,375		30,528
Repayment of liability	256	1,423	2,615	4,973		9,268
Planned lifecycle replacement	344	1,472	2,067	2,338		6,221
<b>Grouped Schools</b>						
Service charges	3,745	16,076	22,813	10,690		53,325
Interest	2,692	9,991	9,093	1,723		23,498
Repayment of liability	1,204	6,552	13,448	7,844		29,047
Planned lifecycle replacement	1,289	4,551	4,517	2,161		12,518
<b>BSF 1</b>						
Service charges	3,568	15,381	21,985	4,801		45,736
Interest	3,048	11,133	8,027	-243		21,965
Repayment of liability	1,811	10,357	19,629	3,385		35,181
Planned lifecycle replacement	1,942	6,083	7,663	1,052		16,741
<b>BSF 2</b>						
Service charges	1,024	4,357	6,088	4,618		16,087
Interest	1,501	5,412	4,912	1,449		13,273
Repayment of liability	525	2,688	5,350	5,509		14,071
Planned lifecycle replacement	349	1,523	2,071	1,703		5,647
<b>BSF 3</b>						
Service charges	1,496	6,446	10,037	7,602		25,581
Interest	2,290	8,339	7,368	3,218		21,215
Repayment of liability	889	4,465	7,163	7,510		20,027
Planned lifecycle replacement	321	1,397	2,857	2,064		6,639
<b>BSF 4</b>						
Service charges	2,622	10,909	16,616	15,904		46,051
Interest	4,606	17,159	16,119	6,731		44,614
Repayment of liability	1,451	7,991	13,698	15,796		38,937
Planned lifecycle replacement	561	2,046	3,996	4,406		11,009
<b>Streetlighting</b>						
Service charges	926	3,939	5,504	2,844		13,213
Interest	2,061	7,467	6,892	1,892		18,312
Repayment of liability	962	4,749	8,630	5,427		19,768
Planned lifecycle replacement	0	0	0	0		0
<b>Totals</b>	<b>63,251</b>	<b>223,305</b>	<b>241,446</b>	<b>136,961</b>	<b>0</b>	<b>664,963</b>

## Notes to the Core Financial Statements

	In 2023/24 £000s	2 to 5 years £000s	6 to 10 years £000s	11 to 15 years £000s	16 to 20 years £000s	Total £000s
<b>Brockley HRA</b>						
Service charges	10,527	33,986				44,513
Interest	2,839	6,201				9,040
Repayment of liability	4,210	16,094				20,304
Planned lifecycle replacement	638	1,998				2,636
<b>Downham Lifestyles</b>						
Service charges	296	1,258	1,758	1,988	428	5,728
Interest	2,003	8,095	9,766	8,882	1,551	30,297
Repayment of liability	225	1,253	2,376	4,373	1,265	9,492
Planned lifecycle replacement	312	1,333	1,877	2,124	457	6,103
<b>Grouped Schools</b>						
Service charges	3,482	14,944	21,204	14,832		54,462
Interest	2,793	10,143	9,875	3,078		25,889
Repayment of liability	1,027	5,710	12,162	11,175		30,074
Planned lifecycle replacement	1,337	4,799	4,486	2,681		13,303
<b>BSF 1</b>						
Service charges	3,332	14,345	20,502	9,089		47,268
Interest	3,217	11,745	9,430	480		24,872
Repayment of liability	1,688	9,325	17,935	7,921		36,869
Planned lifecycle replacement	1,769	5,994	7,279	2,806		17,848
<b>BSF 2</b>						
Service charges	1,134	4,135	5,778	5,737		16,784
Interest	1,547	5,635	5,380	2,203		14,765
Repayment of liability	478	2,424	4,834	6,813		14,549
Planned lifecycle replacement	162	1,458	1,972	2,064		5,656
<b>BSF 3</b>						
Service charges	1,348	6,025	9,249	9,402		26,024
Interest	2,362	8,569	8,011	4,327		23,269
Repayment of liability	888	4,113	6,742	9,172		20,915
Planned lifecycle replacement	246	1,292	2,518	2,594		6,650
<b>BSF 4</b>						
Service charges	2,367	10,185	15,572	18,836		46,960
Interest	4,747	17,663	17,147	9,269		48,826
Repayment of liability	1,450	7,357	12,540	19,040		40,387
Planned lifecycle replacement	428	1,846	3,700	5,114		11,088
<b>Streetlighting</b>						
Service charges	903	3,843	5,370	4,000		14,116
Interest	2,125	7,795	7,524	2,994		20,438
Repayment of liability	886	4,373	7,944	7,450		20,653
Planned lifecycle replacement	0	0	0	0		0
<b>Totals</b>	<b>60,766</b>	<b>233,936</b>	<b>232,931</b>	<b>178,444</b>	<b>3,701</b>	<b>709,778</b>

## Notes to the Core Financial Statements

**35. CAPITAL CONTRACTUAL COMMITMENTS**

The table below lists the contractual commitments for the acquisition of property, plant and equipment. These are estimated amounts based either on the value of open purchase orders or officer estimates.

	Contractual commitments as at 31/03/24
	£'000
<b>General Fund</b>	
Lewisham Gateway (Phase 2)	3,441
Thomas Lane Yard & the CCC	1,300
Amersham & Northover Residential Conversion	1,200
Riverside Youth Club Development Project	1,000
Corporate Estate Maintenance Programme 2021-2023	300
Mayow Road	300
<b>Housing Revenue Account</b>	
New Cross Road Acquisition 52-54	6,800
New Homes, Better Places- Bampton & Shifford Est.Dev	1,100
Elderton Road Garages (Pack 5) SE26 4EY	800
Creekside Acquisition	500
Sommerville (PHASE 3)	500
Algemon/Embleton Road (Phase 3)	458
Walsham House Garages	450
Creekside Acquisition	400
Eliot Bank (Forest Estate)	300
Ladywell Leisure Centre Development Site	300
<b>Total Capital Programme contractual commitments</b>	<b>19,149</b>

	Contractual commitments as at 31/03/23
	£'000
<b>General Fund</b>	
Lewisham Gateway (Phase 2)	6,800
Temporary Accommodation - Mayow Rd	900
<b>Housing Revenue Account</b>	
New Cross Road Acquisition 52-54	8,200
Bampton	1,700
Walsham House Garages	1,600
Elderton Road Garages	1,400
Creekside Acquisition	600
Sommerville Phase 1	500
Kenton Court	400
Achilles Street - Development	400
Housing Management System	400
Ladywell Leisure Centre Development site	300
<b>Total Capital Programme contractual commitments</b>	<b>23,200</b>

**36. DEFINED CONTRIBUTION PENSION SCHEMES**

The Teachers and the National Health Service Pension Schemes are technically defined benefit schemes. However, their assets and liabilities cannot reliably be identified at individual employer level and therefore for the purposes of the Council's accounts they are accounted for as defined contribution schemes.

Teachers employed by the Council are members of the Teachers' Pension Scheme, which is run by the Department for Education (DfE). The scheme provides benefits upon retirement with both the Council and the employee making contributions to the scheme. The scheme is "unfunded" and the DfE use a notional fund to set a national employers contribution rate based on a percentage of members' pensionable pay – in 2023/24 this rate was 23.68% (in 2022/23 23.68%). In 2023/24, the Council paid £28.4m to the DfE in respect of teachers' pension costs (£21.3m in 2022/23).

Public Health staff employed by the Council are members of the NHS Pension Scheme, which is run by the Department of Health (DoH). The scheme provides benefits upon retirement with both the Council and the employee making contributions to the scheme. The scheme is "unfunded" and the DoH use a notional fund to set a national employers contribution rate based on a percentage of members' pensionable pay – this rate was 20.68% for 2023/24 (14.38% paid by employers and 6.3% paid centrally (in 2022/23 this was also 20.68%). In 2023/24 the Council paid £0.023m to the DoH in respect of employees' pension costs (£0.023m in 2022/23).

**37. DEFINED BENEFIT PENSION SCHEMES**

**a) Participation in Pension Schemes**

The Council offers retirement benefits as part of the terms and conditions of staff employment. Although these benefits will not actually be payable until employees retire, the Council is committed to making these payments, and they are required to be disclosed at the time that employees earn their future entitlement. The Council makes contributions on behalf of its employees to the Local Government Pension Scheme (LGPS) and the London Pensions Fund Authority (LPFA). These are defined benefit pension schemes, meaning that both the Council and the employees pay contributions into a fund, calculated at a level which is intended to balance the pension's liabilities with investment assets.

**b) Assessment of the Assets and Liabilities of the Pension Schemes**

These are assessed on an actuarial basis using the projected unit method and an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. They have been prepared by independent firms of actuaries (the LGPS by Hymans Robertson and the LPFA by Barnett Waddingham), and are based on IAS19 assumptions and calculations for the year and the latest triennial valuations as at 31 March 2023. In 2023/24 the as part of the in-sourcing of the functions carried out by Lewisham Homes on behalf of the Council the staff of Lewisham Homes transferred to the Council. The pension liability that was previously guaranteed by the Council transferred back to the Council and is now included in the Council's single entity accounts. An adjustment has been made to the valuation of the assets and liabilities within the Council's single entity accounts to reflect this.

**c) Transactions relating to Retirement Benefits**

In accordance with IAS19, the Council recognises the cost of retirement benefits relating to these schemes in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However the required charge to the Council Tax is based on the cash paid in the year so the real cost of retirement benefits is reversed out of the General Fund via the MiRS. The following transactions were made during the year in the CIES and the General Fund Balance via the MiRS:



## Notes to the Core Financial Statements

<b>Comprehensive Income and Expenditure Statement</b>	<b>2023/24 £000</b>	<b>2022/23 £000</b>
<b>Cost of Service</b>		
Current Service Cost	34,135	63,969
Past Service Cost (inc.settlements and curtailments)	(1,068)	1,527
	<b>33,067</b>	<b>65,496</b>
<b>Financing and Investment Income and Expenditure</b>		
<u>Net Interest on the Net Defined Benefit Liability</u>		
Interest Income on Scheme Assets	(73,176)	(41,175)
Interest Cost on Defined Benefit Obligation (Liabilities)	78,553	56,868
	<b>5,377</b>	<b>15,693</b>
<b>Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services</b>	<b>38,444</b>	<b>81,189</b>
<u>Remeasurements of the Net Defined Benefit Liability</u>		
Return on Assets excluding amounts included in Net Interest	(122,821)	105,253
Actuarial Losses from changes in Demographic Assumptions	(11,623)	(16,928)
Actuarial Losses from changes in Financial Assumptions	(72,084)	(718,352)
Other Remeasurements & Gains and Losses	53,409	127,532
Effect of the Asset Ceiling on Net Liability	124,158	32,285
<b>Total Remeasurements recognised in CIES</b>	<b>(28,961)</b>	<b>(470,210)</b>
<b>Total Post Employment Benefits Charged to the CIES</b>	<b>9,483</b>	<b>(389,021)</b>
 <b>Movement in Reserves Statement</b>		
	<b>2023/24 £000</b>	<b>2022/23 £000</b>
Pensions Reserve - Adj to opening bal (RE Lewisham Homes)	49,118	0
Reversal of Net Charges made to the Surplus or Deficit on the Provision of Services	(38,444)	(81,189)
Employers' Contributions Payable to the Scheme	40,450	37,408
Return on Assets excluding amounts included in Net Interest	122,821	(105,253)
Actuarial Gains and Losses	(93,860)	575,463
<b>Net Movement in Pensions Reserve</b>	<b>80,085</b>	<b>426,429</b>

## Notes to the Core Financial Statements

## d) Pensions Assets and Liabilities Recognised in the Balance Sheet

	31/03/24 £000	31/03/23 £000
Fair Value of Plan Assets	1,814,181	1,459,367
Present Value of Defined Benefit Liability (Obligation)	<b>(1,828,364)</b>	<b>(1,551,380)</b>
	<b>(14,183)</b>	<b>(92,013)</b>
Present Value of Unfunded Liabilities	<b>(45,311)</b>	(47,566)
<b>Pensions Reserve - Year End Balance</b>	<b>(59,494)</b>	<b>(139,579)</b>

## e) Reconciliation of the Movements in the Fair Value of Scheme Assets

	31/03/24 £000	31/03/23 £000
<b>Opening Fair Value of Scheme Assets</b>	<b>1,459,367</b>	<b>1,537,228</b>
Interest Income on Scheme Assets	73,203	41,203
Administration	(27)	(28)
<u>Remeasurement Gains / Losses</u>		
Return on Assets excluding amounts included in Net Interest	122,821	(105,253)
Employer Contributions	36,029	33,182
Contributions in respect of Unfunded Benefits	4,421	4,226
Contributions from Scheme Participants	11,031	9,891
Assets distributed on settlements	(5,201)	0
Benefits Paid	(70,986)	(56,892)
Unfunded Benefits Paid	(4,421)	(4,226)
Effect of business combinations and disposals	187,944	0
Other Remeasurements	0	36
<b>Closing Fair Value of Scheme Assets</b>	<b>1,814,181</b>	<b>1,459,367</b>

## Notes to the Core Financial Statements

## f) Reconciliation of the Movements in the Present Value of Scheme Liabilities

	31/03/24 £000	31/03/23 £000
<b>Opening Present Value of Scheme Liabilities (Obligations)</b>	<b>(1,598,946)</b>	<b>(2,103,236)</b>
Current Service Cost	(34,135)	(63,969)
Interest Cost on Defined Benefit Obligation (Liabilities)	(78,553)	(56,868)
Contributions from Scheme Participants	(11,031)	(9,891)
<u>Remeasurement Gains / Losses</u>		
Benefits Paid	70,986	56,892
Unfunded Benefits Paid	4,421	4,226
Actuarial Losses from changes in Demographic Assumptions	11,623	16,928
Actuarial Losses from changes in Financial Assumptions	72,084	718,352
Other Gains and Losses	(53,409)	(127,568)
Effect of the Asset Ceiling on Net Liability	(124,158)	(32,285)
Effect of business combinations and disposals	(138,826)	0
Past Service Costs / Curtailments / Settlements	6,269	(1,527)
<b>Closing Present Value of Scheme Liabilities (Obligations)</b>	<b>(1,873,675)</b>	<b>(1,598,946)</b>

## g) Pension Scheme Assets

	31/03/24			31/03/23		
	Active Market £000	Not in Active Markets £000	Total £000	Active Market £000	Not in Active Markets £000	Total £000
<b>LGPS (LBL)</b>						
Debt Securities	156,106	0	156,106	126,776	0	126,776
Private Equity	0	132,025	132,025	0	113,811	113,811
Real Estate	0	154,798	154,798	0	133,622	133,622
Investment Funds / Unit Trusts	1,062,280	163,011	1,225,291	803,160	142,870	946,030
Cash and Cash Equivalents	0	52,787	52,787	0	48,742	48,742
<b>Total LGPS Assets</b>	<b>1,218,386</b>	<b>502,621</b>	<b>1,721,007</b>	<b>929,936</b>	<b>439,045</b>	<b>1,368,981</b>

	31/03/24			31/03/23		
	Active Market £000	Not in Active Markets £000	Total £000	Active Market £000	Not in Active Markets £000	Total £000
<b>LPFA</b>						
Equities	49,845	6,568	56,413	44,848	7,176	52,024
Target Return Portfolio	4,985	11,089	16,074	6,774	9,676	16,450
Infrastructure	0	10,704	10,704	0	11,194	11,194
Real Estate	0	8,523	8,523	0	8,688	8,688
Cash	1,432	28	1,460	2,031	0	2,031
<b>Total LPFA Assets</b>	<b>56,262</b>	<b>36,912</b>	<b>93,174</b>	<b>53,653</b>	<b>36,734</b>	<b>90,387</b>

## Notes to the Core Financial Statements

## h) Basis for Estimating Assets and Liabilities

	Local Government Pension Scheme		LPFA	
	2023/24	2022/23	2023/24	2023/24
Rate of Inflation – CPI	2.8%	3.0%	3.0%	2.9%
Salary Increase Rate	3.8%	4.0%	4.0%	3.9%
Pensions Increases	2.8%	3.0%	3.0%	2.9%
Rate for discounting scheme liabilities	4.8%	4.8%	4.9%	4.8%
<b>Mortality assumptions</b>				
Longevity at 65 for current pensioners - Men	20.9	21.0	19.9	20.2
Longevity at 65 for current pensioners - Women	23.9	24.1	23.6	23.9
Longevity at 65 for future pensioners - Men	21.9	22.1	21.1	21.4
Longevity at 65 for future pensioners - Women	25.2	25.5	24.7	25.0

## i) Sensitivity Analysis

Change in Assumption at 31st March 2024	Approximate % Increase in Employer Liability	Approximate Monetary Amount (£000)
<b>LGPS - LB Lewisham</b>		
0.1% Decrease in Real Discount Rate	2%	28,173
1 Year Increase in Member Life Expectancy	4%	66,500
0.1% Increase in the Salary Increase Rate	0%	994
0.1% Increase in the Pension Increase Rate	2%	27,674
<b>LPFA</b>		
0.1% Decrease in Real Discount Rate	n/a	35
1 Year Increase in Member Life Expectancy	n/a	36
0.1% Increase in the Salary Increase Rate	n/a	35
0.1% Increase in the Pension Increase Rate	n/a	35

These are based on reasonably possible changes to the assumptions occurring at the end of the year and assumes for each change that the assumption changes while all the other assumptions remain constant.

