

**LONDON BOROUGH OF LEWISHAM  
2025/ 26 DRAFT STATEMENT OF ACCOUNTS  
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## **NARRATIVE STATEMENT FOR LEWISHAM COUNCIL**

This Narrative Statement provides an overview of the London Borough of Lewisham, its governance, and strategic priorities, together with an explanation of its financial performance and financial position for the year ended 31 March 2026. It also highlights the key risks and challenges facing the Council and how these are being managed.

The Statement of Accounts that follows has been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

### **1. COUNCIL STRUCTURE AND PERFORMANCE**

#### **a) Corporate structure and governance**

Lewisham Council operates a **mayor and cabinet model**. Executive decision-making is the responsibility of the **Directly Elected Mayor**, supported by the Mayor and Cabinet, who take decisions within the policy and budgetary framework approved by Council.

The Council comprises **54 elected Members** representing wards across the borough. There are 19 wards, 16 of which have 3 ward Councillors, and the remainder have 2 ward Councillors. Members are responsible for setting the Council's strategic direction, approving the budget and policy framework, and holding the executive to account.

As at **31 March 2026**, the political composition of the Council was:

- **Labour Party:** 50 councillors
- **Green Party:** 4 councillors

The political composition and senior governance arrangements described above reflect the position as at 31 March 2026. Following the **local elections held on 07 May 2026**, there was a significant change in the political composition of the Council. The revised composition is:

- **Green Party:** 39 councillors
- **Labour Party:** 14 councillors
- **Vacant:** 1 councillor

The Green Party therefore became the majority group on the Council.

To ensure we meet the ambitions set out in our corporate strategy in accordance with the law and proper standards; we need a governance framework that supports the culture, values, systems, and processes that this requires. Our governance arrangements make sure that the public money we spend is safeguarded, properly accounted for, and used economically, efficiently, and effectively to meet our strategic objectives.

Corporate governance is about making sure the Council is run properly. It is about ensuring we do the right things, at the right time and in the right way.

The Council's governance arrangements aim to foster effective leadership and standards of behaviour that embody our values; a culture based on openness and honesty; and an external focus on the needs of service users and the public.

Details of the way that the Council governs itself are given in the Annual Governance Statement in section 9 of these accounts.

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**Narrative Statement**

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**b) Management structure**

Supporting the work of Councillors is the organisational structure of the Council headed by the Executive Management Team (EMT), led by the Chief Executive. The EMT members are:

- Chief Executive
- Executive Director Children and Young People
- Executive Director Adult Social Care and Health
- Executive Director Housing
- Executive Director Place
- Executive Director Corporate Resources
- Director of Law and Corporate Governance

**EMT provides managerial leadership of the Council and supports elected members in:**

- Developing strategies
- Identifying and planning the use of resources
- Delivering plans
- Reviewing the Authority's effectiveness

**c) Service delivery**

The total workforce for Lewisham at the end of FY 2025/26 was 3,779 (3,645 at end of 2024/25), which consisted of 3,107 staff members (excluding casual workers) (3,056 at end of 2024/25) and 672 agency workers (589 in 2024/25).

The schools staff headcount is 3,606 (3,667 at end of 2024/25).

The demographic composition of the workforce as at 31 March 2026 was:

- 60.0% Female
- 53.1% Ethnically Diverse
- 8.7% Disabled
- 45.6% of the workforce are over the age of 50.

The overall workforce generally reflects the diversity of Lewisham's population.

The Council also has subsidiaries and a joint venture through which it does or will provide services:

- Lewisham Homes Limited: This was an arms-length management organisation (ALMO) set up in 2007. The company previously managed approximately 19,000 homes for the Council. In 2023/24 the staff of and services delivered by Lewisham Homes were taken back into the Council. Lewisham Homes Limited retained ownership of assets it had purchased and continues to manage 202 properties.
- Catford Regeneration Partnership Limited: The Company owns significant interests in the Catford shopping centre area and aims to support the Council to deliver a regeneration programme for the town centre and the surrounding area.
- Besson Street Joint Venture (JV): This is a 50:50 joint venture with Grainger PLC to develop and operate 324 private rental sector properties, 35% of which are affordable housing. The scheme has planning permission and is expected to have delivered the units in 2030.

More detail concerning these companies is shown in the Group Accounts in section 6 of this document.

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**Narrative Statement**

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**d) Corporate priorities**

As at 31 March 2026 the Council has seven corporate priorities within its corporate strategy (2022-2026) as follows:

- Cleaner and Greener
- A Strong Local Economy
- Quality Housing
- Children and Young People
- Safer Communities
- Open Lewisham
- Health and Wellbeing

The Council is in the process of bringing forward its new Corporate Strategy and the ambitions and priorities of the administration elected in May 2026, as reflected within the Council's emerging corporate delivery plan, include:

- Safe, affordable homes,
- Cleaner streets and greener neighbourhoods,
- An economy of care,
- Healthier, happier communities,
- Justice, sanctuary, and care.

**e) Our values**

Our values underpin everything we do and set a benchmark for our behaviour across the organisation. Our values are:

- Ambitious
- Inclusive
- Collaborative
- Accountable
- Trustworthy

These can be summed up in the statement: "In Lewisham Council, we are **ambitious** for the future of our borough. We are **inclusive** in working with our residents, partners and colleagues, and **collaborative** in how we work with them. We are **accountable** for our actions, and **trustworthy** in all we do."

**f) Performance management**

In 2025/26 reports from the directorates have been periodically presented at Directorate Management Team (DMT) and Executive Management Team (EMT) meetings, each of which is also shared with the relevant lead Cabinet member.

The Council continues to publish quarterly performance information on our website. This includes various reports and progress updates which are also presented on a cyclical basis to Members. The Council seeks to continuously improve and identify ways to increase the transparency and accountability of performance information to the public.

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**Narrative Statement**

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**2. LOCAL GOVERNMENT FINANCE CONSIDERATIONS**

**a) Financial impacts, risks, and uncertainties, going concern considerations.**

The financial outlook for the Council and the public sector as a whole remains extremely challenging.

Local authorities have received long-awaited clarity regarding Government funding through a recent reform, introducing a pivotal multi-year Settlement for 2026/27 – 2028/29. This period, known as the Spending Review period, offers a degree of medium-term funding stability not experienced by councils for more than a decade. However, this stability is limited to three years, after which the Council's financial sustainability becomes uncertain once again. This impending lack of visibility, combined with wider global and national economic pressures, contributes to an extremely challenging and unpredictable financial outlook for the Council and the public sector more broadly.

In late April 2026, the Bank of England's Monetary Policy Committee published their April Monetary Policy Report, with the impacts of the conflict in the Middle East forming a central theme throughout. The report emphasised the considerable uncertainty surrounding the economic outlook, highlighting that it is currently extremely challenging to forecast both the scale of the economic shock arising from current global tensions and the scale at which it will be transmitted through the UK economy.

With this in mind, UK GDP is expected to grow by only 1.0% in 2026 and 1.1% in 2027, lower than expected prior to the conflict. Alongside this, medium-term forecasting of inflation is proving challenging in the current climate with forecasts for 2027 ranging from 2.4% in more optimistic cases, to 5.6% if the conflict causes prolonged disruption.

Although the medium-term outlook seems both unpredictable and unfavourable, inflation fell from 3.3% in March 2026 to 2.8% in April 2026, reflecting the implementation of measures from the Autumn Budget that lower the cost of energy and fuel. The current Bank of England interest rate stands at 3.75%, as it has since December 2025. Interest rates have been on a steady downward trajectory since June 2024, at which time the rate was 5.25%, however, as inflation is no longer expected to fall back towards the 2% target later in 2026, Bank of England will continue to be cautious and restrictive.

Bearing in mind the delay this will have in feeding into local authority funding plus the exposure to higher costs and demand, the Council will need to make further budget reductions over the next four-year period in order to be able to set a balanced budget for each of the respective years in line with its statutory obligation to do so.

The 2025/26 budget was set with the use of £21.9m reserves after the funding of growth and pressures of £42.8m to increase service baseline budgets and reduce the risk of the in-year overspending seen in recent years. The budget was also set with the commitment from services to deliver £4.7m of agreed new savings. Some of the associated revenue plans are at risk of delay or not being delivered and the risk extends to potential material slippage in the capital programme. The regular financial monitoring reported quarterly to Mayor & Cabinet keep these matters under constant review to enable plans to be flexed or changed as needed. Given the requirement to use reserves to set the 2025/26 budget the Council committed to identifying, agreeing, and implementing £30m of savings to unwind this reliance by 2026/27. £30m of savings were agreed, of which £6.7m were for delivery in 2025/26.

The Council has sufficient reserves to meet its financial commitments at present, including the estimated costs and lost income considerations, and despite these risks and pressures the current situation has been considered as part of the Council's formal going concern assessment and does not give rise to material uncertainty.

**b) Impact on 2025/26 final accounts**

There are two important implications worth noting for the 2025/26 final accounts:

- The statutory deadlines for the production of the draft accounts and audited accounts is 30 June 2026 for the draft with the audited statutory backstop date being 27 February 2027.

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**Narrative Statement**


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- The Council continues to rely upon the DSG statutory override that allows UK local authorities to legally separate Dedicated Schools Grant (DSG) deficits from their general revenue budgets. The override requires local authorities to set up a specific account, within "unusable reserves," to carry the DSG deficit forward. The deficit is recognised on the council's balance sheet but is excluded from the calculation of its general revenue account position. This override was due to expire in March 2026 but has been extended to March 2028. In response to the SEND Reform that Government has announced Lewisham is progressing the submission of its SEND Reform Plan required in summer 2026. If successful, this will result in additional government funding of grant totalling up to 90% of the eligible expenditure within the cumulative deficit as at 31 March 2026.
  - In 2025/26 the deficit grew by £5.5m to £24.1m. The deficit is still growing, but it is still below the General Fund balance which is £30m.

**3. FINANCIAL PERFORMANCE****a) 2025/26 Revenue Budget Setting and Funding**

The Council set a net budget requirement of £312.5m for 2025/26 at its meeting on 05 March 2025. This was an increase of £18.7m or 6.37% on the previous year's net budget requirement of £293.8m. The main sources of income were Revenue Support Grant (RSG), Business Rates and Council Tax. The central RSG and Baseline Funding Level (income from the Business Rates Retention Scheme) form the Settlement Funding Assessment which has increased by 1.23% between 2024/25 and 2025/26 while Council Tax bills increased by 4.99% (including the 2.99% increase in the core Council Tax as announced in the provisional Local Government Finance Settlement and 2% increase for the Social Care precept). A year-on-year comparison of revenue budget funding is shown in the following table.

	2025/26	2024/25
	£m	
Revenue Support Grant	35.2	34.5
Business Rates	103.7	102.7
Council Tax	152.3	141.6
Section 31 Grants	21.3	15.0
<b>Budget Requirement</b>	<b>312.5</b>	<b>293.8</b>

**b) Council Tax**

In the 2025/26 final Local Government Finance Settlement on 3 February 2025, the Government announced a 3% limit to the amount by which Councils can increase their Council Tax (inclusive of levies) without a referendum. In addition, there is also the opportunity to increase Council Tax by up to a further 2%, for the Social Care Precept for 2025/26. The government's assumptions in the local government finance settlement 2025/26 include the raising of both Council Tax and the Social Care precept in each and every year to meet the recognised funding pressures faced by the sector.

In 2024/25, the Council approved a 2% Social Care precept, ring fenced for Adult Social Care spend and at the same time approved an increase in core Council Tax of 2.99% (i.e. within the limit of the 3% referendum threshold).

## Narrative Statement

The comparison of Council Tax Band D levels from 2024/25 to 2025/26 for Lewisham is shown in the following table, together with the Greater London Authority precept.

	2025/26	2024/25	Variation	Variation
	£	£	£	%
Lewisham Council	1,644.75	1,566.58	78.17	4.99
Greater London Authority	490.38	471.40	18.98	4.03
<b>Council Tax for Band D</b>	<b>2,135.13</b>	<b>2,037.98</b>	<b>97.15</b>	<b>4.77</b>

## c) 2025/26 Revenue Budget Outturn

The Council's 2025/26 revenue outturn position is shown in the following table. Further detail can be found in the Expenditure and Funding Analysis in Section 3, Note 1 of this document.

General Fund	Net Budget	Net Spend	Outturn Budget Variance
	£m	£m	£m
Children and Young People	113.3	119.2	5.9
Adult Social Care & Health	92.7	95.9	3.2
Place	45.7	43.7	(2.0)
Corporate Resources	44.6	42.5	(2.1)
Housing	28.0	22.4	(5.6)
Chief Executive	16.8	16.0	(0.8)
<b>Directorate Total</b>	<b>341.1</b>	<b>339.7</b>	<b>(1.4)</b>
Corporate Items	(28.6)	(31.6)	(3.0)
<b>Outturn</b>	<b>312.5</b>	<b>308.1</b>	<b>(4.4)</b>

During 2025/26, the underspend against the Directorates' net controllable budgets was £1.4m. There is also a £3.0m underspend corporately.

The main underspends were largely driven by technical adjustments, one-off corrections, and early delivery of savings as described above. In Housing, the largest underspend (£5.6m) arose from correcting overestimated landlord rental costs (notably £1.7m), removal of depreciation (£0.9m), and capital funding of spend (£2.6m), alongside continued delivery of management savings and reduced use of expensive nightly paid temporary accommodation. Similarly, Corporate Resources, Place and Chief Executive underspends were primarily due to early achievement of future savings targets and staffing vacancies, with additional benefits from reduced concessionary fares costs and higher income streams.

Conversely, the key overspends stem from demand-led and structural cost pressures, particularly related to increased demand for, and costs of, both Children's and Adult's Social Care placement costs both in- and out-of-borough.

A detailed explanation of the service overspends, and underspends was reported to Mayor & Cabinet on 10 June 2026.

Throughout the year, Mayor & Cabinet and Executive Directors have received regular financial monitoring reports. The financial position demonstrates the impact of the severe financial constraints which have been imposed on Council services with the cuts made year on year, alongside the increasing demand on services such as home to school transportation, adults discharged from hospital and temporary accommodation as well as the cost of increased social care costs in Children's social care.

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**Narrative Statement**

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As the new financial year begins, with a new set of challenges in terms of the delivery of revenue budget reductions, the Council will continue in its resolve to apply sound financial controls. The short and medium-term outlook will remain difficult and challenging. The Executive Director for Corporate Resources, as the Council's Section 151 officer, will continue to work with directorate management teams to affect the necessary continued actions to manage their services and intervene early where necessary to avoid a budgetary situation becoming unmanageable.

**d) Schools Balances and Dedicated Schools Grant**

The Council reports two distinct but related financial positions within the schools system, which should be clearly differentiated:

**School-level balances (delegated budgets)**

Individual schools operate under a scheme of local management and hold their own delegated reserves. As at 31 March 2026, maintained schools reported an aggregate deficit of £13.4m (2024/25: £10.7m). These deficits are held at individual school level and are the responsibility of governing bodies, supported by the Council's oversight and intervention powers. Currently this deficit is held within Schools Reserves which have a positive overall balance.

The number of schools in deficit is now 24 (2 nursery, 1 special, 21 primary), there is a reduction in 1 in the Special sector. It should be noted that this is the net movement, as some schools have an improved financial position, and some have worsened, and overall, the level of reserves that schools hold have increased.

Lewisham Finance continues to work effectively with schools to ensure long term sustainability, however under local management of schools the council cannot instruct a school. The councils' powers for intervention are limited to advising the school that they are school causing concern and instructing the schools to produce a deficit recovery plan.

Schools continue to face financial challenges arising mainly from but not limited to the annual pay awards for both teaching staff and non-teaching staff being greater than the additional funding provided for this, fall in pupil numbers in primary schools, increased number of children requiring educational, health and care plans, increased costs from energy cost increases and other inflationary pressures.

**Dedicated Schools Grant (DSG) Deficit**

Separately, the Council holds a High Needs DSG deficit of £24.1m (2024/25: £18.6m), which reflects system-wide pressures, particularly in relation to SEND provision. Unlike school-level balances, this deficit sits at authority level and represents a cumulative funding shortfall between DSG income and expenditure.

The Council continues to rely upon the DSG statutory override that allows UK local authorities to legally separate Dedicated Schools Grant (DSG) deficits from their general revenue budgets. The override requires local authorities to set up a specific account, within "unusable reserves," to carry the DSG deficit forward. The deficit is recognised on the council's balance sheet but is excluded from the calculation of its general revenue account position.

It should be noted that cumulative deficit could potentially revert as a pressure on the General Fund if the statutory override ceases. This override was due to expire in March 2026 but has been extended to March 2028. In response to the SEND Reform that Government has announced Lewisham is progressing the submission of its SEND Reform Plan required in summer 2026. If successful, this will result in additional government funding of grant totalling up to 90% of the eligible expenditure within the cumulative deficit as at 31 March 2026.