## j) Future Contributions

The objectives of the scheme are to keep the employer's contributions at as constant a rate as possible. The Council anticipates paying £33.7m in contributions to the scheme in 2023/24.

## 38. CONTINGENT LIABILITIES

A contingent liability is an item of expenditure that is likely but not certain and is subject to a further event or decision. At the date of approval of the Accounts the Council had the following contingent liability:

- There were 25 schools with licensed deficit budgets at the year end (2 nursery schools, 1 special school, 1 secondary school and 21 primary schools), totalling £17.6m. Because of the complexities and future uncertainties over the arrangements for dealing with school deficits/loans, some or all of this total of £17.6m may ultimately fail to be met from the Council's General Fund, either in 2024/25 or a later year.

## Notes to the Core Financial Statements

**39. CONTINGENT ASSETS**

A contingent asset is an item of income that is likely but not certain and is subject to a further event or decision. At the date of approval of the Accounts the Council has no contingent assets.

**40. TRUST FUNDS**

The Council acts as a trustee for other funds which are not included in the Balance Sheet. Interest on these funds is credited annually at the average rate earned on the Council's revenue balances. The total amount held as at 31 March 2024 was £0.1m (£0.1m as at 31 March 2023).

**41. HERITAGE ASSETS**

These assets comprise Lewisham Clock Tower (£706k) and the Civic Regalia (£249k). Their values in the accounts are insurance values which are assessed internally and based on current market values. The value of the assets at 31 March 2024 is £0.96m (£0.96m as at 31 March 2023).

The Council has two other "categories" of heritage asset which have not been included on the Balance Sheet. 28 assets, mainly works of art with a total insurance value of approximately £45,000, have individual insurance values which are immaterial. Another 28 assets, mainly paintings and sculptures, have not been included on the balance sheet because the cost of obtaining valuations is not felt to be economic to the benefits of the users of the accounts.

**42. CAPITAL GRANTS UNAPPLIED**

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

	<b>2023/24</b> <b>£000</b>	<b>2022/23</b> <b>£000</b>
Community Infrastructure Levy - LB Lewisham	<b>(23,791)</b>	<b>(23,529)</b>
Adults PSS Grant (DoH)	<b>(2,566)</b>	<b>(2,566)</b>
Disabled Facilities Grant	<b>(2,199)</b>	<b>(2,059)</b>
Other Housing Grant (GLA)	<b>(15,728)</b>	<b>0</b>
Other Grants	<b>(1,542)</b>	<b>393</b>
<b>Total</b>	<b>(45,826)</b>	<b>(27,761)</b>

## Notes to the Core Financial Statements

**43. CASH FLOW STATEMENT - ADJUSTMENT TO SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES FOR NON-CASH MOVEMENTS**

	2023/24 £000	2022/23 £000
Depreciation, Impairment and Downward Valuations	91,649	77,560
Increase/ (decrease) in creditors	22,783	(30,702)
(Increase)/ decrease in debtors	(8,684)	(5,623)
(Increase)/ decrease in inventories (stock)	(40)	(17)
Movement in pension liability	(2,006)	43,781
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	72,843	62,325
Other non-cash items charged to the net surplus or deficit on the provision of services	(2,821)	(7,152)
<b>Total Adjustment to net surplus or deficit on the provision of services for non-cash movements</b>	<b>173,724</b>	<b>140,172</b>

**44. CASH FLOW STATEMENT - ADJUSTMENT FOR ITEMS INCLUDED IN THE NET SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES THAT ARE INVESTING AND FINANCING ACTIVITIES**

	2023/24 £000	2022/23 £000
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	48	44
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(13,257)	(15,338)
Capital Grants credited to surplus or deficit on the provision of services	(41,110)	(27,213)
<b>Total Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities</b>	<b>(54,319)</b>	<b>(42,507)</b>

**45. CASH FLOW STATEMENT - OPERATING ACTIVITIES**

	2023/24 £000	2022/23 £000
Interest Received	6,575	2,073
Interest Paid	(29,529)	(30,937)
<b>Net Interest Paid</b>	<b>(22,954)</b>	<b>(28,864)</b>

## Notes to the Core Financial Statements

## 46. CASH FLOW STATEMENT - INVESTING ACTIVITIES

	2023/24 £000	2022/23 £000
Purchase of Property, Plant and Equipment, investment property and intangible assets	(97,357)	(135,585)
Purchase of short and long term investments	(335,000)	(380,000)
Other payments for Investing Activities	3,356	4,556
Proceeds from the sale of property plant and equipment, investment property and intangible assets	13,257	15,338
Proceeds from short-term and long-term investments	335,000	440,000
Capital Grants received in year	42,547	27,812
<b>Net Cash Flows from Investing Activities</b>	<b>(38,197)</b>	<b>(27,879)</b>

## 47. CASH FLOW STATEMENT - FINANCING ACTIVITIES

	2023/24 £000	2022/23 £000
Cash receipts of short and long term borrowing	0	0
Other receipts from financing activities	0	0
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(10,852)	(10,158)
Repayment of Short-Term and Long-Term Borrowing	(26,345)	(1,126)
Council Tax and NNDR adjustments	(4,561)	19,903
<b>Net Cash Flows from Financing Activities</b>	<b>(41,758)</b>	<b>8,619</b>

## 48. PRIOR YEAR ADJUSTMENTS/ RESTATEMENTS

In 2023/24 the 2022/23 audited accounts figures needed to be restated due to the re-organisation of the Council's management hierarchy structure. Housing, Regeneration and Public Realm (HRPR) directorate was split to become two new directorates called Place directorate and Housing directorate. The 2022/23 CIES and related notes required restating as follows:

a) Re-Organisation of Council Management Hierarchy Structure

From	To
Children & Young People Directorate	Children & Young People Directorate
Community Services Directorate	Community Services Directorate
Housing, Environment & Regeneration Directorate	Place Directorate
	Housing Directorate
Corporate Resources Directorate	Corporate Resources Directorate
Chief Executive Directorate	Chief Executive Directorate
Housing Revenue Account	Housing Revenue Account
Corporate Provisions	Corporate Provisions

## Notes to the Core Financial Statements

**Comprehensive Income & Expenditure Statement (CIES)**

This re-organisation required the 2022/23 CIES to be re-stated by mapping the cost centres used in 2022/23 to the new 2023/24 hierarchy as follows:

From		To	
Service	Net Expenditure £'000s	Service	Net Expenditure £'000s
Children & Young People Directorate	80,746	Children & Young People Directorate	80,746
Community Services Directorate	97,487	Community Services Directorate	97,487
Housing, Environment & Regeneration Directorate	35,426	Place Directorate	30,086
		Housing Directorate	5,340
Corporate Resources Directorate	40,736	Corporate Resources Directorate	40,736
Chief Executive Directorate	12,488	Chief Executive Directorate	12,488
Housing Revenue Account	36,354	Housing Revenue Account	36,354
Corporate Provisions	8,869	Corporate Provisions	8,869
<b>Cost of Services</b>	<b>312,106</b>	<b>Cost of Services</b>	<b>312,106</b>

**Expenditure & Funding Analysis (Note 1)**

The expenditure and funding analysis was restated so that the column "Net Expenditure in the CIES" matches the restated CIES Net Expenditure column. The subsequent columns were also updated to reconcile back to "Net Expenditure Chargeable to the General Fund and HRA Balances" and the figures reported in the management Outturn report.

**Group Accounts - Group CIES**

The group accounts CIES was restated in line with the LBL single entity accounts with the amendments for each service line exactly equalling those in the single entity accounts.



## Housing Revenue Account

## SECTION 4 - HOUSING REVENUE ACCOUNT

This account is maintained in accordance with the provisions of the Local Government and Housing Act 1989 to show all income and expenditure relating to the Council's responsibilities as landlord of dwellings and associated property.

## HRA INCOME AND EXPENDITURE STATEMENT

	2023/24 £000	2022/23 £000	Note
<b>INCOME</b>			
Gross Rent - Dwellings	(79,017)	(73,176)	1
Gross Rent - Other Housing Properties	(3,683)	(3,497)	1
Charges for Services and Facilities	(14,519)	(13,567)	1
Housing Subsidy and Government Grants	(10,353)	(10,353)	2
Contribution towards Expenditure	(8,038)	(4,430)	4
<b>Total Income</b>	<b>(115,610)</b>	<b>(105,023)</b>	
<b>EXPENDITURE</b>			
Supervision and Management - General Expenses	43,216	43,789	5
Supervision and Management - Special Expenses	10,215	7,852	5
Repairs and Maintenance	29,807	22,657	6
Rent, Rates and Other Charges	497	645	8
Rent Rebate Subsidy Shortfall	0	0	3
Contribution to Doubtful Debts & Other Provisions	1,267	292	7
Depreciation - Dwellings	25,217	24,743	10
Depreciation - Other Housing Assets	1,094	960	10
Impairment of Non Current Assets	27,697	40,225	10
Debt Management Expenses	42	27	
<b>Total Expenditure</b>	<b>139,052</b>	<b>141,190</b>	
<b>Net Cost of Services included in the Council's Income and Expenditure Account</b>	<b>23,442</b>	<b>36,167</b>	
HRA Services share of Corporate and Democratic Core Costs	198	187	
<b>Net Cost of HRA Services</b>	<b>23,640</b>	<b>36,354</b>	
<b>HRA share of the Operating Income and Expenditure incl.in the Comprehensive Income and Expenditure Statement</b>			
(Gain) / Loss on Sale and de-recognition of HRA Non Current Assets	59,096	46,782	
Interest Payable and Similar Charges	8,216	5,869	11
Interest and Investment Income	(1,776)	(1,022)	
Pension Interest Cost and Expected Return on Pension Assets	88	83	12
<b>(Surplus) / Deficit for the Year on HRA Services</b>	<b>89,264</b>	<b>88,066</b>	

---

Housing Revenue Account

---

## HOUSING REVENUE ACCOUNT - MOVEMENT IN RESERVES STATEMENT

	2023/24 £000	2022/23 £000
<b>Balance on the HRA at the End of the Previous Year</b>	<b>14,068</b>	<b>30,315</b>
<u>Movement in Year</u>		
Surplus or (Deficit) for the year on the HRA Income and Expenditure Statement	<b>(89,264)</b>	<b>(88,066)</b>
Adjustments between Accounting Basis and Funding Basis under Statute	<b>82,568</b>	<b>71,819</b>
<b>Net Increase or (Decrease) before Transfers (To) / From Reserves</b>	<b>(6,696)</b>	<b>(16,247)</b>
<b>Transfers (To) / From Reserves</b>	<b>0</b>	<b>0</b>
<b>Increase or (Decrease) in Year on the HRA</b>	<b>(6,696)</b>	<b>(16,247)</b>
<b>Balance on the HRA at the End of the Year</b>	<b>7,372</b>	<b>14,068</b>

An analysis of the amounts included within the figures for Adjustments between Accounting Basis and Funding Basis under Statute can be found within Note 8 to the Core Financial Statements.

Details of the movement in the Housing Revenue Account Reserves and Balances can be found in Note 15 to the Housing Revenue Account.

## Housing Revenue Account

## NOTES TO THE HOUSING REVENUE ACCOUNT

## 1. GROSS RENT OF DWELLINGS

This is the total rent collectable for the year after allowance is made for empty property. At 31 March 2024, 1.15% of lettable property was empty (0.97% at 31 March 2023). These figures for empty property exclude accommodation for the homeless and dwellings designated for sale, major works and improvements. Average rents were £110.42 In 2023/24 and £103.62 per week In 2022/23.

Service charges have been disaggregated from rents and are now shown under charges for services and facilities.

## (a) Housing stock

The Council was responsible for managing 13,839 dwellings as at 31 March 2024 (13,772 as at 31 March 2023).

There have been no stock transfers undertaken in 2023/24.

The stock was made up as follows:

	31/03/24	31/03/23
<u>Stock Numbers at year end</u>		
Houses and Bungalows	2,300	2,305
Flats and Maisonettes	11,539	11,467
<b>Stock at End of Year</b>	<b>13,839</b>	<b>13,772</b>

  

	2023/24	2022/23
<u>Change in Stock Numbers during the year</u>		
Stock at 1 April	13,772	13,699
Less Sales, Demolitions, etc.	(56)	(121)
Add Re-purchases, Conversions etc.	123	194
<b>Stock at End of Year</b>	<b>13,839</b>	<b>13,772</b>

## b) Rent Arrears

	2023/24 £000	2022/23 £000
Rent Arrears due from Current Tenants	6,997	5,271
Rent Arrears due from Former Tenants	1,511	1,395
<b>Total Arrears</b>	<b>8,508</b>	<b>6,666</b>
<b>Total Arrears as % of Gross Rent of Dwellings Due</b>	<b>8.4%</b>	<b>6.9%</b>

The arrears shown in this note exclude water charges, heating charges and all other charges collected as part of tenants' rent. Housing rent represents 97.9% of the total collectable from tenants.

---

Housing Revenue Account

---

**c) Rent – Other Housing Property**

	2023/24 £000	2022/23 £000
Aerial Sites	307	324
Garages	174	161
Reception Hostels	2,832	2,626
Commercial Property	313	328
Ground Rents	57	58
<b>Total Other Rents and Charges</b>	<b>3,683</b>	<b>3,497</b>

**d) Charges for Services and Facilities to Tenants and Leaseholders.**

Service charges include caretaking, grounds maintenance, communal lighting, bulk household waste removal and disposal, window cleaning, pest control and the Lewisham Tenants Levy. The average tenants' service charge was £9.75 in 2023/24 (£9.75 in 2022/23).

	2023/24 £000	2022/23 £000
Heating Charges	768	726
Leasehold Service Charges	6,589	6,042
Tenants Service Charges	7,162	6,799
<b>Total Charges for Services and Facilities</b>	<b>14,519</b>	<b>13,567</b>

**2. GOVERNMENT HOUSING EXCHEQUER SUBSIDY**

From 1st April 2012 HRA accounts were prepared under the Government's HRA self-financing regime. Under this system no further housing subsidy transactions are made between government and stock owning Councils. This is in recognition that all rent collected will be retained by the Council and not contributed into the national rent pool.

As the Council has a housing PFI scheme, it will continue to receive the PFI credit until completion of the contract in 2027. This represents an annual payment of £10.353m.

	2023/24 £000	2022/23 £000
Other Reckonable Expenditure	0	0
PFI Credit	10,353	10,353
Decent Homes Grant	0	0
<b>Total Grants and Subsidy</b>	<b>10,353</b>	<b>10,353</b>

---

**Housing Revenue Account**


---

**3. REBATES**

Assistance with rents is available under the Housing benefits scheme for those on low income. The scheme is administered by the Council and approximately 24% of tenants received help in 2023/24 (30% in 2022/23). Rent rebates are chargeable to, and the corresponding subsidy is credited to the General Fund.

Subsidy on rent rebates is capped and if the Council's rent exceeds the Government's limit for subsidy, the cost is charged to the HRA. The shortfall on subsidy due to overpayments is charged to the General Fund, as are the administration costs.

The costs, income and rebates over limitation charged back to the HRA are shown below:

	2023/24 £000	2022/23 £000
Rent Rebates Given (GF)	22,822	25,071
Subsidy Received on Rebates (GF)	(22,822)	(25,071)
<b>Net cost to the HRA</b>	<b>0</b>	<b>0</b>

**4. CONTRIBUTIONS TOWARDS EXPENDITURE**

	2023/24 £000	2022/23 £000
Court Costs	65	66
Recharges of repairs	4,929	3,637
Recharge to Capital Receipts	763	475
Hostels: Heat, Light and Water Charges	119	98
Reimbursement of overpaid Capital Charges	0	0
Professional fees	115	114
Other miscellaneous income	2,047	40
<b>Total Other Income</b>	<b>8,038</b>	<b>4,430</b>

**5. SUPERVISION AND MANAGEMENT**General expenses

This includes the provision of services to all tenants including rent collection and accounting, rent arrears recovery, tenancy application and lettings, finance and administration, policy and management functions.

Special expenses

This includes the provision of services applicable to particular tenants including central heating, metered energy supplies, maintenance of grounds, communal lighting, lifts and ancillary services.

---

**Housing Revenue Account**


---

**6. REPAIRS AND MAINTENANCE**

This includes day-to-day repairs to Council housing stock and cyclical external decoration. Void properties prior to re-letting and certain tenants' properties are eligible for internal decoration. Repairs & Maintenance expenditure was as follows:

	<b>2023/24</b> <b>£000</b>	<b>2022/23</b> <b>£000</b>
Revenue R&M works	29,807	22,657
<b>Total Repairs and Maintenance</b>	<b>29,807</b>	<b>22,657</b>

**7. CONTRIBUTIONS TO IMPAIRMENT ALLOWANCE****a) Contributions to Impairment Allowance**

A contribution of £1.267m (2022/23 £0.292m) was transferred from the HRA to an impairment allowance to meet doubtful debts. Details of the accumulated provisions are as follows:

	<b>2023/24</b> <b>£000</b>	<b>2022/23</b> <b>£000</b>
Housing Tenants	4,412	3,904
Leaseholders	3,328	2,763
Commercial Properties, Miscellaneous Debts	912	752
<b>Total Impairment Allowance</b>	<b>8,652</b>	<b>7,419</b>

**b) Contributions to Provisions**

A contribution of £0.00m (2022/23 £0.12m) was transferred from the HRA to provisions as an additional contribution to the Water Charges Provision.

The provision relates to the issue of whether the local authority was acting as an agent for Thames Water or was a water re-seller for the purposes of the Resale Order, which limited the maximum charge that could be applied to individual tenancies.

The value in question is not the Water Charge itself, but the income the authority received from Thames Water and whether this should have been passed onto the relevant tenancies.

Following a Court of Appeal ruling in October 2020 a provision was created to cover the liability for London Borough of Lewisham and to start the refund process to tenant's accounts. This was calculated with the data currently available at the time as £8.673m.

An additional contribution of £0.120m was transferred from the HRA to provisions in 2022/23 after further analysis showed that the total potential liability was £10.456m including additional administration costs. No additional contributions have been made in 2023/24.

	<b>2023/24</b> <b>£000</b>	<b>2022/23</b> <b>£000</b>
Water Charges Provision Brought Forward	0	5,989
Water Charges Provision Contribution	0	257
Water Charges Provision Used	0	(6,246)
<b>Total HRA Water Provisions</b>	<b>0</b>	<b>0</b>

---

**Housing Revenue Account**


---

Rent accounts have been refunded and the provision now stands at a zero balance with no further liability anticipated.

**8. HRA OUTSTANDING DEBT (CAPITAL FINANCING REQUIREMENT)**

Under the current HRA self-financing system, which began on 1st April 2012, there is no requirement to repay principal on housing debt. The total housing debt at 31st March 2024 was £141.8m.

**9. NON CURRENT ASSET VALUATION**

A full valuation of the housing stock is commissioned every five years with a market adjustment being applied in the year's in-between. The difference between the value of dwellings in their existing use as social housing and the vacant possession value reflects the economic cost to the council of providing housing at less than open market rents.

	31/03/24 £000	31/03/23 £000
<b>Operational Assets:</b>		
Dwellings (Existing Use Value - Social Housing)	1,362,726	1,440,091
Other Land and Buildings	19,217	19,504
Infrastructure	77	81
Vehicles, Plant and Equipment	6,353	6,972
	<b>1,388,373</b>	<b>1,466,648</b>
Investment Properties	0	0
Surplus Assets	8,903	8,525
Assets Under Construction	34,332	72,625
	<b>1,431,608</b>	<b>1,547,798</b>
<b>Total Housing Assets</b>	<b>1,431,608</b>	<b>1,547,798</b>
<b>Full Valuation of Council Dwellings</b>	<b>5,450,904</b>	<b>5,760,364</b>

**10. DEPRECIATION AND REVALUATION CHARGES**

The total charges for the depreciation and revaluation of housing assets is as follows:

	2023/24 £000	2022/23 £000
<b>Operational Assets</b>		
Dwellings	25,217	24,743
Other Land and Buildings	471	337
Infrastructure	5	5
Vehicles, Plant and Equipment	618	618
<b>Total Depreciation</b>	<b>26,311</b>	<b>25,703</b>
Revaluation losses on non-current assets	27,697	40,225
<b>Total Depreciation &amp; Revaluation Charges</b>	<b>54,008</b>	<b>65,928</b>

Revaluation charges arise from capital expenditure carried out on dwellings which has not changed the value of those dwellings, or from reductions in the value of assets in excess of any carrying values held in the revaluation reserve.

---

**Housing Revenue Account**


---

**11. INTEREST PAYABLE AND SIMILAR CHARGES**

This line includes the charge of £5.26m for capital assets calculated in accordance with the DCLG's Item 8 Debit Determination for 2023/24 (£2.93m in 2022/23). It no longer includes any costs for the net cost of amortised loan redemption premiums and discounts as the final payment was made in 2017/18.

**12. PENSIONS COSTS – IAS 19**

In accordance with IAS 19, Lewisham recognises the cost of retirement benefits in the net cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the cost to the HRA is based on the amounts payable in the year, so the accrued cost of retirement benefits is reversed out of the HRA.

**13. HOUSING CAPITAL EXPENDITURE**

There was a no contribution to Capital from HRA revenue to fund the new development and investment programme for 2023/24.

	<b>2023/24</b> <b>£000</b>	<b>2022/23</b> <b>£000</b>
<b>Expenditure:</b>		
Dwellings	77,694	112,771
Revenue Expenditure Funded from Capital under Statute	0	0
	<b>77,694</b>	<b>112,771</b>
<b>Financed by:</b>		
Capital Receipts	9,091	31,969
HRA Contribution to Capital	0	12,091
Major Repairs Reserve	26,311	25,702
Borrowing	42,292	43,008
<b>Total Capital Expenditure Financed</b>	<b>77,694</b>	<b>112,770</b>



---

**Housing Revenue Account**


---

**14. MAJOR REPAIRS RESERVE**

The movements on the major repairs reserve are as follows:

	2023/24 £000	2022/23 £000
<b>Balance brought forward at start of year</b>	0	0
Transferred in (depreciation dwellings)	26,311	25,703
Financing of capital expenditure on housing assets	(26,311)	(25,703)
<b>Balance carried forward at end of year</b>	0	0

**15. HOUSING REVENUE ACCOUNT RESERVES AND BALANCES**

The movements in housing revenue account reserves and balances are as follows:

	Balance at 31/03/23 £000	Transfers In £000	Transfers Out £000	Balance at 31/03/24 £000
Property and Stock Related Reserves	4,211	0	(211)	4,000
Staff Related Reserves	914	0	(510)	404
Other Earmarked Reserves	8,943	0	(5,975)	2,968
<b>Total Reserves and Balances</b>	<b>14,068</b>	<b>0</b>	<b>(6,696)</b>	<b>7,372</b>

## Collection Fund

## SECTION 5 - THE COLLECTION FUND

Lewisham Council is a designated 'Billing' Authority and is required by statute to maintain a separate Collection Fund. The transactions are on an accruals basis and include income from Council Tax and Non-Domestic Rates (NDR) and distributions to the Council's General Fund and the Greater London Authority (GLA) in respect of both Council Tax & NDR, and to the Government in respect of NDR only.

The costs of collecting these taxes are charged to the General Fund, but an allowance towards the cost of collecting NDR is credited to the General Fund from the NDR receipts.

The Council's share of the year end balances of the Collection Fund is included in the Council's Balance Sheet and its share of the transactions is included in the Council's Cash Flow Statement.

	2023/24			2022/23			Note
	Council Tax	NDR	Total	Council Tax	NDR	Total	
	£000	£000	£000	£000	£000	£000	
<b>INCOME</b>							
Income from Council Tax (net)	180,907		180,907	169,142		169,142	4
Income from Non-Domestic Rates (net)		52,408	52,408		57,724	57,724	5
Income from Non-Domestic Rates (net) - BRS		1,066	1,066		1,440	1,440	5
<b>TOTAL INCOME</b>	<b>180,907</b>	<b>53,474</b>	<b>234,381</b>	<b>169,142</b>	<b>59,164</b>	<b>228,306</b>	
<b>EXPENDITURE</b>							
<b>Precepts and Demands upon Fund (C.Tax)</b>							
- London Borough of Lew ish am	132,574		132,574	126,353		126,353	
- Greater London Authority	38,668		38,668	35,170		35,170	
<b>Precepts and Demands upon Fund (NDR)</b>							
- London Borough of Lew ish am		16,821	16,821		17,609	17,609	
- Greater London Authority		20,746	20,746		21,718	21,718	
- Central Government		18,503	18,503		19,370	19,370	
- Cost of Collection Allow ance		294	294		303	303	
<b>Business Rate Supplement (BRS)</b>							
- Paid to Greater London Authority		963	963		1,557	1,557	
- Administrative Costs		6	6		6	6	
<b>Bad and Doubtful Debts</b>							
- Net adj to Impairment Allow ance	3,181		3,181	6,657		6,657	6a
- Net adj to Impairment Allow ance		(344)	(344)		441	441	6b
- Amounts Written Off	6,515		6,515	(797)		(797)	
- Amounts Written Off		843	843		392	392	
<b>Contributions from previous year</b>							
- London Borough of Lew ish am	303	670	973	(2,407)	(7,718)	(10,125)	
- Greater London Authority	0	826	826	(624)	(9,520)	(10,144)	
- Central Government		737	737		(8,491)	(8,491)	
<b>Provision for Appeals</b>							
- Net contribution		(4,237)	(4,237)		(1,630)	(1,630)	
<b>TOTAL EXPENDITURE</b>	<b>181,241</b>	<b>55,828</b>	<b>237,069</b>	<b>164,352</b>	<b>34,037</b>	<b>198,389</b>	
<b>Deficit / (Surplus) for the year</b>	<b>334</b>	<b>2,354</b>	<b>2,688</b>	<b>(4,790)</b>	<b>(25,127)</b>	<b>(29,917)</b>	<b>3</b>
<b>Deficit / (Surplus) at start of year</b>	<b>(318)</b>	<b>746</b>	<b>428</b>	<b>4,472</b>	<b>25,873</b>	<b>30,345</b>	<b>3</b>
<b>Opening Balance Adjustment</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
<b>Deficit / (Surplus) at end of year</b>	<b>16</b>	<b>3,100</b>	<b>3,116</b>	<b>(318)</b>	<b>746</b>	<b>428</b>	

## Collection Fund

## NOTES TO THE COLLECTION FUND

## 1. THE COUNCIL TAX BASE AND THE "BAND D" EQUIVALENT

The annual budget process requires that each Council determines its own 'Band D' tax charge by dividing its own budget requirement by the respective tax base for the financial year. The 'Band D' tax calculated forms the basis of the charge for all properties. Properties fall into one of eight valuation bands based on market values at 01 April 1991. Those that fall in other valuation bands pay a proportion of the 'Band D' tax charge according to its banding and the band proportion.

The tax base used in setting the Council Tax is set by the end of January for the following financial year. It is based on the actual number of dwellings on the Valuation List that fall within each valuation band. The total in each band is adjusted for exemptions, single person occupancy discounts, discounts for second homes and long-term empty properties, disabled band relief and new properties. The total for each band is then expressed as a "Band D" equivalent number by multiplying the resulting total by the relevant band proportion. The tax base for 2023/24 assumed a collection rate of 94.0% (95.0% for 2022/23).

The table below sets out the original tax base calculation for 2023/24 and has been prepared in accordance with The Welfare Reform Act that abolished the system of Council Tax benefits and replaced it with the Council Tax Reduction Scheme (CTRS) with effect from 01 April 2013.

Council Tax Band	Property Value £000	2023/24		Band D Ratio	2023/24		2022/23	
		No. of Properties			Band D Equivalents as per Ratio No.	Council Tax Charge £	Band D Equivalents as per Ratio No.	Council Tax Charge £
		Actual	Adjusted					
		Number	Number					
(1)	(2)							
A	up to 40	8,235	5,499	6/9	3,666.2	1,284.19	3,559.3	1,211.21
B	40 - 52	34,421	25,291	7/9	19,670.5	1,498.20	19,406.2	1,413.07
C	52 - 68	45,907	37,321	8/9	33,174.0	1,712.24	32,862.8	1,614.94
D	68 - 88	26,788	23,291	1	23,291.0	1,926.27	23,123.5	1,816.81
E	88 - 120	7,814	6,984	11/9	8,536.1	2,354.34	8,480.7	2,220.54
F	120 - 160	2,757	2,583	13/9	3,731.7	2,782.39	3,709.4	2,624.28
G	160 - 320	1,331	1,268	15/9	2,113.7	3,210.46	2,110.5	3,028.02
H	over 320	174	168	18/9	336.5	3,852.54	329.5	3,633.62
<b>Totals</b>		<b>127,427</b>	<b>102,405</b>		<b>94,519.7</b>		<b>93,581.9</b>	
Add: Contributions in lieu					0.0		0.0	
<b>Total Band D Equivalents</b>					<b>94,519.7</b>		<b>93,581.9</b>	
Estimated Collection Rate					94.0%		95.0%	
<b>NET COUNCIL TAX BASE</b>					<b>88,848.5</b>		<b>88,902.8</b>	

(1) Total number of dwellings as per Valuation Officer's List

(2) Total number of dwellings after allowing for Discounts, Exemptions and Other Adjustments

## Collection Fund

## 2. COLLECTION FUND SURPLUS OR DEFICIT

Every January, a forecast of the estimated Collection Fund balance at the end of the financial year is made. This estimated surplus or deficit is then distributed to or recovered from the Council and the GLA in the following year in proportion to their respective annual demands made on the Fund. Any difference between the estimated and actual year-end balance on the Fund is taken into account as part of the forecast to be made of the Fund's balance during the following financial year.

## 3. COLLECTION FUND BALANCE SPLIT INTO ITS ATTRIBUTABLE PARTS

	(Surplus)/ Deficit			(Surplus)/ Deficit		
	Balance at 31/03/23 £000	Movement in 2023/24 £000	Balance at 31/03/24 £000	Balance at 31/03/22 £000	Movement in 2022/23 £000	Balance at 31/03/23 £000
<b>Council Tax</b>						
London Borough of Lewisham	(228)	225	(3)	3,538	(3,766)	(228)
Greater London Authority	(90)	109	19	934	(1,024)	(90)
	(318)	334	16	4,472	(4,790)	(318)
<b>Non-Domestic Rates</b>						
London Borough of Lewisham	224	706	930	7,762	(7,538)	224
Greater London Authority	276	871	1,147	9,573	(9,297)	276
Central Government	246	777	1,023	8,538	(8,292)	246
	746	2,354	3,100	25,873	(25,127)	746
<b>Collection Fund Balances</b>	<b>428</b>	<b>2,688</b>	<b>3,116</b>	<b>30,345</b>	<b>(29,917)</b>	<b>428</b>

Collection Fund Adjustment Account

The Council's share of the Collection Fund balance is managed by the Collection Fund Adjustment Account which shows the differences arising from the recognition of Council Tax income in the CIES as it falls due from Council Tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

## 4. COUNCIL TAX INCOME

	2023/24		2022/23
	£000	£000	£000
<b>Gross Council Tax Income Due</b>		229,192	215,673
Less: Exemptions	(9,787)		(6,708)
Disabled Relief	(134)		(123)
Discounts	(21,463)		(20,320)
Adjustment for Council Tax Reduction Scheme	(20,933)		(19,743)
Plus: Adjustments to charge	4,032		363
		(48,285)	(46,531)
<b>Total Due from Council Tax payers</b>		<b>180,907</b>	<b>169,142</b>

## Collection Fund

## 5. NON-DOMESTIC RATES

The Council is responsible for collecting the Non-Domestic Rates (NDR) (often referred to as Business Rates) which are payable within its area. The amount payable is based upon the rateable value of commercial properties multiplied by the NDR multiplier, which is set annually by the Government. The amount due is paid as precepts to London Borough of Lewisham's General Fund (30%), Greater London Authority (37%) and Central Government (33%).