However, the Council will not know until September 2026 the outcome of its SEND Reform Plan, and therefore what quantum of support we will receive. It is also not clear what, if any, support Government will provide for the remaining deficit and any new deficits which arise post 01 April 2026.

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**Narrative Statement**


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**e) Balances and Reserves**

After transfers to and from reserves the General Fund balance has been maintained at £30m. This balance has been maintained as the balance is calculated to equate to approximately 5% of the Council's gross expenditure (excluding schools and housing benefits), which is in the region of £600m. The Council also has a number of earmarked reserves for specific on-going initiatives, and these are shown in Note 9 to the Core Financial Statements.

The Housing Revenue Account (HRA) spent to budget after transfers to reserves as at 31 March 2026. Reserves continue to be utilised, along with grants and borrowing approvals to contribute to investment requirements and to ensure that there are sufficient resources available to fund the current 30-year business plan. This aims to continue to invest in decent homes and to increase the supply of housing in the borough over the medium to long term. The business plan is reviewed each year to ensure that the resources available from HRA reserves and other funding such as grants, and borrowing can be profiled appropriately to meet the business needs. After transfers to and from reserves the HRA balance at the end of the year, including earmarked reserves, now stands at £53.4m (£58.1m in 2024/25). These reserves include the Major Repairs Reserve and are for specific ongoing projects as outlined in the notes to the HRA in Section 4 of the Accounts.

**f) Cashflow**

Cash and Cash equivalents held by the Council increased from £46.7m to £54.8m in 2025/26. The detailed analysis of the movements in Cash throughout the year can be found in the Cashflow Statement and related notes. The summary is as follows:

	2025/26 £000s	2024/25 £000s
Net Cash flows from Operating Activities	29,039	7,408
Purchases of Property Plant and Equipment	(81,118)	(107,399)
Sales of Property Plant and Equipment	13,907	8,418
Net Sales/ (Purchases) of Short & Long-term investments	0	70,000
Capital Grants & Net Receipts from Investing activities	63,957	45,680
Cash receipts of short and Long-Term Borrowing	4,498	0
Repayment of Short and Long-Term Borrowing	(22,010)	(21,184)
Net Receipts/ (Payments) for Other Financing activities	(219)	(5,939)
<b>Net Increase or (Decrease) in Cash and Cash Equivalents</b>	<b>8,054</b>	<b>(3,016)</b>

**g) 2025/26 Capital Budget Outturn**

The capital programme expenditure incurred during the year and how it was resourced is shown below.

	2025/26 Final Outturn £m	2025/26 Original Budget M&C - Mar-25 £m	2025/26 Revised Budget Proposed - Feb-26 £m	2024/25 Final Outturn £m
<b>CAPITAL PROGRAMME EXPENDITURE</b>				
General Fund	88.2	104.1	96.5	81.5
Housing Revenue Account	51.2	119.9	81.5	69.4
<b>Total Spent</b>	<b>139.4</b>	<b>224.0</b>	<b>178.0</b>	<b>150.9</b>

During the year, the budget was revised to reflect the forecast development of the programme. The percentage spent compared to the revised programme budget was 78% (2024/25 85%).

**Narrative Statement**

The Financing of the Capital Programme spend is shown in the table below:

	<b>2025/26 Final Outturn £m</b>	<b>2025/26 Original Budget M&amp;C - Mar-25 £m</b>	<b>2024/25 Final Outturn £m</b>
<b>CAPITAL PROGRAMME FINANCING</b>			
Borrowing	27.7	97.0	58.1
Capital Grants	56.5	81.5	54.7
Capital Receipts	6.2	9.9	2.3
Use of reserves and revenue financing	49.0	35.6	35.8
<b>Total Financed</b>	<b>139.4</b>	<b>224.0</b>	<b>150.9</b>

Spend on the major projects, where in year spend in 2025/26 or 2024/25 exceeded £1m, is shown in the tables below.

**Major Projects of over £1m**

**General Fund**

ICT - Tech Refresh	2.5
Education Services - School Places Programme	7.4
Education Services - School Minor Works Programme	5.0
Highways & Bridges – TfL	3.1
Highways & Bridges – LBL	6.8
Asset Management Programme	1.0
Corporate Estates Maintenance Programme	2.1
Strategic Regeneration - Catford Programme	2.0
LUF Programme - Cultural Hub	1.6
LUF Programme - Public Realm	4.0
General Fund Housing	48.6
Housing Services	2.6

**Housing Revenue Account**

Building for Lewisham Programme - HRA	9.4
HRA Capital Programme (Inc. Decent Homes)	40.7

<b>2025/26 Expenditure £m</b>
2.5
7.4
5.0
3.1
6.8
1.0
2.1
2.0
1.6
4.0
48.6
2.6
9.4
40.7

## Narrative Statement

## Major Projects of over £1m

	2024/25 Expenditure £m
<b>General Fund</b>	
Education Services - School Minor Works Programme	4.4
Children's Social Care	1.3
Families, Quality and Commissioning - Youth Service	1.3
Parks, Sports and Leisure	2.6
Highways & Bridges – TfL	4.4
Highways & Bridges – LBL	5.2
Asset Management Programme	2.2
Corporate Estates Maintenance Programme	2.8
Strategic Regeneration - Lewisham Gateway	3.4
Strategic Regeneration - Catford Programme	5.4
LUF Programme - Public Realm	2.8
General Fund Housing	40.4
Housing Services	3.0
<b>Housing Revenue Account</b>	
Building for Lewisham Programme - HRA	7.7
HRA Capital Programme (Inc. Decent Homes)	60.1

## 4. LOOKING AHEAD

## a) Revenue Budget Outlook

Local government continues to face an extremely challenging financial outlook following a prolonged period of austerity and growth in demand for services. The economic backdrop, including historically high levels of inflation, has increased the pressure on costs. This has also driven changes to regulations and service delivery that in turn bring additional risks and uncertainties.

The Council set a net budget requirement of £425.799m for 2026/27 at its meeting on 04 March 2026. To align Lewisham Council's 2026/27 General Fund Revenue Budget with Government's Fair Funding Review, it has been built based on a restated 2025/26 Core Spending Power Budget of £401.877m as opposed to the General Fund Net Revenue Budget of £312.515m. Therefore, the General Fund Budget Requirement for 2026/27 was preceded by a restatement of the 2025/26 General Fund Budget. The net budget requirement of £425.8m for 2026/27 is therefore £23.9m higher than the equivalent, restated, figure for 2025/26. The Council has made budget reductions for savings of £30.1m, added £18.1m to provide for specific risks and pressures across the services and added £14.0m to provide for salary and non-salary inflation. This is sufficient to set a balanced budget for the year without the use of reserves to do so.

The Medium-Term Financial Strategy (MTFS) will be reported to Mayor & Cabinet at its July 2026 meeting. Based on the Comprehensive Spending Review, the Council's Core Spending Power 2026/27 – 2028/29 can be summarised in the following table:

## Narrative Statement

Funding Envelope	2026/27	2027/28	2028/29
	£m		
Council Tax Requirement	161.903	170.735	181.227
Fair Funding Allocation	232.629	228.468	224.124
Recovery Grant	5.279	5.279	5.279
Recovery Grant Guarantee	10.578	8.515	6.791
Recovery Grant Uplift	2.991	3.902	5.363
Adjustment Support Grant	0.173	0.000	0.000
Homelessness, Rough Sleeping and Domestic Abuse Grant	7.347	7.417	7.458
Families First Partnership	4.899	4.899	4.184
<b>Total Core Spending Power</b>	<b>425.799</b>	<b>429.215</b>	<b>434.426</b>

To transform the public sector landscape, Government have been leading significant levels of reform since taking office, including the English Devolution White Paper which set out Government's intention for England to be fully covered by unitary authorities. This involves consolidating any two-tier local government structure into a single unitary authority, therefore representing a major shift in devolution of powers and governance. Although the impact for England is significant, London, and therefore Lewisham Council, is currently unaffected structurally, with London boroughs remaining unitary in function and the GLA remaining as the strategic mayoral authority.

London, and Lewisham Council, are however, heavily impacted by the other Local Government reforms taking place. The reset of the Business Rates Retention Scheme, modernisation of Council Tax administration, the ten-year health plan for England and reforms to public procurement all affect the Council directly.