	2023/24		2023/23
	£000	£000	£000
<b>Gross NDR Collectable (after voids and exemptions)</b>		79,298	85,649
<b>Reductions and Relief:</b>			
Mandatory Relief	(17,648)		(18,235)
Discretionary Relief	(8,176)		(8,250)
		(25,824)	(26,485)
<b>Total Receivable from Business Rates</b>		53,474	59,164

	2023/24	2022/23
	£m	£m
<b>Non-Domestic Rateable Value</b>	173.0	176.8

	2023/24	2022/23
	pence	pence
<b>Non-Domestic Rate Multiplier</b>	51.2	51.2
<b>Non-Domestic Rate Multiplier (Small Business)</b>	49.9	49.9

## 6. COLLECTION FUND ARREARS AND IMPAIRMENT ALLOWANCES

	31/03/2024	31/03/2023
	£000	£000
Council Tax Arrears	50,911	47,055
Impairment Allowance	(45,133)	(41,952)
As a Percentage of Arrears	88.7%	89.2%

	2023/24		2022/23	
	Amount £000	Percentage %	Amount £000	Percentage %
<b>Age of Arrears</b>				
Year of Accounts	14,062	28	12,167	26
Under 2 Years old	10,153	20	9,445	20
Under 3 Years old	8,704	17	6,832	15
Under 5 Years old	10,920	21	11,016	23
Over 5 Years old	7,072	14	7,595	16
<b>Total</b>	50,911	100	47,055	100

**Collection Fund**

Arrears of income from court costs and penalties resulting from recovery action are accounted for in the General Fund.

**b) Non-Domestic Rates**

	<b>31/03/2024</b>	<b>31/03/2023</b>
	<b>£000</b>	<b>£000</b>
NDR Arrears	<b>7,208</b>	<b>7,514</b>
Impairment Allowance	<b>(6,427)</b>	<b>(6,748)</b>
As a Percentage of Arrears	<b>89.2%</b>	<b>89.8%</b>

	<b>2023/24</b>		<b>2022/23</b>	
	<b>Amount</b>	<b>Percentage</b>	<b>Amount</b>	<b>Percentage</b>
	<b>£000</b>	<b>%</b>	<b>£000</b>	<b>%</b>
<b>Age of Arrears</b>				
Year of Accounts	<b>2,130</b>	<b>30</b>	<b>2,516</b>	<b>34</b>
Under 2 Years old	<b>1,547</b>	<b>21</b>	<b>1,717</b>	<b>23</b>
Under 3 Years old	<b>1,152</b>	<b>16</b>	<b>1,144</b>	<b>15</b>
Under 5 Years old	<b>1,477</b>	<b>20</b>	<b>1,746</b>	<b>23</b>
Over 5 Years old	<b>902</b>	<b>13</b>	<b>391</b>	<b>5</b>
<b>Total</b>	<b>7,208</b>	<b>100</b>	<b>7,514</b>	<b>100</b>

Arrears of income from court costs and penalties resulting from recovery action are accounted for in the General Fund.

## **SECTION 6 – GROUP ACCOUNTS**

In order to provide a full picture of the Council's economic activities and financial position, the accounting statements of the Council and its wholly owned local authority trading companies Lewisham Homes Limited and Catford Regeneration Partnership Limited have been consolidated.

The group accounts are presented in addition to the Council's "single entity" financial statements and comprise:

- Group Comprehensive Income and Expenditure Statement
- Group Movement in Reserves Statement
- Group Balance Sheet
- Group Cash flow Statement

These statements (the purposes of which are explained on pages 4 and 5), together with those explanatory notes that are considered necessary in addition to those accompanying the "single entity" accounts and accounting policies are set out in the following pages.

## Group Accounts

## GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR YEAR ENDING 31 MARCH 2024

Restated						2023/24		
2022/23			SERVICE					
Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s				Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
476,204	(395,413)	80,791	Children & Young People Directorate			505,160	(404,077)	101,083
211,703	(113,891)	97,812	Community Services Directorate			216,103	(117,427)	98,676
81,170	(49,208)	31,962	Place Directorate			85,127	(53,194)	31,933
232,468	(189,126)	43,342	Corporate Services Directorate			215,447	(180,950)	34,497
13,024	(492)	12,532	Chief Executive Directorate			13,688	(280)	13,408
56,685	(51,345)	5,340	Housing Directorate			82,728	(57,206)	25,522
149,311	(112,712)	36,599	HRA			159,534	(135,864)	23,670
17,869	(9,000)	8,869	Corporate Provisions			17,141	0	17,141
1,238,434	(921,187)	317,247	<b>Cost of Services</b>			1,294,928	(948,998)	345,930
			<b>Other Operating Expenditure</b>					
46,987	0	46,987	(Gain) / Loss on the disposal and de-recognition of non-current assets			59,155	0	59,155
1,683	0	1,683	Levies			1,699	0	1,699
0	0	0	Contribution of housing capital receipts to Government Pool			0	0	0
48,670	0	48,670				60,854	0	60,854
			<b>Financing and Investment Income and Expenditure</b>					
30,993	0	30,993	Interest payable and similar charges			29,442	0	29,442
0	(6,621)	(6,621)	Interest and Investment Income			0	(12,281)	(12,281)
0	0	0	Loss of Control of Assets			0	0	0
63,677	(46,236)	17,441	Net interest on the net defined benefit liability			78,553	(73,176)	5,377
94,670	(52,857)	41,813				107,995	(85,457)	22,538
			<b>Taxation and non-specific Grant Income</b>					
0	(123,946)	(123,946)	Income from Council Tax			0	(132,574)	(132,574)
0	(65,950)	(65,950)	General Government Grants			0	(80,554)	(80,554)
0	(27,208)	(27,208)	Recognised Capital Grants and Contributions			0	(35,424)	(35,424)
0	(85,066)	(85,066)	Non-Domestic Rates income and expenditure			0	(97,132)	(97,132)
118	(358)	(240)	Corporation Tax Payable			294	0	294
118	(302,528)	(302,410)				294	(345,684)	(345,390)
		105,320	<b>Deficit/(Surplus) on provision of services</b>					83,932
		(133,862)	Surplus or deficit on revaluation of non-current assets					58,017
		(505,709)	Remeasurement of the net defined benefit liability					(48,954)
		(639,571)	<b>Other Comprehensive Income and</b>					9,063
		(534,251)	<b>Total Comprehensive Income and Expenditure</b>					92,995



**LEWISHAM STATEMENT OF ACCOUNTS 2023/24**

**Group Accounts**

GROUP MOVEMENT IN RESERVES STATEMENT - YEAR ENDING 31 MARCH 2024											
YEAR ENDING	General Fund Balance	Earmarked Gen Fund Reserves	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority share of subsidiaries	Total Group Reserves
31ST MARCH 2024	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2023											
Brought Forward	20,000	227,169	14,068	0	67,138	27,761	356,136	2,254,783	2,610,919	40,085	2,651,004
Opening Balance											
Adjustment	0	757	0	0	0	0	757	(757)	0	0	0
Adjusted Balance at 31 March 2023											
Brought Forward	20,000	227,926	14,068	0	67,138	27,761	356,893	2,254,026	2,610,919	40,085	2,651,004
<b>Movement in Reserves during 2023/24</b>											
Surplus or (Deficit) on the provision of services	33,486	0	(89,266)	0	0	0	(55,780)	0	(55,780)	(28,152)	(83,932)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	18,574	18,574	(27,637)	(9,063)
<b>Total Comprehensive Income and Expenditure</b>	<b>33,486</b>	<b>0</b>	<b>(89,266)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(55,780)</b>	<b>18,574</b>	<b>(37,206)</b>	<b>(55,789)</b>	<b>(92,995)</b>
Adjustments between group accounts and authority accounts	(27,405)	0	0	0	0	0	(27,405)	0	(27,405)	27,405	0
<b>Net increase before transfers</b>	<b>6,081</b>	<b>0</b>	<b>(89,266)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(83,185)</b>	<b>18,574</b>	<b>(64,611)</b>	<b>(28,384)</b>	<b>(92,995)</b>
Adjustments between accounting basis and funding basis under regulations	(16,671)	0	82,570	0	7,400	18,065	91,364	(91,364)	0	0	0
<b>Net Increase / Decrease before Transfers to Earmarked Reserves</b>	<b>(10,590)</b>	<b>0</b>	<b>(6,696)</b>	<b>0</b>	<b>7,400</b>	<b>18,065</b>	<b>8,179</b>	<b>(72,790)</b>	<b>(64,611)</b>	<b>(28,384)</b>	<b>(92,995)</b>
Transfers to / from Earmarked Reserves	10,590	(10,590)	0	0	0	0	0	0	0	0	0
<b>Increase / (Decrease) in 2023/24</b>	<b>0</b>	<b>(10,590)</b>	<b>(6,696)</b>	<b>0</b>	<b>7,400</b>	<b>18,065</b>	<b>8,179</b>	<b>(72,790)</b>	<b>(64,611)</b>	<b>(28,384)</b>	<b>(92,995)</b>
Balance at 31 March 2024											
Carried Forward	20,000	217,336	7,372	0	74,538	45,826	365,072	2,181,236	2,546,308	11,701	2,558,009

**LEWISHAM STATEMENT OF ACCOUNTS 2023/24**

**Group Accounts**

MOVEMENT IN RESERVES STATEMENT - YEAR ENDING 31ST MARCH 2023											
YEAR ENDING 31 MARCH 2023	General Fund Balance £000	Earmarked Gen Fund Reserves £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Authority share of subsidiaries £000	Total Group Reserves £000
<b>Balance at 31 March 2022 Brought Forward</b>	20,000	231,340	30,315	0	64,387	30,372	376,414	1,738,123	2,114,537	2,216	2,116,753
<b>Movement in Reserves during 2022/23</b>											
Surplus or (Deficit) on the provision of services	37,013	0	(88,066)	0	0	0	(51,053)	0	(51,053)	(54,267)	(105,320)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	593,028	593,028	46,543	639,571
<b>Total Comprehensive Income and Expenditure</b>	37,013	0	(88,066)	0	0	0	(51,053)	593,028	541,975	(7,724)	534,251
Adjustments between group accounts and authority accounts	(45,593)	0	0	0	0	0	(45,593)	0	(45,593)	45,593	0
<b>Net increase before transfers</b>	(8,580)	0	(88,066)	0	0	0	(96,646)	593,028	496,382	37,869	534,251
Adjustments between accounting basis and funding basis under regulations	4,409	0	71,819	0	2,751	(2,611)	76,368	(76,368)	0	0	0
<b>Net Increase / Decrease before Transfers to Earmarked Reserves</b>	(4,171)	0	(16,247)	0	2,751	(2,611)	(20,278)	516,660	496,382	37,869	534,251
Transfers to / from Earmarked Reserves	4,171	(4,171)	0	0	0	0	0	0	0	0	0
<b>Increase / (Decrease) in 2022/23</b>	0	(4,171)	(16,247)	0	2,751	(2,611)	(20,278)	516,660	496,382	37,869	534,251
<b>Balance at 31 March 2023 Carried Forward</b>	20,000	227,169	14,068	0	67,138	27,761	356,136	2,254,783	2,610,919	40,085	2,651,004

## Group Accounts

## GROUP BALANCE SHEET AS AT 31 MARCH 2024

Restated 31/03/2023 £000		31/03/2024 £000
	<b>Property, Plant &amp; Equipment</b>	
1,485,660	Council dwellings	1,409,216
1,212,694	Other land and buildings	1,204,665
26,185	Vehicles, plant, furniture and equipment	24,707
96,100	Infrastructure	90,536
5,137	Community	5,075
63,659	Surplus Assets not held for Sale	60,347
114,035	Assets under Construction	87,713
<b>3,003,470</b>		<b>2,882,259</b>
955	Heritage Assets	955
16,920	Investment Property	17,402
1,829	Long term investments	1,781
4,602	Long term debtors	4,614
31,792	Asset related to defined benefit pension scheme	0
<b>3,059,568</b>	<b>Total Long Term Assets</b>	<b>2,907,011</b>
218,539	Short Term Investments	222,683
290	Inventories	376
68,376	Debtors	76,033
94,217	Cash and Cash Equivalents	52,260
4,347	Prepayments	5,080
<b>385,769</b>	<b>Current Assets</b>	<b>356,432</b>
0	Bank Overdraft	0
(28,579)	Short term borrowing	(1,960)
(8,508)	Provisions	(6,344)
(129,079)	Creditors	(152,512)
(85,492)	Receipts in advance	(92,950)
(10,852)	PFI Liabilities due within one year	(11,739)
<b>(262,510)</b>	<b>Current Liabilities</b>	<b>(265,505)</b>
<b>3,182,827</b>	<b>Total Assets less Current Liabilities</b>	<b>2,997,938</b>
(194,947)	Long term borrowing	(195,221)
(6,385)	Provisions (More than 1 year)	(7,153)
(182,394)	Deferred PFI Liabilities	(170,655)
(4,237)	Capital Grants Receipts in Advance	(5,083)
(1,614)	Other Long Term Liabilities	(2,323)
(142,246)	Liability related to defined benefit pension scheme	(59,494)
<b>(531,823)</b>	<b>Long Term Liabilities</b>	<b>(439,929)</b>
<b>2,651,004</b>	<b>NET ASSETS</b>	<b>2,558,009</b>

## Group Accounts

31/03/2023 £000		31/03/2024 £000
	<b>Usable Reserves</b>	
20,000	General Fund Balance	20,000
227,169	Earmarked Revenue Reserves	217,336
(9,711)	Lewisham Homes Profit & Loss Reserve	(11,119)
29,125	Lewisham Homes Pensions Reserve	0
(1,877)	Catford Regeneration Partnership Profit & Loss Reserve	(1,216)
14,068	Housing Revenue Account	7,372
0	Major Repairs Reserve	0
67,138	Usable Capital Receipts Reserve	74,538
27,761	Capital Grants Unapplied	45,826
<b>373,673</b>		<b>352,737</b>
	<b>Unusable Reserves</b>	
1,405,140	Revaluation Reserve	1,321,632
1,077,605	Capital Adjustment Account	1,013,582
93	Deferred Capital Receipts	93
(32,163)	Financial Instruments Adjustment Account	(31,352)
(139,579)	LBL Pensions Reserve	(59,494)
3	Collection Fund Adjustment Account	(934)
(13,091)	DSG Unusable Reserve	(15,522)
(20,677)	Short Term Compensated Absences Account	(22,733)
<b>2,277,331</b>		<b>2,205,272</b>
<b>2,651,004</b>	<b>TOTAL RESERVES</b>	<b>2,558,009</b>

## Group Accounts

## GROUP CASH FLOW STATEMENT FOR THE YEAR ENDING 31 MARCH 2024

2022/23 £000s		2023/24 £000s
(105,320)	Net surplus or (deficit) on the provision of services	(83,932)
148,317	Adjustment to surplus or deficit on the provision of services for noncash movements	177,620
(42,507)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(54,319)
<b>490</b>	<b>Net Cash flows from operating activities</b>	<b>39,369</b>
(28,516)	Net Cash flows from Investing Activities	(38,870)
8,004	Net Cash flows from Financing Activities	(42,456)
(20,022)	<b>Net increase or (decrease) in cash and cash equivalents</b>	(41,957)
114,239	Cash and cash equivalents at the beginning of the reporting period	94,217
94,217	Cash and cash equivalents at the end of the reporting period	52,260

---

**Group Accounts**


---

**Notes to the Group Accounts****1. General**

The Group Accounts should be read in conjunction with the Lewisham Council single entity accounts. Only notes to the accounts that are materially different from the single entity accounts are produced for the group accounts.

**2. Group Boundary**

The Council has an interest in a number of entities, the most significant of which are the wholly owned subsidiaries Lewisham Homes Limited and Catford Regeneration Partnership Limited which are consolidated into these accounts. The table below provides information on the nature of company business and associated risks:

<b>Company</b>	<b>Business</b>	<b>Risks</b>
Lewisham Homes Limited	Lewisham Homes Limited: This was an arms-length management organisation (ALMO) set up in 2007. The company previously managed approximately 18,000 homes for the Council. In 2023/24 the staff of, and services delivered by, Lewisham Homes were in-sourced back into the Council. Lewisham Homes Limited retained ownership of assets it had purchased and continues to manage 203 homes.	The risk is related to the loan from Lewisham Council to Lewisham Homes Limited of £40m and the likelihood of repayment.
Catford Regeneration Partnership Limited (CRPL)	The company owns the Catford Shopping Centre and this investment property owned by the company is held solely for rentals and capital accumulation in line with the accounting standards.	As a property investment company, CRPL is exposed to risk in market movements in terms of the capital value of properties and in the level of income that can be generated through rental charges

**3. Accounting Policies**

- (i) In preparing the Group Accounts the Council has aligned the accounting policies of its companies with those of the Council and made consolidation adjustments where necessary.
- (ii) In 2023/24 Lewisham Homes "Council Dwellings" assets were re-valued using the same accounting standards as LBL to consolidate Lewisham Homes assets into the Group balance sheet. This resulted in a credit to the Group CIES of £1.006m due to an upward valuation of the assets compared to the 2022/23 valuation (2022/23 was a credit of £13.149m to the Group CIES due to the upward valuation of the assets).
- (iii) Lewisham Homes account for their assets in their single entity balance sheet as cost based. Within the Lewisham Homes accounts the assets are valued at NBV £41.368m (£41.638m in 2022/23). To be included in the Group Accounts these were valued at Fair Value of NBV £46.655m (£45.919m in 2022/23).
- (iv) The Council has consolidated the companies' financial statements with those of the Council on a line-by-line basis and has eliminated in full balances, transactions, income and expenses between the Council and its subsidiaries.