#### b) Capital Budget Outlook

The Council set its capital programme budget at its meeting on 04 March 2026. This outlined the Council's programme of £539.25m for the years 2026/27 to 2029/30, split £109.96m (20%) for the General Fund and £429.30m (80%) for the Housing Revenue Account. The most significant proportion of the capital programme is focused on the Housing Revenue Account, broadly split with two thirds for the capital programme, including Decent Homes, and one third for new Affordable Homes (Building for Lewisham programme). Due to slippage in the capital programme from 2025/26 into 2026/27, the budget for 2026/27 has increased, these budgets will need adjusting and the re-profiling of the Capital programme is currently taking place and will be presented to Mayor and Cabinet in July 2026. This carry forward of budget was agreed by Council on the 04 March 2026.

## Narrative Statement

The budgeted amount to be invested in 2026/27 is shown in the table below:

<b>2026/27 Capital Programme</b>	<b>2026/27 Budget £m</b>
<b>General Fund</b>	
Schools	7.5
Highways	5.1
Corporate Assets	30.0
Non-HRA Housing	30.5
Other	3.1
	<b>76.2</b>
<b>Housing Revenue Account</b>	
Existing Stock	66.1
New Supply	66.9
Other Schemes	4.5
	<b>137.5</b>
<b>Total Capital Programme</b>	<b>213.7</b>

### c) Corporate Risks

The Council refreshed its Risk Management process during 2022/23 culminating in a new Risk Management Strategy (2023 – 2027) presented to Members in March 2023, this included the adoption of specific risk management software. The strategy has an embedded process to manage risks and assist the achievement of its objectives compliant with the statutory requirements as defined in the Accounts & Audit Regulations 2015 and summarised as part of the Annual Governance Statement.

The Risk Management Objectives of the London Borough of Lewisham are in line with the key principles set out in HM Treasury's Orange Book:

For risk management to be an essential part of governance and leadership at the Council, part of how it is directed, managed, and controlled at all levels.

To be an integral part of supporting decision making in achieving objectives.

To be collaborative and informed by best available information and expertise.

To be a structured process, involving risk identification and evaluation, selection, and implementation of appropriate risk treatment options, deliver integrated, insightful, and informative monitoring and timely, accurate and useful reporting to enhance the quality of decision-making in governance.

To be continually improved through learning and experience.

In the Risk Management Strategy, we score risks on likelihood and impact, with a range from 1 to 5 (with 5 being the highest) and the result plotted on a matrix to produce a rating. The full risk register contains actions to manage risks to target. Risks are subject to regular review, reported quarterly to the Executive Management Team, the Corporate Assurance Board and to every Audit & Risk Committee meeting.

### d) Going Concern Assessment

The Council has undertaken a formal assessment of its financial sustainability, including its reserves position, medium-term financial strategy, and key risks. Based on this assessment, the Council has concluded that it remains appropriate to prepare the Statement of Accounts on a going concern basis. Further details are provided in the Statement of Accounting Policies.

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**Narrative Statement**

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**5. PENSION FUND VALUATION**

The actuarial valuation of the Council's pension scheme liabilities and pension reserve shown on the Balance Sheet has reduced by £12.54m during the year, mainly as a result of actuarial assumptions being offset by the impact of the asset ceiling (reduction of £9.6m during 2024/25). The Council relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation.

It is important to understand that pension benefits do not become payable until employees retire; however, the Council is required to account for the future obligations at the same time as the employees earn their future entitlement, in accordance with proper accounting practices. Further details are given in Note 36.

The latest triennial valuation of the Pension Fund concluded during 2025/26 and there is more detail on the process and results in the Pension Fund accounts.

**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.

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**Narrative Statement**

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**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.

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**Narrative Statement**

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**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.

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Statement of Responsibilities

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## 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 2026.**

*D. Austin*

**David Austin CPFA**  
Executive Director for Corporate Resources (S151)  
15 June 2026

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**Auditor's Reports**

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**To Follow**

## Core Financial Statements

## SECTION 1 - CORE FINANCIAL STATEMENTS

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDING 31 MARCH 2026

2024/25			SERVICE	2025/26			Note
Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s	
490,859	(391,091)	99,768	Children & Young People Directorate	523,210	(424,025)	99,185	
203,359	(114,417)	88,942	Adult Social Care & Health Directorate	214,317	(118,548)	95,769	
149,264	(73,482)	75,782	Place Directorate	131,287	(75,304)	55,983	
209,985	(169,842)	40,143	Corporate Services Directorate	192,408	(150,513)	41,895	
18,056	(2,099)	15,957	Chief Executive Directorate	16,928	(865)	16,063	
107,740	(73,802)	33,938	Housing Directorate	89,049	(64,633)	24,416	
193,635	(156,911)	36,724	Housing Revenue Account	183,591	(159,939)	23,652	
16,386	(7,137)	9,249	Corporate Provisions	23,102	(1,475)	21,627	
1,389,284	(988,781)	400,503	<b>Cost of Services</b>	1,373,892	(995,302)	378,590	1
			<b>Other Operating Expenditure</b>				
0	(6,481)	(6,481)	(Gain) / Loss on the disposal of non-current assets	0	(7,116)	(7,116)	
1,712	0	1,712	Levies	1,725	0	1,725	7
12,368	0	12,368	De-recognition of Leased assets	0	0	0	32
14,080	(6,481)	7,599		1,725	(7,116)	(5,391)	
			<b>Financing and Investment Income and Expenditure</b>				
33,274	0	33,274	Interest payable and similar charges	42,098	0	42,098	
0	(24,896)	(24,896)	Interest and Investment Income	0	(21,893)	(21,893)	
81,391	(86,308)	(4,917)	Net interest on the net defined benefit liability	85,290	(106,153)	(20,863)	36
114,665	(111,204)	3,461		127,388	(128,046)	(658)	
			<b>Taxation and non-specific Grant Income</b>				
0	(143,684)	(143,684)	Income from Council Tax	0	(152,280)	(152,280)	
0	(110,119)	(110,119)	General Government Grants	0	(132,585)	(132,585)	29
0	(47,266)	(47,266)	Recognised Capital Grants and Contributions	0	(60,896)	(60,896)	
0	(99,547)	(99,547)	Non-Domestic Rates income and expenditure	0	(103,704)	(103,704)	
0	(400,616)	(400,616)		0	(449,465)	(449,465)	
		10,947	<b>Deficit/ (Surplus) on provision of services</b>			(76,924)	1
		(165,040)	(Surplus)/ Deficit on revaluation of non-current assets			349	20
		6,913	Remeasurement of the net defined benefit liability			25,231	19, 36
		(158,127)	<b>Other Comprehensive Income and Expenditure</b>			25,580	
		(147,180)	<b>Total Comprehensive Income and Expenditure</b>			(51,344)	

The accompanying notes form part of these financial statements

**LEWISHAM STATEMENT OF ACCOUNTS 2025/26**

**Core Financial Statements**

MOVEMENT IN RESERVES STATEMENT - YEAR ENDING 31 MARCH 2026											
YEAR YEAR ENDING 31 MARCH 2026	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
<b>Balance at 01 April 2025 Brought Forward</b>	30,000	216,783	246,783	58,138	96	80,701	53,658	439,376	2,285,332	2,724,708	
Opening Balance Adjustment	0	0	0	0	0	0	0	0	0	0	
<b>Adjusted Balance at 31 March 2025 Brought Forward</b>	30,000	216,783	246,783	58,138	96	80,701	53,658	439,376	2,285,332	2,724,708	
<b>Movement in Reserves during 2025/26</b>											
Surplus or (Deficit) on the provision of services	101,395	0	101,395	(24,471)	0	0	0	76,924	0	76,924	
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	(25,580)	(25,580)	20, 21
<b>Total Comprehensive Income and Expenditure</b>	101,395	0	101,395	(24,471)	0	0	0	76,924	(25,580)	51,344	
Adjustments between accounting basis and funding basis under regulations	(78,486)	0	(78,486)	19,779	(96)	7,703	12,847	(38,253)	38,253	0	8
<b>Net Increase / (Decrease) before Transfers to Earmarked Reserves</b>	22,909	0	22,909	(4,692)	(96)	7,703	12,847	38,671	12,673	51,344	
Transfers to / (from) Reserves	(22,909)	22,909	0	0	0	0	0	0	0	0	
<b>Increase / (Decrease) in 2025/26</b>	0	22,909	22,909	(4,692)	(96)	7,703	12,847	38,671	12,673	51,344	
<b>Balance at 31 March 2026 Carried Forward</b>	30,000	239,692	269,692	53,446	0	88,404	66,505	478,047	2,298,005	2,776,052	
Note		9		HRA 15	HRA 14	18					