## Group Accounts

## 4. Movements in Non-Current Assets

The movements in non-current assets during 2023/24 and 2022/23 were as follows:

2023/24	Council Dwellings £000	Other Land & Bldgs £000	Vehicles, Plant & Equip't £000	Comm. Assets £000	Surplus Assets £000	Assets under Construction £000	TOTAL £000
<b>Gross Book Value b/fwd at 01 April 2023</b>	<b>1,486,174</b>	<b>1,212,764</b>	<b>52,452</b>	<b>5,462</b>	<b>63,661</b>	<b>114,035</b>	<b>2,934,548</b>
Additions	66,064	7,482	1,419	0	0	25,684	100,649
Revaluations (recognised in Revaluation Reserve)	(58,519)	(9,433)	0	0	(2,542)	0	(70,494)
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	(51,033)	(12,163)	(17)	0	(833)	0	(64,046)
Impairments (recognised in Revaluation Reserve)	465	(3,884)	0	0	0	0	(3,419)
Impairments (recognised in Surplus/ Deficit on the Provision of Services)	(775)	(2,287)	0	0	0	0	(3,062)
Loss of Control of Assets (recognised in Revaluation Reserve)	0	0	0	0	0	0	0
Loss of Control of Assets (recognised in Financing and Investment Income and Expenditure)	0	0	0	0	0	0	0
De-recognition of Assets (recognised in Other Operating Expenditure)	(65,192)	0	0	0	0	0	(65,192)
Disposals	(6,815)	0	(125)	0	(663)	0	(7,603)
Transfers	38,846	12,382	0	0	778	(52,006)	0
<b>Gross Book Value c/fwd at 31 March 2024</b>	<b>1,409,215</b>	<b>1,204,861</b>	<b>53,729</b>	<b>5,462</b>	<b>60,401</b>	<b>87,713</b>	<b>2,821,381</b>
<b>Depreciation b/fwd at 01 April 2023</b>	<b>(514)</b>	<b>(70)</b>	<b>(26,267)</b>	<b>(325)</b>	<b>(2)</b>	<b>0</b>	<b>(27,178)</b>
Depreciation for year	(26,357)	(17,203)	(2,864)	(62)	(372)	0	(46,858)
<u>Depreciation written back on:</u>							
Transfers	14	0	0	0	(14)	0	0
Revaluations (recognised in Revaluation Reserve)	2,516	13,644	66	0	151	0	16,377
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	24,342	3,433	17	0	183	0	27,975
Impairments (recognised in Revaluation Reserve)	0	0	0	0	0	0	0
Impairments (recognised in Surplus/ Deficit on the Provision of Services)	0	0	0	0	0	0	0
Assets Sold	0	0	26	0	0	0	26
<b>Depreciation c/fwd at 31 March 2024</b>	<b>1</b>	<b>(196)</b>	<b>(29,022)</b>	<b>(387)</b>	<b>(54)</b>	<b>0</b>	<b>(29,658)</b>
<b>Net Book Value at 31 March 2024</b>	<b>1,409,216</b>	<b>1,204,665</b>	<b>24,707</b>	<b>5,075</b>	<b>60,347</b>	<b>87,713</b>	<b>2,791,723</b>

## Group Accounts

2022/23	Council Dwellings £000	Other Land & Bldgs £000	Vehicles, Plant & Equip't £000	Comm. Assets £000	Surplus Assets £000	Assets under Construction £000	TOTAL £000
<b>Gross Book Value b/fwd at 01 April 2022</b>	<b>1,446,394</b>	<b>1,106,925</b>	<b>50,401</b>	<b>5,462</b>	<b>60,857</b>	<b>123,671</b>	<b>2,793,710</b>
Additions	79,278	8,366	1,372	0	0	44,671	133,687
Revaluations (recognised in Revaluation Reserve)	21,501	63,461	10	0	2,568	0	87,540
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	(19,628)	22,544	(11)	0	623	0	3,528
Impairments (recognised in Revaluation Reserve)	0	(217)	0	0	0	0	(217)
Impairments (recognised in Surplus/ Deficit on the Provision of Services)	(31)	(133)	0	0	0	(21,187)	(21,351)
Loss of Control of Assets (recognised in Revaluation Reserve)	0	0	0	0	0	0	0
Loss of Control of Assets (recognised in Financing and Investment Income and Expenditure)	0	0	0	0	0	0	0
De-recognition of Assets (recognised in Other Operating Expenditure)	(54,813)	0	0	0	0	0	(54,813)
Disposals	(7,379)	0	(24)	0	(133)	0	(7,536)
Transfers	20,852	11,818	704	0	(254)	(33,120)	0
<b>Gross Book Value c/fwd at 31 March 2023</b>	<b>1,486,174</b>	<b>1,212,764</b>	<b>52,452</b>	<b>5,462</b>	<b>63,661</b>	<b>114,035</b>	<b>2,934,548</b>
<b>Depreciation b/fwd at 01 April 2022</b>	<b>(1)</b>	<b>(48)</b>	<b>(22,856)</b>	<b>(263)</b>	<b>(1)</b>	<b>0</b>	<b>(23,169)</b>
Depreciation for year	(25,567)	(15,057)	(3,528)	(62)	(328)	0	(44,542)
Depreciation written back on:							0
Transfers	20	0	0	0	(20)	0	0
Revaluations (recognised in Revaluation Reserve)	22,666	12,414	106	0	309	0	35,495
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	2,368	2,621	11	0	38	0	5,038
Impairments (recognised in Revaluation Reserve)	0	0	0	0	0	0	0
Impairments (recognised in Surplus/ Deficit on the Provision of Services)	0	0	0	0	0	0	0
Assets Sold	0	0	0	0	0	0	0
<b>Depreciation c/fwd at 31 March 2023</b>	<b>(514)</b>	<b>(70)</b>	<b>(26,267)</b>	<b>(325)</b>	<b>(2)</b>	<b>0</b>	<b>(27,178)</b>
<b>Net Book Value at 31 March 2023</b>	<b>1,485,660</b>	<b>1,212,694</b>	<b>26,185</b>	<b>5,137</b>	<b>63,659</b>	<b>114,035</b>	<b>2,907,370</b>



---

**Group Accounts**


---

**5. Investment Properties**

Whilst the Council has no investment properties, CRPL owns Catford shopping centre and several surrounding properties. As these properties were solely being used to generate income from rentals and from capital accumulation at 31 March 2024, under the code of practice they are classed as investment properties.

Valuation

The yearly movement in the fair value of the properties owned by CRPL is as follows:

	2023/24 £000	2022/23 £000
<b>Balance brought forward at start of year</b>	16,920	17,503
Additions	0	0
Net Gains or (Losses) from fair value adjustments	482	(583)
Disposals	0	0
<b>Balance carried forward at end of year</b>	<b>17,402</b>	<b>16,920</b>

**6. Note to the Group MIRS - Adjustments between group accounts and authority accounts**

The following adjustments are made in the Group's Movement in Reserves Statement in order to reconcile the General Fund back to its Council position prior to funding basis adjustments being made.

An analysis of the adjustments between group accounts and authority accounts row within the Group MIRS in 2023/24 is as follows:

<b>Adjustment for:</b>	<b>£'000</b>
London Borough of Lewisham Payments to Lewisham Homes	(29,701)
Lewisham Homes Payments to London Borough of Lewisham	1,373
London Borough of Lewisham Payments to CRPL	(21)
CRPL Payments to London Borough of Lewisham	944
<b>Total Adjustments to GF Net Expenditure</b>	<b>(27,405)</b>

2022/23 Comparator:

<b>Adjustment for:</b>	<b>£'000</b>
London Borough of Lewisham Payments to Lewisham Homes	(52,833)
Lewisham Homes Payments to London Borough of Lewisham	6,390
London Borough of Lewisham Payments to CRPL	(11)
CRPL Payments to London Borough of Lewisham	861
<b>Total Adjustments to GF Net Expenditure</b>	<b>(45,593)</b>

---

**Group Accounts**


---

**7. Pensions**

In 2023/24 the staff of Lewisham Homes Limited transfer to the Council as part of the in-sourcing of the functions of Lewisham Homes limited related to the Council's housing stock. The pension liability that was previously guaranteed by the Council transferred back to the Council and is now included in the Council's single entity accounts. An adjustment has been made to the valuation of the assets and liabilities within the Council's single entity accounts to reflect this.

Lewisham Homes Pension Reserve

The Pensions Reserve reflects the timing differences which arise from the accounting treatment for post-employment benefits and for funding benefits in accordance with statutory provisions.

	2023/24 £000	2022/23 £000
<b>Balance brought forward at start of year</b>	29,125	17
Net effect of business combinations and disposals	(29,125)	
Actuarial gains or losses on pensions assets and liabilities	0	47,620
Return on Assets excluding amounts included in Net Interest	0	(13,706)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	0	(8,601)
Employer's pensions contributions and direct payments to pensioners payable in the year	0	3,795
<b>Balance carried forward at end of year</b>	<b>0</b>	<b>29,125</b>

**8. Long Term Debtors**

The value of Long-Term debtors has reduced from the Single entity accounts balance to the Group Accounts balance because of the removal of loans to the subsidiaries (Lewisham Homes £40,000k and CRPL £16,934k).

---

**Group Accounts**


---

**9. Group Revaluation Reserve**

The Group Revaluation Reserve records the accumulated gains on non-current assets held by the Group arising from increases in value (to the extent that these gains have not been consumed by subsequent downward movements in value). The Reserve is also debited with the part of the depreciation that has been incurred because the asset has been revalued. On disposal of an asset, its Revaluation Reserve balance is written out to the Capital Adjustment Account. The overall balance on the Reserve thus represents the amount by which the value of non-current assets carried in the Balance Sheet is greater because they are carried at revalued amounts rather than depreciated historical cost.

	2023/24 £000	2022/23 £000
<b>Balance brought forward at start of year</b>	<b>1,405,140</b>	<b>1,298,093</b>
<b>Opening Balance Adjustment</b>	<b>1,302</b>	
Revaluation of Assets	(53,768)	135,601
Impairment Losses	(4,249)	(217)
Loss of Control of Assets	0	0
<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>(58,017)</b>	<b>135,384</b>
Difference between fair value and historic cost depreciation	(24,022)	(21,979)
Accumulated gains on assets sold or scrapped	(2,771)	(6,358)
<b>Amount written off to the Capital Adjustment Account</b>	<b>(26,793)</b>	<b>(28,337)</b>
<b>Balance carried forward at end of year</b>	<b>1,321,632</b>	<b>1,405,140</b>

**10. Group Accounts Prior Period Adjustments/ Restatements**

In 2023/24 there were no restatements directly to the 2022/23 Group Accounts. All restatements were due to the London Borough of Lewisham single entity.

---

Glossary

---

**SECTION 7 – GLOSSARY OF TERMS USED IN THE ACCOUNTS**

<b>ACCRUALS</b>	These are amounts included in the accounts to cover income and expenditure attributable to the financial year, but for which payment had not been received or made as at 31 March.
<b>ACTUARY</b>	An independent professional who advises on the financial position of the Pension Fund and carries out a full valuation every three years.
<b>CAPITAL EXPENDITURE</b>	This is expenditure on the acquisition or enhancement of assets which significantly prolongs their useful lives or increases their market value. This is considered to be of benefit to the Council over a period of more than one year, e.g. land and buildings.
<b>CAPITAL ADJUSTMENT ACCOUNT</b>	This represents the capital resources which have been set aside to meet past capital expenditure.
<b>CAPITAL RECEIPTS</b>	Income received from the sale of land, buildings and plant.
<b>COLLECTION FUND</b>	A separate statutory account into which Council Tax and Non-Domestic Rates (NDR) are paid in order to account for payments due to the Council's General Fund and Preceptors (currently the Greater London Authority for Council Tax and NDR, and Central Government for NDR).
<b>CONTINGENT LIABILITY</b>	A possible liability to incur future expenditure at the balance sheet date dependent upon the outcome of uncertain events.
<b>CREDITORS</b>	This is an amount of money owed by the Council for goods, works or services received.
<b>DEBTORS</b>	This is an amount of money owed to the Council by individuals and organisations.
<b>DEPRECIATION</b>	This is the loss in value of an asset due to age, wear and tear, deterioration or obsolescence. An annual charge in respect of this is made to service revenue accounts over the life of most assets to reflect the usage in the year.
<b>EARMARKED RESERVES</b>	These are amounts set aside for specific purposes to meet future commitments or potential liabilities, for which it is not appropriate to establish provisions.
<b>FAIR VALUE</b>	This is defined as the amount for which an asset could be exchanged or liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.
<b>GENERAL FUND</b>	This is the account which comprises the revenue costs of providing services, which are met by General Government Grants and the Council's demand on the Collection Fund.
<b>IMPAIRMENT ALLOWANCE</b>	This is an amount set aside from revenue to cover irrecoverable debts.
<b>INFRASTRUCTURE</b>	These are non-current assets which do not have a market value and primarily exist to facilitate transportation and communication (e.g. roads, street lighting). They are usually valued at historic cost.

---

**Glossary**

---

<b>LEASES</b>	<p>A Lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. The definition of a lease includes hire purchase contracts. Lease classification is made at the inception of the lease.</p> <p>A Finance lease is a lease that transfers substantially all the risk and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. An Operating lease is a lease other than a finance lease.</p>
<b>MEMORANDUM ACCOUNT</b>	<p>These Accounts are not part of the Council's formal statutory Accounts and are included in the Statement for added information.</p>
<b>MINIMUM REVENUE PROVISION (MRP)</b>	<p>The prudent amount which must be charged to the Council's revenue account each year for the principal repayment of debt.</p>
<b>NON-DOMESTIC RATES (NDR)</b>	<p>Also known as Business Rates, these are set by the Government and collected by the Council. The income due is paid as precepts to the Council's General Fund, the Greater London Authority and Central Government.</p>
<b>PRIVATE FINANCE INITIATIVE (PFI)</b>	<p>This is a scheme whereby contracts for specified services are let to private sector suppliers by the Council which may include capital investment as well as the provision of the service. Payments are made to the supplier in return, which are reduced if performance targets are not met.</p>
<b>PRECEPTS</b>	<p>These are demands made upon the Collection Fund by the Council's General Fund and the Greater London Authority in accordance with their budget requirements. A share of the NDR precept is also paid to Central Government.</p>
<b>PROVISIONS</b>	<p>This is an amount which is set-aside for a specific liability or loss, which is likely to be incurred, but where the exact amount and date on which they will arise is uncertain.</p>
<b>REVALUATION RESERVE</b>	<p>This represents the gains on the revaluation of non-current assets which have not yet been realised through sales.</p>
<b>REVENUE SUPPORT GRANT (RSG)</b>	<p>This is the main general grant which is paid to the Council by Central Government to fund local services.</p>
<b>REVENUE EXPENDITURE</b>	<p>Day-to-day expenditure incurred in the running of Council services, e.g. salaries, wages, supplies and services.</p>
<b>SPECIAL PURPOSE VEHICLE</b>	<p>This is a legal entity (usually a limited company) created to fulfil narrow, specific or temporary objectives.</p>
<b>SUPPORT SERVICES</b>	<p>These are activities of a professional, technical and administrative nature which are not Council services in their own right, but support main front-line services.</p>

---

**Glossary**

---

**COMMON ACRONYMS USED IN THE ACCOUNTS**

AUC	Assets Under Construction
CIES	Comprehensive Income and Expenditure Statement
CIPFA	Chartered Institute of Public Finance and Accountancy
COP	Code of Practice on Local Authority Accounts in the United Kingdom
DSG	Dedicated Schools Grant
DfE	Department for Education
HRA	Housing Revenue Account
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
LEP	Local Education Partnership
LGPS	Local Government Pension Scheme
LPFA	London Pensions Fund Authority
LSP	Local Strategic Partnership
MiRS	Movement in Reserves Statement
MRP	Minimum Revenue Provision
NDR	Non-Domestic Rates
PFI	Private Finance Initiative
PPE	Property, Plant & Equipment
RICS	Royal Institution of Chartered Surveyors
SeRCOP	Service Reporting Code of Practice
SPV	Special Purpose Vehicle
SSAP	Statement of Standard Accounting Practice
TfL	Transport for London
TPS	Teachers' Pensions Scheme
VAT	Value Added Tax

## **SECTION 8 – PENSION FUND ACCOUNTS**

### **FOREWORD**

This Pension Fund Statement of Accounts details the financial position and performance of the Lewisham Pension Fund for the year ending 31 March 2024.