The accompanying notes form part of these financial statements

**LEWISHAM STATEMENT OF ACCOUNTS 2025/26**

**Core Financial Statements**

MOVEMENT IN RESERVES STATEMENT - YEAR ENDING 31 MARCH 2025											
YEAR YEAR ENDING 31 MARCH 2025	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
<b>Balance at 01 April 2024 Brought Forward</b>	20,000	216,590	236,590	48,635	0	74,538	46,758	406,521	2,171,007	2,577,528	
Opening Balance Adjustment	0	1	1	0	0	0	0	1	(1)	0	
<b>Adjusted Balance at 31 March 2024 Brought Forward</b>	20,000	216,591	236,591	48,635	0	74,538	46,758	406,522	2,171,006	2,577,528	
<b>Movement in Reserves during 2024/25</b>											
Surplus or (Deficit) on the provision of services	35,265	0	35,265	(46,212)	0	0	0	(10,947)	0	(10,947)	20, 21
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	158,127	158,127	20, 21
<b>Total Comprehensive Income and Expenditure</b>	35,265	0	35,265	(46,212)	0	0	0	(10,947)	158,127	147,180	
Adjustments between accounting basis and funding basis under regulations	(25,073)	0	(25,073)	55,715	96	6,163	6,900	43,801	(43,801)	0	8
<b>Net Increase / (Decrease) before Transfers to Earmarked Reserves</b>	10,192	0	10,192	9,503	96	6,163	6,900	32,854	114,326	147,180	
Transfers to / (from) Reserves	(192)	192	0	0	0	0	0	0	0	0	
<b>Increase / (Decrease) in 2024/25</b>	10,000	192	10,192	9,503	96	6,163	6,900	32,854	114,326	147,180	
<b>Balance at 31 March 2025 Carried Forward</b>	30,000	216,783	246,783	58,138	96	80,701	53,658	439,376	2,285,332	2,724,708	
Note		9		HRA 15	HRA 14	18					

The accompanying notes form part of these financial statements

## Core Financial Statements

## BALANCE SHEET AS AT 31 MARCH 2026

31/03/2025 £000		31/03/2026 £000	Note
	<u>Property, Plant &amp; Equipment</u>		
1,477,629	Council Dwellings	1,429,127	10b, HRA 1a, 9
1,282,523	Other Land and Buildings	1,322,491	10b
23,581	Vehicles, Plant, Furniture and Equipment	24,853	10b
85,429	Infrastructure	83,046	10c
5,091	Community Assets	5,028	10b
61,080	Surplus Assets not Held for Sale	59,994	10b
89,425	Assets under Construction	111,768	10b
<b>3,024,758</b>		<b>3,036,307</b>	
955	Heritage Assets	1,239	40
1,721	Long Term Investments	1,660	
61,969	Long Term Debtors	41,288	13a
32	Asset related to defined benefit pension scheme	90	19, 36
<b>3,089,435</b>	<b>Total Long Term Assets</b>	<b>3,080,584</b>	
148,178	Short Term Investments	148,468	11
300	Inventories	290	
118,410	Debtors	115,962	13b
46,715	Cash and Cash Equivalents	54,769	14
6,135	Prepayments	10,180	
<b>319,738</b>	<b>Total Current Assets</b>	<b>329,669</b>	
0	Bank Overdraft	0	14
(13,830)	Short Term Borrowing	(12,667)	11
(5,076)	Provisions (Less than 1 year)	(5,056)	17
(146,865)	Creditors	(123,893)	15
(94,296)	Receipts in Advance	(86,000)	16
(7,067)	Lease Liabilities due within one year	(8,632)	32
(13,378)	PFI Liabilities due within one year	(15,134)	33d
<b>(280,512)</b>	<b>Total Current Liabilities</b>	<b>(251,382)</b>	
<b>3,128,661</b>	<b>Total Assets less Current Liabilities</b>	<b>3,158,871</b>	
(168,272)	Long Term Borrowing	(173,933)	11
(7,252)	Provisions (More than 1 year)	(4,345)	17
(157,277)	Deferred PFI Liabilities	(142,143)	33d
(13,071)	Long Term Lease Liabilities	(13,186)	32
(8,110)	Capital Grants Receipts in Advance	(11,724)	
(49,971)	Liability related to defined benefit pension scheme	(37,488)	19, 36
<b>(403,953)</b>	<b>Total Long-Term Liabilities</b>	<b>(382,819)</b>	
<b>2,724,708</b>	<b>NET ASSETS</b>	<b>2,776,052</b>	

The accompanying notes form part of these financial statements

## Core Financial Statements

31/03/2025 £000		31/03/2026 £000	Note
	<b>Usable Reserves</b>		
30,000	General Fund Balance	30,000	
216,783	Earmarked Revenue Reserves	239,692	9
58,138	Housing Revenue Account	53,446	HRA 15
96	Major Repairs Reserve	0	HRA 14
80,701	Usable Capital Receipts Reserve	88,404	18
53,658	Capital Grants Unapplied	66,505	41
439,376	<b>Total Usable Reserves</b>	<b>478,047</b>	
	<b>Unusable Reserves</b>		
1,461,099	Revaluation Reserve	1,429,636	20
937,744	Capital Adjustment Account	970,875	21
93	Deferred Capital Receipts	93	
(20,581)	Financial Instruments Adjustment Account	(19,799)	11e
(49,939)	Pensions Reserve	(37,398)	19, 36
(2,000)	Collection Fund Adjustment Account	883	Coll Fd 3
(18,616)	DSG Unusable Reserve	(24,133)	28
(22,468)	Short Term Compensated Absences Account	(22,152)	
2,285,332	<b>Total Unusable Reserves</b>	<b>2,298,005</b>	
2,724,708	<b>TOTAL RESERVES</b>	<b>2,776,052</b>	

The accompanying notes form part of these financial statements

**Certification by the Executive Director for Finance, Digital and Corporate Resources**

<i>D. Austin</i>	David Austin CPFA – Executive Director Corporate Resources (S151) 15 June 2026
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## Core Financial Statements

## CASH FLOW STATEMENT FOR THE YEAR ENDING 31 MARCH 2026

2024/25 £000s		2025/26 £000s	Note
(10,947)	Net surplus or (deficit) on the provision of services	76,924	
76,201	Adjustment to surplus or deficit on the provision of services for non-cash movements	26,273	42
(57,846)	Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(74,158)	43
7,408	<b>Net Cash flows from Operating Activities</b>	<b>29,039</b>	
16,699	Net Cash flows from Investing Activities	(3,254)	45
(27,123)	Net Cash flows from Financing Activities	(17,731)	46
(3,016)	<b>Net Increase or (decrease) in Cash and Cash Equivalents</b>	<b>8,054</b>	
49,731	<b>Cash and Cash Equivalents at the beginning of the reporting period</b>	<b>46,715</b>	14
46,715	<b>Cash and Cash Equivalents at the end of the reporting period</b>	<b>54,769</b>	14

The accompanying notes form part of these financial statements

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

### **1. GENERAL PRINCIPLES & GOING CONCERN BASIS OF PREPARATION**

The Council is required to prepare an annual Statement of Accounts under 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 2025/26 and the SERCOP 2025/26, 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 accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Local authorities are required to maintain a balanced budget for each financial year and operate within a statutory framework that provides significant assurance over their continued existence. As such, the concept of going concern assumes that the Council will continue to operate for the foreseeable future. In determining that the going concern basis remains appropriate, the Council has undertaken a review of its financial sustainability, including:

- its current and forecast financial position.
- its medium-term financial strategy (MTFS).
- its level of usable reserves and balances.
- its cash flow and liquidity position; and
- the risks and uncertainties facing the Council.

The Council continues to face a challenging financial environment, characterised by demand pressures (particularly within social care), inflationary cost increases, and ongoing funding uncertainty. In setting the 2025/26 budget, the Council utilised £21.9m of reserves and committed to delivering further savings over the medium term to reduce reliance on reserves.

The Council held General Fund balances of £30m at 31 March 2026, representing approximately 5% of gross expenditure, alongside a range of earmarked reserves to manage known risks and future commitments.

The Council also continues to rely on the statutory override relating to the Dedicated Schools Grant (DSG) deficit, which totalled £24.1m at 31 March 2026. The override allows this deficit to be held within unusable reserves and excluded from the General Fund position and has been extended by Government to March 2028. The Council is progressing actions, including its SEND Reform Plan, to mitigate the underlying deficit position.

Cash flow forecasting and treasury management arrangements confirm that the Council has sufficient liquidity to meet its obligations as they fall due. The Council retains access to borrowing through the Public Works Loan Board and other approved sources.

The Council's Medium-Term Financial Strategy identifies further savings requirements and financial risks over the planning period; however, robust financial management arrangements are in place to monitor and respond to these risks. Sensitivity analysis has been undertaken on key assumptions, including demand-led expenditure and savings delivery, these are considered in the section 25 statement within the budget.

Having considered all of the above factors, including reasonable downside scenarios, the Executive Director for Corporate Resources (Section 151 Officer) has concluded that there are no material uncertainties that cast significant doubt on the Council's ability to continue as a going concern.

The Statement of Accounts has therefore been prepared on a going concern basis.

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**Statement of Accounting Policies**

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**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 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. MATERIAL 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.

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**Statement of Accounting Policies**

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**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 exclude 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.

Internal Recharges

Internal recharges do not meet the Code's definition of income or expenditure so are neutralised when presenting the net cost of services in the CIES.

Notional Interest

Notional interest is a fundamental part of the full cost of service provision and is a concept widely applied across the public services. However, notional interest does not form part of total cost and is therefore not reported in the Comprehensive Income and Expenditure Statement.

The exception to this is for interest charges to the HRA from the General Fund for internal borrowing and for interest payments to the HRA from the General fund for investment income earned on HRA balances invested by the Council.

Therefore within "Financing and Investment Income and Expenditure" in the CIES "Interest payable and similar charges" and "Interest and Investment Income" include the grossing up of interest payable and receivable to include the notional interest costs and credits between the GF and HRA. There is no impact on the surplus or deficit on the provision of services as these net to nil.

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Statement of Accounting Policies

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## 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

The Council adopted IFRS 16 Leases with effect from 1 April 2024. The introduction of this standard represented a fundamental change in lease accounting, requiring most leases to be recognised on the Balance Sheet. This removed the previous distinction between operating and finance leases for lessees and resulted in the recognition of a right-of-use (ROU) asset together with a corresponding lease liability.

The standard has the effect of increasing both assets and liabilities within the Balance Sheet. However, due to the application of statutory overrides, there is no material impact on the General Fund balance.

### a) The Council as Lessee

#### Definition of a Lease

The Council determines whether a contract is, or contains, a lease based on its substance. A contract is considered to contain a lease where it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This includes arrangements with nil or nominal consideration (peppercorn leases), in accordance with the requirements of the CIPFA Code.

#### Initial Recognition

At the commencement date of a lease, the Council recognises:

- a right-of-use asset; and
- a lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. In calculating this present value, the Council applies its incremental borrowing rate where the interest rate implicit in the lease cannot be readily determined.

Lease payments included within the measurement of the lease liability comprise:

- fixed payments, including those that are in-substance fixed.
- variable payments that depend on an index or rate.
- amounts expected to be payable under residual value guarantees.
- the exercise price of purchase options where the Council is reasonably certain to exercise them; and
- payments relating to extension or termination options where the Council is reasonably certain to exercise (or not exercise) those options.

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The right-of-use asset is initially measured at the amount of the lease liability, adjusted for any payments made at or before commencement, any initial direct costs incurred, and any obligations to dismantle or restore the underlying asset, less any lease incentives received.

For leases with nil or nominal consideration, such as peppercorn leases, the right-of-use asset is measured at fair value, reflecting the economic benefit derived from the use of the asset.

Subsequent Measurement

Following initial recognition, right-of-use assets are measured using the fair value model where required by the Code. In practice, cost is typically used as a reasonable proxy for fair value, except in cases where:

- the lease is non-commercial in nature.
- the contractual terms do not reflect market conditions; or
- the lease term exceeds five years without appropriate market-based rent review provisions.

Lease liabilities are subsequently measured at amortised cost using the effective interest method. They are remeasured where there are changes in:

- future lease payments due to movements in an index or rate.
- the Council's assessment of lease terms or options; or
- estimates of amounts payable under residual value guarantees.

Where remeasurement occurs, a corresponding adjustment is made to the carrying value of the right-of-use asset.

Depreciation

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. This reflects the period over which the Council expects to consume the economic benefits of the leased asset.

Lease Expenditure and Accounting Impact

Under IFRS 16, lease payments are no longer charged directly to service expenditure as was the case under the previous operating lease model. Instead:

- depreciation of the right-of-use asset is charged to service lines within the Comprehensive Income and Expenditure Statement (CIES); and
- interest on the lease liability is charged to Financing and Investment Income and Expenditure.

This change in accounting treatment means that lease arrangements are effectively treated as capital expenditure financed through borrowing. This impacts the Council's Capital Financing Requirement and associated prudential indicators.

However, in accordance with statutory accounting requirements, the depreciation charge is reversed out through the Movement in Reserves Statement and replaced with a Minimum Revenue Provision (MRP) charge. As a result, there is no additional burden on the General Fund compared to the previous accounting treatment.

Exemptions

The Council applies the recognition exemptions permitted under IFRS 16 for:

- short-term leases (12 months or less); and
- leases of low-value assets.

Payments relating to these leases are charged directly to the CIES on a straight-line basis over the lease term.

**b) The Council as Lessor**

Where the Council acts as a lessor, it continues to classify leases as either finance leases or operating leases, based on the extent to which the risks and rewards incidental to ownership of the asset are transferred to the lessee.

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**Statement of Accounting Policies**

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**i) Finance Leases**

Where a lease transfers substantially all risks and rewards to the lessee:

- the underlying asset is derecognised from the Balance Sheet.
- a lease receivable is recognised as a long-term debtor; and
- finance income is recognised over the term of the lease.

Any gain arising on disposal is treated as a capital receipt and is adjusted through the Movement in Reserves Statement in accordance with statutory requirements, ensuring that it does not impact the General Fund balance.

**ii) Operating Leases**

Where the Council retains the risks and rewards of ownership:

- the asset remains recognised on the Balance Sheet; and

rental income is recognised in the CIES on a straight-line basis over the lease term, regardless of the timing of cash receipts.

**11. INVENTORIES (STOCK)**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. 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.

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

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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.

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- 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.

**(iv) Pension Fund Surplus Restriction**

When the scheme (London Pension Fund Scheme or Local Government Pension Scheme) is in a surplus position at year-end an asset restriction (or asset ceiling) will be applied because London Borough of Lewisham is not eligible to recognise the surplus. The asset restriction will be applied in respect of the current surplus plus the future surplus which would arise based on the present value future agreed secondary contributions.

**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 2025/26 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 24 - 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

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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.

**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.

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**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. Lease liabilities recognised under IFRS 16 are classified as financial liabilities measured at amortised cost and are included within the Council's borrowing and other financial liabilities. 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.

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**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.

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**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.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at year end. The Council revalue the assets every five years with annual indexation applied to assets during the four intervening years. Full revaluations are undertaken in accordance with RICS Red Book requirements. Indexation is applied in the intervening periods to reflect market-based movements.

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:

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**Statement of Accounting Policies**

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- 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.

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.

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**Statement of Accounting Policies**

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**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.

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**Statement of Accounting Policies**


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**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

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**Statement of Accounting Policies**

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**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 28. Any critical judgements made relating to accounting for schools' non-current assets (i.e. land and buildings) are shown in Note 3.

## SECTION 3 – NOTES TO THE CORE FINANCIAL STATEMENTS

### 1. EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis (EFA) demonstrates how the Council's financial resources, principally Council Tax, Business Rates and Government grants, have been applied in delivering services during the year. It provides a link between the way financial performance is reported to management and how it is presented in the statutory financial statements.

The EFA reflects the Council's internal reporting framework and shows expenditure on the same basis used for financial monitoring and decision-making. Financial performance is managed and reported by directorate, with regular reporting to the Executive Management Team (EMT) and Mayor and Cabinet, consistent with the governance and performance arrangements described in the Narrative Statement. The directorate structure therefore represents the Council's operating segments for the purposes of financial reporting, in line with the principles of IFRS 8 as adapted by the CIPFA Code.

The EFA differs from the Comprehensive Income and Expenditure Statement (CIES), which is prepared in accordance with accounting standards and presents the full economic cost of service provision. The EFA instead reflects the amounts chargeable to the General Fund and Housing Revenue Account (HRA), which form the basis for Council Tax and rent setting.

The differences between the EFA and the CIES arise from:

- timing differences, including the treatment of pension costs under IAS 19.
- capital accounting adjustments, including depreciation, impairment, and revaluation movements; and
- statutory adjustments required to determine the amounts chargeable to the General Fund and HRA balances.