The Pension Fund's value increased over the year by £180m (11%), from £1.657bn to £1.837bn. The value of the pension fund increased due to the changes in global markets mainly caused by the lowering of inflation and better global trading forecasts. The Bank of England policy on interest rates is expected to cut rates in 2024 and forecasts an increase in consumer spending.

### **INTRODUCTION**

The London Borough of Lewisham Pension Fund ('the Fund') is part of the Local Government Pension Scheme (LGPS). The Fund is a contributory defined benefit pension scheme administered by the London Borough of Lewisham to provide benefits to London Borough of Lewisham employees and former employees and admitted and scheduled bodies. These benefits include retirement allowances and pensions payable to former employees and their dependants, lump sum death gratuities and special short-term pensions. The Fund is financed by income from investments and contributions from employees, the Council and other admitted and scheduled bodies.

### **ORGANISATION**

The Fund is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation (referred to henceforth as "the Regulations"):

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

Formal responsibility for investment management of the Pension Fund is delegated to the Council's Pensions Investment Committee (PIC), which appoints and monitors external investment managers. Each investment manager has an individual performance target and benchmark tailored to balance the risk and return appropriate to the element of the Fund they manage. The investment managers also consider the PIC's views on environmental, social and governance (ESG) factors. Details of the ESG factors are contained in the Investment Strategy Statement and the Net Zero Policy published online (see web address below).

The Pension Board operates independently of PIC and assists the administering authority in securing compliance with the Regulations and any other legislation or codes of practice relating to the governance and administration of the Scheme. Further information about the Board, together with its Terms of Reference, can be found online at the web address below.

The Pension Fund administration is managed by a small in-house team, which is also responsible for other areas of work such as redundancy payments, gratuities and teacher's compensation.

The pension fund's governance compliance statement (part of the Annual Report), funding strategy and investment strategy can be found on the authority's Pension Fund website

## Pension Fund Accounts

## FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2024

The fund account shows the surplus or deficit on the fund for the year.

	2023/24	2022/23	See note
	£000	£000	
<b><u>DEALINGS WITH MEMBERS, EMPLOYERS AND OTHERS</u></b>			
<b><u>DIRECTLY INVOLVED WITH THE SCHEME</u></b>			
<b>Contributions Receivable:</b>			
- from Employers	42,136	39,739	5
- from Employees	12,724	12,300	5
Transfer Values In	7,547	10,103	
Other Income	29	84	
<b>Sub-Total: Income</b>	<b>62,436</b>	<b>62,226</b>	
<b>Benefits Payable:</b>			
- Pensions	54,801	49,145	6
- Lump Sums: Retirement allowances	8,998	9,108	6
- Lump Sums: Death grants	1,011	1,498	6
<b>Payments to and on account of leavers:</b>			
- Refunds of Contributions	176	30	
- Transfer Values Out	11,593	6,375	
<b>Sub-Total: Expenses</b>	<b>76,579</b>	<b>66,156</b>	
<b>Sub-Total: Net Additions/ (Withdrawals) from dealings with members</b>	<b>(14,143)</b>	<b>(3,930)</b>	
Management Expenses	(3,671)	(4,117)	7
<b>Sub-Total: Net (Additions)/ Withdrawals including fund management expenses</b>	<b>(17,814)</b>	<b>(8,047)</b>	
<b><u>RETURNS ON INVESTMENTS</u></b>			
Investment Income	23,879	18,156	9
Change in market value of investments (Realised & Unrealised)	179,307	(108,222)	14b
Taxes on Income	(381)	(193)	
<b>Total Net Returns on Investments</b>	<b>202,805</b>	<b>(90,259)</b>	
<b>NET INCREASE / (DECREASE) IN THE FUND DURING YEAR</b>	<b>184,991</b>	<b>(98,306)</b>	
<b>OPENING NET ASSETS OF THE FUND</b>	<b>1,651,977</b>	<b>1,750,283</b>	
<b>CLOSING NET ASSETS OF THE FUND</b>	<b>1,836,968</b>	<b>1,651,977</b>	



## Pension Fund Accounts

## NET ASSETS STATEMENT AS AT 31 MARCH 2024

The Net Assets Statement shows the market value of the investments and other assets held by the Pension Fund as at 31 March 2024.

	31/03/24	31/03/23	
	£000	£000	See note
<b>INVESTMENT ASSETS</b>			
<b>Managed Funds</b>			
Pooled Property Investments	122,344	117,436	10 - 14
Equity Unit Trust	1,056,775	870,530	10 - 14
Fixed Income Unit Trust	246,072	249,576	10 - 14
Venture capital	278,621	276,999	10 -14
Hedge Funds	76,923	76,617	10 -14
<b>Total Investment Funds</b>	<b>1,780,735</b>	<b>1,591,158</b>	
<b>Cash Held with Custodian</b>	<b>56,029</b>	<b>58,448</b>	18
<b>Other Investment Balances (debtors)</b>	<b>247</b>	<b>241</b>	17a
<b>TOTAL INVESTMENTS</b>	<b>1,837,011</b>	<b>1,649,847</b>	
Current Assets	2,627	4,855	17b
Current Liabilities	(2,670)	(2,725)	17b
<b>TOTAL NET ASSETS</b>	<b>1,836,968</b>	<b>1,651,977</b>	

The financial statements of the Fund do not take account of the liability to pay pensions or benefits after 31 March 2024. This liability is included within the Authority's balance sheet.

## NOTES TO THE PENSION FUND ACCOUNTS

### Note 1: Basis of Preparation of Financial Statements

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

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits.

The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year, nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the Net Asset Statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The Authority has opted to disclose this information in an accompanying report to the accounts, which is disclosed in Note 19.

The Pension Fund Accounts have been prepared on a going concern basis, with the assumption that the functions of the authority will continue in operational existence for the foreseeable future.

### Note 2: Summary of Significant Accounting Policies and Practices

The Pension Fund accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ('the Code') which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of the obligations to pay pensions and benefits which fall due after the end of the financial year. In respect of future obligations, the actuarial present value of promised retirement benefits are valued on an International Accounting Standard (IAS) 26 basis.

The Local Government Pension Scheme (Administration) Regulations 2013 require administering authorities in England and Wales to prepare a Pension Fund Annual Report which must include the Fund Account and a Net Assets Statement with supporting notes prepared in accordance with proper practices. The Regulations summarise the Pension Code and the minimum disclosure requirements.

The date for publishing the Pension Fund Annual Report is on or before 1 December following the end of the financial year. The Council will be taking its Annual Report to its Pensions Investment Committee later in the year to comply with this deadline.

#### Accounting Policies

A summary of the significant accounting policies, valuation techniques, and the basis of preparation of the accounts are shown below:

- (a) **Investments** - Investments in the Net Assets Statement are shown at Fair Value. The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13. 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). The market value of equity investments is based on the official closing data, in the main, with last trade data being used in a small number of countries. Unitised equities are quoted based on last trade or official closing price. Northern Trust, the Fund's custodian, sets out its pricing

---

**Pension Fund Accounts**


---

policies in a document entitled “Asset pricing guidelines” which details its pricing process and sets out preferred pricing sources and price types.

- (b) The change in market value of investments during the year comprises all increases and decreases in market value of investments held at any time during the year, including profits and losses realised on the sale of investments during the year.
- (c) **Equities:** Equities are valued at published market prices.
- (d) **Bonds:** Bonds are valued at the published bid market price on the final day of the accounting period.
- (e) **Pooled Investments - Equity Unit Trusts and market quoted investments;** are valued at published bid market prices on the final day of the accounting period.
- (f) **Pooled Investments - UK Fixed Income Managed Funds;** are valued at the average of broker prices.
- (g) **Pooled Investments – Hedge Funds;** are valued by the investing managers on a fair value basis each year using PRAG guidance.
- (h) **Pooled Property Investments:** The Property Funds do not have any direct investments in property but use property Fund managers to invest in pooled property/unit trust funds. They are valued in accordance with the Royal Institute of Chartered Surveyors' (RICS) Valuation Standards at Fair Value based on their Open Market Value (OMV).
- (i) **Venture Capital: Private Equity and Private Debt;** are valued in accordance with United States generally accepted accounting principles, including FAS 157, which is consistent with the International Private Equity and Venture Capital Valuation Guidelines. These guidelines set out that all investments are carried at fair value and they recommend methodologies for measurement.
- (j) **Hedge Funds:** Hedge Funds are valued by investing managers on a fair value basis using PRAG guidance.
- (k) **Fixed Income Unit Trust:** Fixed income earned from fixed income unit trusts. Interest income is recognised in the Fund as it accrues.
- (l) **Contributions** – These represent the total amounts receivable from the employers and employees within the scheme. Rates will differ between bodies in the scheme; from 01 April 2023 the employee contribution bands (revised annually in line with inflation) for the administering authority are as follows:

Pensionable Pay for the Post	Contribution Rates 2023/24	
	Main Section	50/50 Section
Up to £16,500	5.50%	2.75%
£16,501 to £25,900	5.80%	2.90%
£25,901 to £42,100	6.50%	3.25%
£42,101 to £53,300	6.80%	3.40%
£53,301 to £74,700	8.50%	4.25%
£74,701 to £105,900	9.90%	4.95%
£105,901 to £124,800	10.50%	5.25%
£124,801 to £187,200	11.40%	5.70%
More than £187,201	12.50%	6.25%

---

**Pension Fund Accounts**

---

The employer's contribution is reviewed every three years and is determined by the Fund's Actuary as the rate necessary to ensure that the Fund is able to meet its long-term liabilities. This is assessed at each triennial actuarial revaluation. The employer's contribution rate for the administering authority in 2023/24 is 22.0%.

- (m) **Benefits** – Benefits payable are made up of pension payments and lump sums payable to members of the Fund upon retirement and death. These have been brought into the accounts on the basis of all valid claims approved during the year.
- (n) **Transfer Values** – Transfer values are those sums paid to, or received from, other pension schemes relating to periods of previous pensionable employment. Transfer values are calculated in accordance with the Local Government Pension Scheme Regulations and have been brought into the accounts on a cash basis.
- (o) **Taxation** – The Fund is a registered public service scheme under section (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 an expense as it arises.
- (p) **VAT** – By virtue of Lewisham Council being the administering authority, VAT input tax is recoverable on Fund activities. Any irrecoverable VAT is accounted for as an expense.
- (q) **Actuarial Present Value of Promised Retirement Benefits** – The actuarial present value of promised retirement benefits should be disclosed and based on the requirements of IAS 19 Post-Employment Benefits and relevant actuarial standards. As permitted under the Code, the Pension Fund financial statements include a note disclosing the actuarial present value of retirement benefits (see Note 19).

The longevity assumptions have changed since the previous IAS26 disclosure for the Fund. Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2022 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. The assumptions used are based on the average future life expectancies at age 65.

- (r) **Investment Management and Administration** - Regulation 42 of the Local Government Pension Scheme (Administration) Regulations 2008, permit the Council, as the administering authority, to charge the scheme's administration costs to the Fund. A proportion of relevant Council officers' salaries, including related on-costs, have been charged to the Fund on the basis of actual time spent on scheme administration and investment-related business. Management fees of the Fund's investment managers are typically calculated as a set percentage of the market value of funds under management at regular intervals, although some agreements also allow for performance fees above a defined hurdle rate. All investment management expenses are accounted for on an accruals' basis. The Committee has appointed external investment managers to manage the investments of the Fund. Managers are paid a fee based on the market value of the investments they manage and/or a fee based on performance.
- (s) **Foreign currency:** Foreign currency transactions are made using the WM/Reuters exchange rate in the following circumstances:
  - Purchase and sales: the foreign exchange rate applicable on the day prior to the trade date is used.
  - Stock holdings: all holdings valuations are made using the WM/Reuters close of previous business day.
  - Dividend receipts: the rate applicable on the day prior to the date the dividend received is used.

---

**Pension Fund Accounts**


---

- (t) **Commitments** - Where capital committed to investments is not fully drawn down at the end of the financial year the outstanding commitment is not included in the Net Asset Statement but is referred to in the notes to the accounts; please see note 21.
- (u) **Financial Instruments**
- (i) Financial Liabilities are recognised at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.
- (ii) Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net asset statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the value of the asset are recognised in the Fund account.  
The values of investments as shown in the net asset statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13
- (v) **Additional Voluntary Contributions (“AVCs”)**  
Members of the Fund are able to make AVCs in addition to their normal contributions. The related assets are invested separately from the main Fund, and in accordance with the Regulations, are not accounted for within the financial statements. If on retirement members opt to enhance their Scheme benefits using their AVC funds, the amounts returned to the Scheme by the AVC providers are disclosed as transfers-in. Further details about the AVC arrangements are disclosed in note 23.

**Practices**

- (w) **Actuarial** – The adequacy of the Fund's investments and contributions in relation to its overall and future obligations is reviewed every three years by an Actuary appointed by the Council. The Council's Actuary, Hymans Robertson, assesses the Fund's assets and liabilities in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013. The contribution rate required for benefits accruing in future is assessed by considering the benefits which accrue over the course of the three years to the next valuation.

The most recent triennial valuation carried out by the actuaries was as at 31 March 2022. Some of the financial assumptions made, with comparison to the previous valuation, are presented in the table below:

<b>Financial Assumption</b>	<b>March 2022 (%)</b>	<b>March 2019 (%)</b>
Discount Rate	3.6	3.5
Price Inflation (CPI*)	2.7	2.3
Pay Increases	3.7	3.0
Benefit Increase	2.7	2.3
CARE Revaluation	2.7	2.3
Expenses	0.9	0.7

\* Consumer Price Index

With effect from 1 April 2023 to 31 March 2026, the actuarial review carried out for 31 March 2022 resulted in the Council's employer contribution rate being set at 22.0%.

The most recent triennial valuation as at the 31 March 2022 revealed that the Fund's assets, which at 31 March 2022 were valued at £1.750bn, were sufficient to meet 97% (90% in 2019) of the past service liabilities valued at £1.804bn (£1.541bn in 2019) accrued up to that date. The resulting deficit as at the 2022 valuation was £56m (£154m in 2019).

---

**Pension Fund Accounts**


---

**Note 3: Critical Judgements in Applying Accounting Policies**

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

There were no such critical judgements made during 2023/24.

**Note 4: Assumptions Made About the Future and Other Major Sources of Uncertainty**

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

<b>Item</b>	<b>Uncertainties</b>	<b>Effect if actual results differ from assumptions</b>
Actuarial present value of promised retirement benefits (Note 19)	The figure of net liability to pay pensions is based on a significant number of complex assumptions including the discount rate, salary increases, mortality rates and expected returns on Fund assets. The Pension Fund's qualified actuary calculates this figure to ensure the risk of misstatement is minimised. Further sensitivity analysis is included in note 19, below.	The effects on the net pension liability of changes in assumptions can be measured. For instance, a 0.1% increase or decrease in the discount rate assumption is estimated to increase or reduce the present value of the pension liability by £18.4m.
Property valuations	Valuation techniques are used to determine the carrying values of freehold and leasehold property directly held by some fund managers. Where possible these valuation techniques are based on observable data, otherwise the best available data is used.	Following an analysis of historical volatility of asset class returns and expected investment returns, in consultation with the Fund's advisors, the Council has determined that the percentage of volatility that can be applied to the Fund's Property assets in 2023/24, assuming all other variables such as foreign exchange rates and interest rates remain the same, is estimated to be 7.7%. This would be an increase or decrease in the value of property investments by £9.4m, on a fair value of £122m.
Venture Capital - private equity / infrastructure	Private equity investments are valued at fair value in accordance with British Private Equity and Venture Capital Association guidelines. These investments are not publicly listed and as such, there is a degree of estimation involved in the valuation.	The venture capital investment in the financial statements is £279.0m. There is a risk that this investment may be under or overstated in the accounts and is estimated to be 4.3%. This would be an increase or decrease in the value of venture capital investments by £12.0m, on a fair value of £279m.

## Pension Fund Accounts

**Note 5: Contributions Receivable**

	2023/24 £000	2022/23 £000
<b>Employer Contributions</b>		
Administering Authority	(36,512)	(32,680)
Scheduled Bodies	(5,018)	(6,433)
Admitted Bodies	(606)	(626)
	<b>(42,136)</b>	<b>(39,739)</b>
<b>Employee Contributions</b>		
Administering Authority	(11,030)	(9,941)
Scheduled Bodies	(1,506)	(2,149)
Admitted Bodies	(188)	(210)
	<b>(12,724)</b>	<b>(12,300)</b>

Contributions receivable from employers are shown below:

	2023/24 £000	2022/23 £000
<b>Employer Contributions</b>		
Normal	(40,456)	(37,962)
Early Retirement Strain	(1,680)	(1,607)
Deficit Funding	(0)	(170)
	<b>(42,136)</b>	<b>(39,739)</b>

**Note 6: Benefits Payable**By Category

	2023/24 £000	2022/23 £000
Pensions	54,801	49,145
Commutation and Lump Sum Retirement Benefits	8,998	9,108
Lump Sum Death Grants	1,011	1,498
	<b>64,810</b>	<b>59,751</b>

By Authority

	2023/24 £000	2022/23 £000
Administering Authority	56,513	51,480
Scheduled Bodies	4,845	5,062
Admitted Bodies	3,451	3,209
	<b>64,810</b>	<b>59,751</b>

## Pension Fund Accounts

**Note 7: Management Expenses**

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

	2023/24 £000	2022/23 £000
Administration Expenses	1,291	862
Oversight and Governance Expenses	446	525
<u>Investment Management Expenses:</u>		
- Transaction Costs	505	535
- Management Fees	1,392	2,055
- Custody Fees	37	140
	<b>3,671</b>	<b>4,117</b>

**Note 8: External Audit Costs**

	2023/24 £000	2022/23 £000
External Audit Services	85	49
<b>Total</b>	<b>85</b>	<b>49</b>

The Pension Fund's external auditors are KPMG.

**Note 9: Investment Income**

The table below shows a breakdown of the investment income for the year:

	2023/24 £000	2022/23 £000
Cash	2,114	831
Equities	20	985
Pooled property investments, Pooled investments (fixed income and equity unit trusts and hedge funds)	4,705	4,860
	<b>12,685</b>	<b>8,474</b>
Venture Capital	4,395	3,006
	<b>23,879</b>	<b>18,156</b>



## Pension Fund Accounts

**Note 10: Fund Assets**

The table below outlines the fund managers, asset classes, and values of those assets held by the Fund as at 31 March 2024.

Fund Manager	Investment Asset	Asset Value 31 March 2024 £000	Proportion of the Fund 31 March 2024 %	Asset Value 31 March 2023 £000
<b>LCIV - PEPPA</b>	Equity Unit Trust	637,223	34.7	504,922
<b>Storebrand Global ESG</b>	Equity Unit Trust	321,224	17.5	271,627
<b>Blackrock</b>	Fixed Income Unit Trust	246,072	13.4	249,576
<b>Schroders Property</b>	Property	132,665	7.2	128,997
<b>HarbourVest</b>	Venture Capital	97,363	5.3	99,389
<b>J.P. Morgan</b>	Hedge Funds	76,929	4.2	76,621
<b>Storebrand Emerging Markets</b>	Equity Unit Trust	76,312	4.2	74,186
<b>LCIV – Private Debt</b>	Venture Capital	66,408	3.6	59,212
<b>LCIV – Renewable Infrastructure</b>	Venture Capital	50,222	2.8	40,267
<b>LGIM</b>	Venture Capital	42,321	2.3	44,457
<b>Pemberton</b>	Venture Capital	36,904	2.0	39,544
<b>Partners Group</b>	Venture Capital	9,222	0.5	17,832
<b>Various Managers</b>	Cash and other Assets	44,146	2.4	43,216
<b>Lewisham</b>	Net Current Assets/(Liabilities)	(43)	(0.1)	2,131
<b>Total Fund Assets</b>		<b>1,836,968</b>	<b>100.0%</b>	1,651,977

**Note 11: Investment Analysis**

Individual Investment assets with a market value exceeding 5% of the total fund value as at 31 March 2024 are as follows:

		£000	%
Passive Equity Progressive Paris Aligned Fund	LCIV	637,220	34.7
Storebrand Global ESG Plus	Storebrand	321,224	17.5

## Pension Fund Accounts

Individual Investment assets with a market value exceeding 5% of the total fund value as at 31 March 2023 are as follows:

Asset	Manager	31 March 2023	
		£000	%
Passive Equity Progressive Paris Aligned Fund	LCIV	504,919	30.5
Storebrand Global ESG Plus	Storebrand	271,627	16.4
Blackrock Fixed Income A	Blackrock	96,586	5.8
Aquila Over 5 years Index Linked Blackrock Pensions	Blackrock	78,505	4.7
BlackRock Pensions Aquila over 15 years	Blackrock	74,143	4.5

**Note 12: Reconciliation in Movement in Investments**

An analysis of investment movements in 2023/24 (includes cash, debtors and creditors) is set out below:

	Market Value as at 31/03/2023	Purchases and derivative payments	Sales and capital receipts	Change in Market Value during the year	Market Value as at 31/03/2024
	£000	£000	£000	£000	£000
Fixed Income Unit Trust	249,576	21,126	(21,126)	(3,504)	246,072
Equity unit trust	870,530	225	(1)	186,021	1,056,775
Hedge fund	76,617	0	0	306	76,923
Pooled property Investments	117,436	9,470	(3,615)	(947)	122,344
Venture capital	276,999	58,773	(55,073)	(2,079)	278,621
<b>Sub-total</b>	<b>1,591,158</b>	<b>89,595</b>	<b>(79,815)</b>	<b>179,797</b>	<b>1,780,735</b>
Cash deposits	58,448			(490)	56,029
Amount receivable for sales of investments	0			0	0
Investment income due	241			0	247
Spot FX contracts	0			0	0
Amounts payable for purchases of Invs	0			0	0
Other investment balances	2,130				(43)
<b>Total</b>	<b>1,651,977</b>			<b>179,307</b>	<b>1,836,968</b>

## Pension Fund Accounts

	Market Value as at 31/03/2022	Purchases and derivative payments	Sales and capital receipts	Re-Classification	Change in Market Value during the year	Market Value as at 31/03/2023
	£000	£000	£000		£000	£000
Bonds	112,822	0	0	(97,940)	(14,882)	0
Equities	107,822	145,362	(181,831)		(71,353)	0
Fixed Income Unit Trust	212,999	0	(174)	97,940	(61,189)	249,576
Equity unit trust	832,033	82,467	(86,434)		42,464	870,530
Hedge fund	71,610	77	(2,396)		7,326	76,617
Pooled property Investments	147,265	6,141	(9,450)		(26,520)	117,436
Venture capital	172,834	124,617	(33,499)		13,047	276,999
Sub-total	1,657,385	358,664	(313,784)	0	(111,109)	1,591,158
Cash deposits	92,992				3,154	58,448
Amount receivable for sales of investments	0				0	0
Investment income due	42				0	241
Spot FX contracts	0				(268)	0
Other investment balances	(136)					2,131
Total	1,750,283				(108,222)	1,651,977

Pension Fund Accounts

**Note 13a: Fair Value – Basis of Valuation**

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

Description of asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable Inputs	Key sensitivities affecting the valuations provided
Equities	Level 1	Published market prices	Evaluated price of feeds	Not required
Bonds	Level 2	The published bid market price on the final day of the accounting period	Not required	Not required
Pooled investment – equity unit trust and market quoted investments	Level 2	Published bid market price on the final day of the accounting period	Not required	Not required
Pooled investments - UK Fixed Income Managed Funds	Level 3	Average of broker prices	Not required	Not required
Pooled investments - Hedge Funds	Level 3	Valued by investing managers on a fair value basis each year using PRAG guidance	NAV - based pricing set on a forward basis	Valuations are affected by a change to the value of the financial instrument it is being hedged against
Cash, Debtors and Creditors	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Venture Capital - private equity and private debt	Level 3	Comparable valuation of similar companies in accordance with International Private Equity guidelines	- EBITDA multiple - Revenue Multiplier' - Discount for lack of marketability - Control Premium	Valuations could be affected by changes to expected cashflow or by differences between audited and unaudited accounts
Hedge Funds	Level 3	Valued by investing managers on a fair value basis each year using PRAG guidance	NAV - based pricing set on a forward basis	Valuations are affected by a change to the value of the financial instrument it is being hedged against
Pooled Property Investments	Level 2/3	The published bid market price for level 2 or latest available fair value provided by the manager for level 3	Published prices or manager valuation statements prepared in under ECVA guidelines	Upward valuations are only considered when there is validation of the investment objectives and such progress can be demonstrated

## Pension Fund Accounts

**Note 13b: Sensitivity of Assets Valued at Level 3**

The fund has determined that the valuation methods described above for level 3 investments 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 2024.

	Assessed valuation range (+/-)	Value at 31 March 2024	Value on Increase	Value on Decrease
	%	£000	£000	£000
Overseas Hedge Fund	6.1	76,923	81,616	72,231
Overseas Venture Capital	4.3	73,552	76,715	70,390
UK Venture Capital	4.3	208,130	217,079	199,180
Pooled Property Investments	7.7	93,466	100,663	86,269
<b>Total</b>		<b>452,071</b>	<b>476,073</b>	<b>428,070</b>

**Note 13c: Valuation of Financial Instruments carried at Fair Value**

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

**Level 1** – where fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Listed investments are shown at bid prices. The bid value is based on the market quotation of the relevant stock exchange.

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

**Level 3** – where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include infrastructure, which the Fund holds assets in, unquoted equity investments and hedge fund of funds, neither of which the Fund currently invests in.

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

Market Value as at 31/03/2024	Quoted market price	Using observable inputs	With significant observable inputs	
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
<b>Financial assets at fair value through profit and loss</b>				
Pooled investments	0	1,302,847	76,923	1,379,770
Pooled Property Investments	0	27,314	95,030	122,344
Venture Capital	0	0	278,621	278,621
Cash deposits	56,029	0	0	56,029
Other investment assets	2,627	0	0	2,627
Investment income due	222	25		247
<b>Financial liabilities at fair value through profit and loss</b>				
Other investment liabilities	(2,670)	0	0	(2,670)
<b>Net financial assets</b>	<b>56,208</b>	<b>1,330,186</b>	<b>450,574</b>	<b>1,836,968</b>

## Pension Fund Accounts

Market Value as at 31/03/2023	Quoted market price	Using observable inputs	With significant observable inputs	
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial assets at fair value through profit and loss				
Pooled investments	0	1,120,106	76,617	1,196,723
Pooled Property Investments	0	33,654	83,782	117,436
Venture Capital	0	0	276,999	276,999
Cash deposits	58,448	0	0	58,448
Other investment assets	4,855	0	0	4,855
Investment income due	210	30		240
Financial liabilities at fair value through profit and loss				
Other investment liabilities	(2,724)	0	0	(2,724)
Net financial assets	60,789	1,153,790	437,398	1,651,977

**Note 13d: Transfers between Levels 1 and 2**

There have not been any transfers between Level 1 and Level 2 assets in 2023/24.

**Note 13e: Reconciliation of Fair Value Measurements within Level 3**

	Market Value as at 31/03/2023	Transfers in/out of level 3	Purchases	Sales	Unrealised gains (losses)	Realised gains (losses)	Market Value as at 31/03/2024
	£000	£000	£000	£000	£000	£000	£000
Overseas Hedge Fund	76,617	0	0	0	306	0	76,923
Overseas Venture Capital	115,591	(36,976)	4,434	(6,235)	(7,424)	4,163	73,553
UK Venture Capital	161,408	36,976	17,363	(11,861)	1,182	0	205,068
Pooled Property Investments	83,782	0	9,470	0	449	1,330	95,030
<b>Total</b>	<b>437,398</b>	<b>0</b>	<b>31,267</b>	<b>(18,096)</b>	<b>(5,487)</b>	<b>5,493</b>	<b>450,574</b>

## Pension Fund Accounts

## Note 14a: Classification of Financial Instruments

The accounting policies describe how the different asset classes of financial instruments are measured, and how income and expenses are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category.

Market Value as at 31/03/2023 Designated as fair value through profit and loss	Loans and receivables	Financial liabilities		Designated as fair value through profit and loss	Loans and receivables	Market Value as at 31/03/2024 Financial liabilities
£000	£000	£000	£000	£000	£000	£000
			<b>Financial assets</b>			
249,576			Fixed Income Unit Trust	246,072		
870,530			Equity Unit Trust	1,056,775		
76,617			Hedge Funds	76,923		
117,436			Pooled property Investments	122,344		
276,999			Venture Capital	278,621		
0	58,448		Cash deposits	0	56,029	
0	241		Other investment balances	0	247	
0	4,855		Debtors	0	2,627	
<b>1,591,158</b>	<b>63,544</b>	<b>0</b>		<b>1,780,735</b>	<b>58,903</b>	<b>0</b>
			<b>Financial liabilities</b>			
		(2,725)	Creditors			(2,670)
			Other Current Liabilities			
<b>0</b>	<b>0</b>	<b>(2,725)</b>		<b>0</b>	<b>0</b>	<b>(2,670)</b>
<b>1,591,158</b>	<b>63,544</b>	<b>(2,725)</b>	<b>Total</b>	<b>1,780,735</b>	<b>58,903</b>	<b>(2,670)</b>
	<b>1,651,977</b>		<b>Grand Total</b>		<b>1,836,968</b>	

## Pension Fund Accounts

**Note 14b: Net Gains and Losses on Financial Instruments**

The following table shows net gains on financial instruments:

	31/03/24 £000	31/03/23 £000
		Re-stated
<b>Financial Assets</b>		
Fair Value through Profit and Loss	179,797	(111,109)
Loans and receivables	(490)	3,154
Assets at Amortised Cost		
<b>Financial Liabilities</b>		
Fair value through profit and loss	0	0
Liabilities at Amortised Cost	0	(268)
	<b>179,307</b>	<b>108,222</b>

**Note 15: Nature and Extent of Risks Arising from Financial Instruments**

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). As an investment fund, the Lewisham Pension Fund's objective is to generate positive investment returns for an accepted level of risk. Therefore, the Fund holds a mix of financial instruments such as securities (equities, bonds), interests in collective investment schemes (pooled funds), and cash equivalents. In addition, debtors and creditors arise because of its operations. The value of these financial instruments is reflected in the financial statements at their fair value.

Responsibility for the Fund's risk management strategy rests with the Council's Pension Investment Committee (PIC). Risk management policies are established to identify and analyse the risks faced by the Council's pension operations. The main risks from the Fund's holding of financial instruments are market risk, credit risk, and liquidity risk. These policies are reviewed regularly to reflect change in activity and in market conditions.

The Committee regularly monitors each investment manager, and its investment consultant (Hymans Robertson) advises on the nature of the investments made and associated risks.

The Fund's investments are managed on behalf of the Fund by the appointed investment managers. Each investment manager is required to invest the assets managed by them in accordance with the terms of their investment guidelines or pooled fund prospectus.

The Fund's custodian is Northern Trust, who manage investments and report on them on behalf of the Fund. As the Fund adopts a long-term investment strategy, the high level strategic risks described below will not alter significantly during any one year unless there are significant strategic or tactical changes made to the portfolio.

**a) Market Risk**

Market risk represents the risk that fair value of a financial instrument will fluctuate because of changes in market prices, interest rates or currencies. The Fund is exposed, through its investments in equities, bonds and pooled investment funds, to all these market risks. The aim of the investment strategy is to manage and control exposure to market risk within acceptable parameters while optimising the return from the investment portfolio. In general, market risk is managed through the diversification of investments by asset class and establishing mandate guidelines with investment managers. The risk



---

**Pension Fund Accounts**


---

arising from exposure to specific markets is limited by the strategic asset allocation, which is regularly monitored by the PIC.

**i) Other Price Risk – Market**

The risk that the value of a financial instrument will fluctuate as a result of factors other than interest rate or foreign currency movements, whether those changes are caused by factors specific to the individual instrument, its issuer or factors affecting the market in general. Market price risk arises from uncertainty about the future value of the financial instruments that the Fund holds. All investments present a risk of loss of capital, the maximum risk being determined by the fair value of the financial instruments. The investment managers mitigate this risk through diversification in line with their own investment strategies and mandate guidelines.

**ii) Other Price Risk – Sensitivity analysis**

The Council and its investment advisors also undertake appropriate monitoring of market conditions and benchmark analysis. The Fund has a long term view on expected investment returns which smooths out short term price volatility.