Under IFRS 16, lease-related costs are recognised as depreciation of right-of-use assets and interest on lease liabilities rather than as service expenditure. This treatment is reflected in the adjustments between the funding basis and the accounting basis shown in the analysis below.

## Notes to the Core Financial Statements

## Expenditure and Funding Analysis – Year Ended 31 March 2026

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	119,155	(30,178)	88,977	10,208	99,185
Adult Social Care Directorate	95,863	562	96,425	(656)	95,769
Place Directorate	43,754	(4,507)	39,247	16,736	55,983
Corporate Services Directorate	42,463	348	42,811	(914)	41,897
Chief Executive Directorate	15,958	367	16,325	(263)	16,062
Housing Directorate	22,430	(8,503)	13,927	10,488	24,415
HRA	0	(4,929)	(4,929)	28,581	23,652
Corporate Provisions	(31,574)	89,553	57,979	(36,352)	21,627
<b>Cost of Services</b>	<b>308,049</b>	<b>42,713</b>	<b>350,762</b>	<b>27,828</b>	<b>378,590</b>
Other Income and Expenditure	(312,515)	(56,464)	(368,979)	(86,535)	(455,514)
<b>(Surplus) or Deficit</b>	<b>(4,466)</b>	<b>(13,751)</b>	<b>(18,217)</b>	<b>(58,707)</b>	<b>(76,924)</b>

The EFA shows the relationship between:

- the net expenditure chargeable to the General Fund and HRA balances (the funding basis); and
- the net cost of services reported in the CIES (the accounting basis).

The net expenditure reported to management reflects the cost of services after applying statutory adjustments required to determine the amounts funded through Council Tax, rents, and Government grants.

In contrast, the CIES reflects the full economic cost of providing services in accordance with accounting standards, including non-cash charges such as depreciation and pension costs.

The differences between these two bases are analysed in the adjustments column and further detailed below.

## Notes to the Core Financial Statements

## Analysis of Adjustment to arrive at the net amount chargeable to the General Fund and HRA balances (£13.8m)

Directorate	Reserve Movements (Funding Basis – Not Included in EFA) £'000	Collection Fund Adjustments (Council Tax and NDR) £'000	IFRS 16 Lease Adjustments (Accounting vs Funding Basis) £'000	PFI Adjustments (Accounting Basis) £'000	Other Statutory and Technical Adjustments £'000	Total Adjustments £'000
Children & Young People Directorate	(9,374)			(20,804)		(30,178)
Adult Social Care Directorate	562					562
Place	1,572		(597)	(5,482)		(4,507)
Corporate Resources Directorate	348					348
Chief Executive	367					367
Housing	(225)		(8,278)			(8,503)
HRA	4,705		(104)	(7,185)	(2,345)	(4,929)
Corporate Provisions	(26,422)	2,883	8,979	33,471	70,642	89,553
Other Income and Expenditure					(56,464)	(56,464)
<b>Total</b>	<b>(28,467)</b>	<b>2,883</b>	<b>0</b>	<b>0</b>	<b>11,833</b>	<b>(13,751)</b>

General Fund

The net expenditure reported to management reflects the cost of services on the funding basis, which is used for budget monitoring and the determination of the Council's outturn position.

For 2025/26, the approved General Fund net budget was £312.5m. The comparison of this budget with net service expenditure resulted in an underspend of £4.5m, as reported in the financial outturn and reflected in the Narrative Statement.

The movement in General Fund reserves for the year was an increase of £22.9m. This differs from the reported outturn position due to a range of statutory and technical adjustments required to reconcile the funding basis to the accounting basis presented in the Comprehensive Income and Expenditure Statement (CIES).

These adjustments include:

- capital accounting adjustments (including depreciation, impairment, and capital financing).
- Private Finance Initiative (PFI) accounting adjustments.
- lease-related adjustments under IFRS 16, where costs are recognised as depreciation of right-of-use assets and interest on lease liabilities rather than as service expenditure; and
- movements in corporate provisions and earmarked reserves.

Together, these adjustments reconcile the amounts chargeable to the General Fund with the net cost of services reported under accounting standards.

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**Notes to the Core Financial Statements**

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Housing Revenue Account (HRA)

The Housing Revenue Account (HRA) is a statutory, ring-fenced account and is managed to ensure that income and expenditure are balanced over time in accordance with legislative requirements.

The net expenditure reported to management reflects the funding basis for housing services and takes account of planned transfers to and from HRA reserves. For 2025/26, the net movement in HRA reserves was a decrease of £4.7m. This represents the difference between income and expenditure for the year after applying statutory adjustments.

As with the General Fund, the figures reported in the Expenditure and Funding Analysis differ from the amounts presented in the CIES due to adjustments required to convert from the funding basis to the accounting basis. These adjustments include:

- capital accounting adjustments, including depreciation and revaluation movements.
- PFI accounting adjustments; and
- lease-related adjustments under IFRS 16.

These adjustments ensure that the HRA reflects the appropriate statutory position, while the CIES reflects the full economic cost of housing services in accordance with accounting standards.

**Reserve Movements**

Opening General Fund and HRA Balance at 01 April 2025	(304,921)
Add (Surplus)/ Deficit on General fund and HRA Balance in Year	(18,217)
<b>Closing General Fund and HRA Balance at 31 March 2026</b>	<b>(323,138)</b>

Notes to the Core Financial Statements

<b>Analysed between General Fund and HRA Balances</b>			
	<b>General Fund</b>	<b>HRA</b>	<b>Total</b>
Opening General Fund and HRA Balance at 01 April 2025	(246,783)	(58,138)	<b>(304,921)</b>
Add (Surplus)/ Deficit on General fund and HRA Balance in Year	(22,909)	4,692	<b>(18,217)</b>
<b>Closing General Fund and HRA Balance at 31 March 2026</b>	<b>(269,692)</b>	<b>(53,446)</b>	<b>(323,138)</b>

## Notes to the Core Financial Statements

## Expenditure and Funding Analysis – Year Ended 31 March 2025

The comparative figures for the prior year are presented below to provide consistency and enable comparison of financial performance between periods.

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	108,439	(15,618)	92,821	6,947	99,768
Adult Social Care Directorate	86,585	1,416	88,001	941	88,942
Place Directorate	39,225	(497)	38,728	37,054	75,782
Corporate Services Directorate	39,047	483	39,530	613	40,143
Chief Executive Directorate	15,263	649	15,912	45	15,957
Housing Directorate	26,321	(3,515)	22,806	11,132	33,938
HRA	0	(22,142)	(22,142)	58,866	36,724
Corporate Provisions	(1,948)	51,091	49,143	(39,894)	9,249
<b>Cost of Services</b>	<b>312,932</b>	<b>11,867</b>	<b>324,799</b>	<b>75,704</b>	<b>400,503</b>
Other Income and Expenditure	(293,838)	(50,657)	(344,495)	(45,061)	(389,556)
<b>(Surplus) or Deficit</b>	<b>19,094</b>	<b>(38,790)</b>	<b>(19,696)</b>	<b>30,643</b>	<b>10,947</b>

## Notes to the Core Financial Statements

## Analysis of Adjustment to arrive at the net amount chargeable to the General Fund and HRA balances (£38.8m)

Directorate	Reserve Movements (Funding Basis – Not Included in EFA) £'000	Collection Fund Adjustments (Council Tax and NDR) £'000	IFRS 16 Lease Adjustments (Accounting vs Funding Basis) £'000	PFI Adjustments (Accounting Basis) £'000	Other Statutory and Technical Adjustments £'000	Total Adjustments £'000
Children & Young People Directorate	4,368			(19,986)		(15,618)
Adult Social Care Directorate	1,416					1,416
Place	5,526		(597)	(5,426)		(497)
Corporate Resources Directorate	483					483
Chief Executive	649					649
Housing	270		(3,785)			(3,515)
HRA	(9,391)		(104)	(7,183)	(5,464)	(22,142)
Corporate Provisions	(26,165)	(1,066)	4,486	32,595	41,241	51,091
Other Income and Expenditure					(50,657)	(50,657)
<b>Total</b>	<b>(22,844)</b>	<b>(1,066)</b>	<b>0</b>	<b>0</b>	<b>(14,880)</b>	<b>(38,790)</b>

Reserve Movements

Opening General Fund and HRA Balance at 01 April 2024	(285,225)
Add (Surplus)/ Deficit on General fund and HRA Balance in Year	(19,696)
<b>Closing General Fund and HRA Balance at 31 March 2025</b>	<b>(304,921)</b>

Notes to the Core Financial Statements

<b>Analysed between General Fund and HRA Balances</b>			
	<b>General Fund</b>	<b>HRA</b>	<b>Total</b>
Opening General Fund and HRA Balance at 01 April 2024	(236,590)	(48,635)	<b>(285,225)</b>
Add (Surplus)/ Deficit on General fund and HRA Balance in Year	(10,193)	(9,503)	<b>(19,696)</b>
<b>Closing General Fund and HRA Balance at 31 March 2025</b>	<b>(246,783)</b>	<b>(58,138)</b>	<b>(304,921)</b>

**Notes to the EFA**

**(i) Adjustments between Funding and Accounting Basis**

The adjustments shown in the EFA represent the differences between amounts reported to management for decision-making purposes and those reported in the CIES in accordance with accounting standards.