Following an analysis of historical volatility of asset class returns and expected investment returns, in consultation with the Fund's advisors, the Council has determined that the following asset level percentages of volatility can be applied to the Fund's assets in 2023/24, assuming all other variables such as foreign exchange rates and interest rates remain the same:

<b>Asset Type</b>	<b>Potential Market Movement +/- (% p.a.)</b>
Equity Unit Trust	11.5
Fixed Income Unit Trust	14.1
Hedge funds	6.1
Pooled property Investments	7.7
Venture Capital	4.3
Other Investments	0.8
Cash	0
<b>Total</b>	<b>7.7</b>

---

**Pension Fund Accounts**


---

Applied to the period end asset mix, the potential impact on the Fund's market value in the next financial year is as follows:

Asset type	Market Value as at 31/03/2024	Percentage change	Value on increase	Value on decrease
	£000	%	£000	£000
<b>Cash and cash equivalents</b>	56,029	0.0	56,029	56,029
<b>Investment portfolio assets:</b>				
Fixed Income unit trusts	246,072	14.1	280,768	211,376
Equity unit trusts	1,056,775	11.5	1,178,304	935,246
Hedge funds	76,923	6.1	81,615	72,231
Pooled property Investments	122,344	7.7	131,764	112,923
Venture Capital	278,621	4.3	290,602	266,640
Other funds	204	0.0	204	204
<b>Total assets * **</b>	<b>1,836,968</b>		<b>2,019,286</b>	<b>1,654,649</b>

\* This figure includes derivatives and other investment balances.

\*\* The % change and value change for Total Assets includes the impact of correlation across asset classes

The 2022/23 comparator table is as follows:

Asset type	Market Value as at 31/03/2023	Percentage change	Value on increase	Value on decrease
	£000	%	£000	£000
<b>Cash and cash equivalents</b>	58,448	0.0	58,448	58,448
<b>Investment portfolio assets:</b>				
Fixed Income unit trusts	249,576	13.0	282,021	217,131
Equity unit trusts	870,530	12.8	981,957	759,102
Hedge funds	76,617	5.8	81,061	72,174
Pooled property Investments	117,436	7.7	126,478	108,393
Venture Capital	276,999	11.8	309,685	244,313
Other funds	2,371	1.2	2,400	2,343
<b>Total assets</b>	<b>1,651,977</b>		<b>1,842,050</b>	<b>1,461,904</b>

### iii) Interest Rate Risk

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

Fixed interest securities, cash and cash equivalents are exposed to interest rate risk.

### iv) Interest Rate Risk – Sensitivity Analysis

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 1% change in interest rates.

The analysis demonstrates that a 1% increase in interest rates will reduce the fair value on fixed interest assets (obviously the interest received will not change), 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.

## Pension Fund Accounts

Asset type	Market Value as at 31/03/2024	Change in year in the net assets available to pay benefits	
		+100 BPS	-100 BPS
	£000	£000	£000
<b>Cash and cash equivalents</b>			
Cash	56,029	0	0
<b>Fixed Interest Investments</b>			
UK Fixed Income Funds	166,516	1,665	(1,665)
Overseas Fixed Income Funds	79,556	796	(796)
<b>Total change in assets available</b>	<b>302,101</b>	<b>2,461</b>	<b>(2,461)</b>

Asset type	Market Value as at 31/03/2023	Change in year in the net assets available to pay benefits	
		+100 BPS	-100 BPS
	£000	£000	£000
<b>Cash and cash equivalents</b>			
Cash	58,448	0	0
<b>Fixed Interest Investments</b>			
UK Fixed Income Funds	152,648	1,526	(1,526)
Overseas Fixed Income Funds	96,958	970	(970)
<b>Total change in assets available</b>	<b>308,054</b>	<b>2,496</b>	<b>(2,496)</b>

**v) Currency Risk** is the risk to which the Pension Fund is exposed to fluctuations in foreign currency exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (£GBP). The Fund was exposed to the following significant foreign currency levels at the 31 March 2024:

Euro	€9.0m	(€8.9m 22/23)
US Dollars	\$25.9m	(\$16.6m 22/23)

The remaining exposures arise from much smaller holdings of other currencies including Swiss Franc, Hong Kong dollar, Singapore dollar, Japanese Yen and Australian dollar.

## Pension Fund Accounts

**vi) Currency risk – sensitivity analysis.**

The Fund's currency rate risk is routinely monitored by the Council and its investment advisors. Overseas equities, fixed interest securities and cash in foreign currencies are exposed to currency risk. Following analysis of historical data in consultation with the Fund's advisors, the Council considers the likely volatility associated with foreign exchange rate movements in 2023/24 to be 5.6% (8.8% in 2022/23). This volatility is applied to the Fund's overseas assets at period end as follows:

Asset Type	Asset Value at 31 March 2024 £000	Change %	Value on Increase £000	Value on Decrease £000
Overseas Fixed Income	79,556	5.6	84,011	75,101
Overseas Equity Funds	419,555	5.6	443,050	396,059
Overseas Hedge Funds	76,923	5.6	81,231	72,615
Overseas Venture Capital	73,552	5.6	77,671	69,434
<b>Total</b>	<b>649,586</b>	<b>5.6</b>	<b>685,963</b>	<b>613,209</b>

Asset Type	Asset Value at 31 March 2023 £000	Change %	Value on Increase £000	Value on Decrease £000
Overseas Fixed Income	96,928	8.8	105,457	88,398
Overseas Equity Funds	365,610	8.8	397,784	333,437
Overseas Hedge Funds	76,617	8.8	83,360	69,875
Overseas Venture Capital	115,591	8.8	125,763	105,419
<b>Total</b>	<b>654,746</b>	<b>8.8</b>	<b>712,364</b>	<b>597,129</b>

**b) Credit Risk**

Credit risk represents the risk that the counterparty to a financial instrument will fail to meet an obligation and cause the Fund to incur a financial loss. This is often referred to as counterparty risk. The market values of investments generally reflect an assessment of credit risk 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 Fund is exposed to credit risk through its underlying investments (including cash balances) and the transactions it undertakes to manage its investments. The careful selection and monitoring of counterparties, including; brokers, custodian and investment managers, seeks to minimise the credit risk that may occur through the failure to settle transactions in a timely manner.

	Rating	Balances at 31 March 2024 £000	Balances at 31 March 2023 £000
Barclays	A +	1,872	3,912
Northern Trust	AA -	56,029	58,448
<b>Total</b>		<b>57,901</b>	<b>62,360</b>

---

**Pension Fund Accounts**


---

**c) Liquidity Risk**

Liquidity risk is the risk that the Pension Fund will have difficulties in paying its financial obligations as they fall due. For example; the benefits payable costs and capital commitments. The Fund therefore takes steps to ensure that it has adequate cash resources to meet its commitments. The Fund holds proportion of assets as cash to allow for short notice payments and capital calls. As at the 31 March 2024 these assets totalled £56.0m held in cash by the custodian on behalf of the Fund and fund managers.

**Note 16: Derivative Contracts**

As at 31 March 2024 there were no pending foreign exchange purchases or sales. The net gain related to foreign exchange forward contracts was nil in 2023/24 (net gain nil in 2022/23).

**Note 17a: Other Investment Balances**

These comprise the following amounts:

	31/03/24 £000	31/03/23 £000
<b>Debtors</b>		
Equity Dividends / Income from Managed Funds	205	177
Recovered Taxes	42	64
Interest and Other Income	0	0
<b>Creditors</b>		
Interest and Other Expenditure	0	0
<b>Net</b>	<b>247</b>	<b>241</b>

**Note 17b: Net Current Assets**

These comprise the following amounts:

**Current Assets**

	31/03/24 £000	31/03/23 £000
Contributions Due from Admitted/ Scheduled Employers/ Employees	57	56
Other Current Assets	698	737
Prepayments	0	150
Cash in Hand	1,872	3,912
	<b>2,627</b>	<b>4,855</b>

---

**Pension Fund Accounts**


---

**Current Liabilities**

	<b>31/03/24</b>	31/03/23
	<b>£000</b>	£000
Fund Manager and Custody Fees	(466)	(511)
Consultancy/ Advisory Fees	(866)	(21)
Other Current Liabilities	<b>(1,338)</b>	(2,193)
	<b>(2,670)</b>	(2,725)

**Note 18: Cash and Bank****Cash Held With Custodian**

The Northern Trust Company is the Fund's global custodian and cash is held to meet the cash flow requirements of the Fund and its managers. The total cash held as at 31 March 2024 was £56.0m (£58.4m as at 31 March 2023). The table below shows how this was split between the Fund Managers.

**Fund Manager**

	<b>31/03/2024</b>	31/03/2023
	<b>£'000</b>	£'000
Cash Account	<b>44,006</b>	43,089
Schroders	<b>10,237</b>	11,479
HarbourVest	<b>1,786</b>	3,521
Partners Group	<b>0</b>	359
	<b>56,029</b>	58,448

**Pension Fund Bank Account**

The Lewisham cash in hand balance of £1.9m represents uninvested cash held in the Pension Fund bank accounts as at 31 March 2024. The Fund's accounts are held with Barclays Bank.

**Note 19: Actuarial Present Value of Promised Retirement Benefits**

The table below shows the total net liability of the Fund as at 31 March 2024. The figures have been prepared by Hymans Robertson LLP, the Fund's actuary, only for the purposes of providing the information required by IAS26. In particular, they are not relevant for calculations undertaken for funding purposes or for other statutory purposes under UK pension's legislation. In calculating the required numbers, the actuary adopted methods and assumptions that are consistent with IAS19.

	<b>31/03/2024</b>	31/03/2023
	<b>£000</b>	£000
Present value of promised retirement benefits	(1,663,000)	(1,673,000)
Fair Value of Scheme Assets	1,837,000	1,657,000
Net Assets / (Liability)	174,000	(16,000)

---

**Pension Fund Accounts**


---

**Longevity assumptions**

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2022 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

<b>Longevity Assumptions for year ended 31 March 2024</b>	<b>Males</b>	<b>Females</b>
Current Pensioners	20.9	23.9
Future Pensioners	21.9	25.2

**Financial assumptions**

	<b>31/03/2024 (%)</b>	<b>31/03/2023 (%)</b>
Discount Rate	4.8	4.8
Salary Increases	3.8	4.0
Pension Increases	2.8	3.0

**Sensitivity Analysis**

CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the liabilities are set out below:

<b>Sensitivity to the assumptions at 31 March 2024</b>	<b>Approximate increase to liabilities (%)</b>	<b>Approximate monetary amount (£m)</b>
0.1% p.a. decrease in the Real Discount Rate	2	28
1 year increase in member life expectancy	4	67
0.1% p.a. increase in the Salary Increase Rate	0	2
0.1% p.a. increase in the Pension Increase Rate	2	26

---

**Pension Fund Accounts**


---

**Note 20: Events after the Reporting Period**

The audited Pension Fund Statement of Accounts was authorised for issue by the Executive Director of Corporate Resources on 17 June 2024. Events taking place after this date are not reflected in the accounts. Where events took place before this date which materially altered the conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect these altered conditions.

**Note 21: Contractual Commitments**

The Pension Fund was committed to the following capital contributions as at the 31 March 2024:

<b>Fund Manager</b>	<b>Fund</b>	<b>Contractual Commitment £000</b>	<b>Undrawn Capital £000</b>
Harbourvest	Harbourvest Closed Ended Funds	135,425	26,125
London CIV	LCIV Renewable Infrastructure	90,000	42,926
London CIV	LCIV Private Debt	85,000	27,868
Pemberton	Pemberton European Mid-Market Debt Fund II	40,000	3,981
Schroders	Schroders Property Funds	14,554	4,464
<b>Total</b>		<b>364,979</b>	<b>105,364</b>

**Note 22: Related Party Transactions**

There have been no material transactions with related parties in the financial year. There were no provisions for doubtful debt and amounts written off in the period.

Eight Councillors sit on the Pensions Investment Committee which oversees the Fund. At each meeting of the Pensions Investment Committee, Councillors are required to make declarations of interest which are recorded.

During the year the following declarations were made:

- The Vice-Chair of the Investment Committee Councillor Mark Ingleby declared an interest as a Councillor elected Director of Lewisham Homes, the Council's housing subsidiary, not in receipt of pension.

Four members and an independent chair make up the membership of the Pensions Board, which assists the administering authority in adhering to the Regulations with regards to its administration and governance of the scheme. At each meeting of the Board, members are required to make declarations of interest which are recorded.

During the year no declarations of interest were made apart from some of the members being participants in the scheme, although this is a requirement of their Board membership.

No other trustees or Council chief officers with direct responsibility for Pension Fund issues made any declarable transactions with the Pension Fund in the period to 31 March 2024.



**Pension Fund Accounts**

The Council, the administering authority, had dealings with the Fund as follows:

- Recharges from the Council for the in-house administration costs borne by the scheme were transacted (included in Administration Expenses in Note 7). Some cash transactions relating to pension activities are currently effected through the Council's bank account and consequently Pension Fund cash balances are held by the Council from time to time and vice versa.
- Pension payments to retired members are paid from the Council's bank account and charged to the pension fund. The pension contributions from the Council employees are collected by the Council and paid to the pension fund. The net of the pension payments made and the contributions collected are reconciled each month and a payment is made on a regular basis to or from the pension fund's bank account.

**Key Management Personnel Remuneration**

The key management personnel of the Fund are the Executive Director of Corporate Resources and the Director of Finance.

There were no costs apportioned to the Pension Fund in respect of the Executive Director of Corporate Resources post for 2022/23 and 2023/24.

Total remuneration payable to key management personnel from the Pension Fund is set out below:

	<b>2023/24</b>	2022/23
	£'000	£'000
Short Term Benefits	18	21
Post-Employment Benefits	4	4
<b>Total</b>	<b>22</b>	<b>25</b>

**Note 23: Additional Voluntary Contributions (AVC's)**

Contributing members have the right to make AVCs to enhance their pension. There are currently 45 'open' AVC contracts for LGPS members (i.e. excluding members with AVC contracts who have left Lewisham and now have preserved benefits). Some of these 'open contracts' will be for members who have paid AVCs in the past but who have suspended payments to the scheme for the time being.

The Fund has two AVC providers: Clerical Medical and Utmost (formerly Equitable Life). The value of AVC investments is shown below. The contributions are held by the providers and do not form part of the Lewisham Fund's assets in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

	<b>2023/24</b>			2022/23		
	<b>Utmost</b>	<b>Clerical</b>	<b>Total</b>	Equitable	Clerical	Total
	£000	Medical	£000	Life	Medical	£000
	£000	£000	£000	£000	£000	£000
<b>Value at the Beginning of Year</b>	<b>289</b>	<b>874</b>	<b>1,163</b>	352	1,024	1,376
Contributions and Transfers Received	24	152	<b>176</b>	0	121	121
Investment Return / change in market value	0	22	<b>22</b>	(21)	(43)	(64)
Paid Out	(22)	(316)	<b>(338)</b>	(42)	(228)	(270)
<b>Value at the End of the Year</b>	<b>291</b>	<b>732</b>	<b>1,023</b>	289	874	1,163

---

**Pension Fund Accounts**


---

**Note 24a: Scheduled Bodies**

The following are scheduled bodies to the Fund as at 31 March 2024, arranged in descending order by the value of their contributions in 2023/24:

Haberdashers' Aske's Hatcham College
Christ The King Sixth Form College
St Matthews Academy
Tidemill Academy
Prendergast Leather Sellers Federation of Schools
Sedgehill School
Childeric Primary School
St George's Academy

**Note 24b: Admitted Bodies**

The following are admitted bodies to the Fund as at 31 March 2024, arranged in descending order by the value of their contributions in 2023/24

Phoenix
Olive Dining Ltd
Youth First Ltd
Harrison Catering (Hatcham)
M Group Services
Kier
KGB Cleaning
Inspace/ BS Phoenix
CGL
Harrison Catering (Knights)
Change Grow Live
GLL
Housing 21
Super Kids
Tower Services
Lewisham Music
Pre-School Learning Alliance
CK Bless
City West Services
NSL Ltd (formerly known as National Car Parks Ltd)
Super Kids Lucas Vale
Compass GRP (St Matthews)
RCCN Ltd Hatcham
RCCN Ltd Knights

---

**Pension Fund Accounts**


---

**Note 25: Membership**

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

Organisations participating in the London Borough of Lewisham 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.

The following table summarises the membership numbers of the scheme:

	<b>Active Members</b>		<b>Deferred Beneficiaries</b>		<b>Retired Members</b>	
	<b>2023/24</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2022/23</b>	<b>2022/23</b>	<b>2022/23</b>
Administering Authority	6,079	5,696	10,371	10,079	8,162	7,968
Scheduled Bodies	734	1,061	1,685	1,351	497	469
Admitted Bodies	75	89	74	63	94	87
	<b>6,888</b>	<b>6,846</b>	<b>12,130</b>	<b>11,493</b>	<b>8,753</b>	<b>8,524</b>

# **Annual Governance Statement**

Year ended 31 March 2024

---

**Annual Governance Statement**

---

Not included due to Pre-Election period

To Follow post General Election on 05 July 2024.