These adjustments can be analysed into:

**Adjustments for Capital Purposes**

These adjustments include:

- depreciation, impairment and revaluation gains and losses on Property, Plant and Equipment.
- capital grants credited to the CIES.
- revenue expenditure funded from capital under statute.

Under IFRS 16, this also includes depreciation of right-of-use assets recognised for leased assets.

These costs are not chargeable to the General Fund or HRA balances and are therefore reversed out through the Movement in Reserves Statement.

**Net Change for the Pensions Adjustments**

This adjustment reflects the removal of pension contributions charged to services and the inclusion of pension costs calculated in accordance with IAS 19. Under accounting standards, pension benefits are recognised as they are earned, whereas statutory arrangements require funding based on contributions payable.

The difference is adjusted through the Movement in Reserves Statement.

**Other Statutory Adjustments**

Other adjustments include:

- movements in provisions.
- financial instrument adjustments (including premiums and discounts).
- statutory adjustments relating to the financing of capital expenditure; and
- other differences between accounting and funding bases.

These adjustments ensure that only amounts properly chargeable to the General Fund and HRA are taken into account when determining the Council's financial position.

## Notes to the Core Financial Statements

Adjustments from General Fund to arrive at the CIES amounts	2025/26			
	Adjustment for Capital Purposes £'000	Net change for the Pensions Adjustments £'000	Other Statutory Adjustments £'000	Total Adjustments £'000
<b>SERVICE</b>				
Children & Young People Directorate	13,113	(7,843)	4,938	<b>10,208</b>
Adult Social Care Directorate	110	(947)	181	<b>(656)</b>
Place Directorate	18,359	(1,450)	(173)	<b>16,736</b>
Corporate Services Directorate	215	(1,106)	(23)	<b>(914)</b>
Chief Executive Directorate	0	(441)	178	<b>(263)</b>
Housing Directorate	10,622	(234)	100	<b>10,488</b>
HRA	29,538	(957)	0	<b>28,581</b>
Corporate Provisions	(28,756)	(3,931)	(3,665)	<b>(36,352)</b>
<b>Cost of Services</b>	<b>43,201</b>	<b>(16,909)</b>	<b>1,536</b>	<b>27,828</b>
Other Income and Expenditure	(65,672)	(20,863)	0	<b>(86,535)</b>
<b>Difference between General Fund surplus or deficit and CIES surplus or deficit</b>	<b>(22,471)</b>	<b>(37,772)</b>	<b>1,536</b>	<b>(58,707)</b>

## Notes to the Core Financial Statements

Adjustments from General Fund to arrive at the CIES amounts	2024/25			
	Adjustment for Capital Purposes £'000	Net change for the Pensions Adjustments £'000	Other Statutory Adjustments £'000	Total Adjustments £'000
<b>SERVICE</b>				
Children & Young People Directorate	8,032	(3,085)	2,000	<b>6,947</b>
Adult Social Care Directorate	2,413	(364)	(1,108)	<b>941</b>
Place Directorate	36,013	(583)	1,624	<b>37,054</b>
Corporate Services Directorate	789	(447)	271	<b>613</b>
Chief Executive Directorate	0	(169)	214	<b>45</b>
Housing Directorate	11,389	(85)	(172)	<b>11,132</b>
HRA	59,250	(384)	0	<b>58,866</b>
Corporate Provisions	(23,756)	(6,434)	(9,704)	<b>(39,894)</b>
<b>Cost of Services</b>	<b>94,130</b>	<b>(11,551)</b>	<b>(6,875)</b>	<b>75,704</b>
Other Income and Expenditure	(40,144)	(4,917)	0	<b>(45,061)</b>
<b>Difference between General Fund surplus or deficit and CIES surplus or deficit</b>	<b>53,986</b>	<b>(16,468)</b>	<b>(6,875)</b>	<b>30,643</b>

## 2. ACCOUNTING STANDARDS ISSUED, NOT ADOPTED IN THE 2025/26 ACCOUNTS

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

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

- **IFRS 18 – Presentation and Disclosure in Financial Statements**  
Issued in April 2024 and effective from 1 January 2027.  
This standard replaces IAS 1 and introduces new requirements for the presentation of financial performance.
- **IFRS 19 – Subsidiaries without Public Accountability: Disclosures**  
Issued in May 2024 and effective from 1 January 2027.  
This standard introduces a reduced disclosure framework for eligible subsidiaries.
- **Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments**  
Issued in May 2024.
- **Annual Improvements to IFRS Accounting Standards – Volume 11**  
Issued in July 2024.
- **Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity**  
Issued in December 2024.

It is not anticipated that the above amendments will have a material impact on the information presented in the Authority's financial statements, other than additional disclosures and changes to the presentation of the Comprehensive Income and Expenditure Statement arising from IFRS 18. The Authority will adopt these standards when they become effective.

## 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:

### Investment Property

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.

### Schools

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.

**Notes to the Core Financial Statements**

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, 3 Community Secondary Schools, 3 Community Special Schools, 2 Community Foundation Schools, 1 Pupil Referral Unit and 2 Nursery Schools (51 schools).
- Excluded are 15 Voluntary-aided Schools, 0 Foundation Schools, 19 Academies and 2 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.

**Group Entities**

A judgement has been made by the Council that it is proper practice to prepare Group Accounts for 2025/26, on grounds of materiality. For further information, see Section 2 – Accounting Policies (para. 14 – Interests in Companies); also, Section 6 – Group Accounts; and Note 24 – Investment in Companies. All relevant entities have been consolidated into the Group Accounts.

**Indexation**

In accordance with the CIPFA Code, the Council applies indexation to asset values to ensure they are materially updated for changes in relevant variables. The choice of indices is based on expert guidance, with judgement and decision made by the valuer using information supplied by the finance teams.

**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 2026 for which there is a significant possibility of material adjustment in the forthcoming financial year are as follows:

<b>Item</b>	<b>Uncertainties</b>	<b>Effect if actual results differ from assumptions</b>
Property, Plant and Equipment - PP&E (Valuations, Asset Lives and Derecognition)	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 2026 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 (EUV), and comparable methods. These methods can cause estimation uncertainty due to the indices and inputs that must be used to applying	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&ES. The annual depreciation charge for PP&E in 2025/26 is £54.709m (£46.349m in 2024/25) and the gross book value of these assets is £2,993m (£2,969m in 2024/25). 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 £138m. An increase in estimated valuations would result in increases to the Revaluation

## Notes to the Core Financial Statements

	<p>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>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>
Valuation of HRA Dwellings	<p>The HRA residential portfolio is valued based on a beacon methodology, with a 25% EUV-SH (social housing) factor applied, which is the standardised Ministry of Housing, Communities and Local Government (MHCLG) rate for London. The current value of the stock (at 25%) is £1.43bn. 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.</p>	<p>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 £143m.</p>
Actuarial present value of promised retirement benefits	<p>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.</p>	<p>The effects on the net pension liability of changes in assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption is estimated to increase the present value of the pension liability by £21.1 m.</p> <p>A 0.1% increase in the assumed level of pension increases will increase the net pension liability by £20.4m.</p>
Impairment allowance for doubtful debt	<p>As at 31 March 2026, the Council had an outstanding balance of short-term debtors totalling £209.7m. Of this, £155.6m falls within the scope of requiring an impairment allowance for doubtful debt. Against the £155.6m debtors' balance, there is an impairment allowance of £93.7m. 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 impairment allowances is forward looking and does not just rely upon historic information without considering if that needs to be adapted</p>	<p>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 doubtful debts. If collection rates of all debts were to deteriorate by 5% then the impairment allowance would need to increase by £7.8m (10% would be £14.3m).</p>

Notes to the Core Financial Statements

	to reflect current and future conditions. Therefore, the calculation of the impairment allowance considers current and forecast future conditions.	
Venture Capital - private equity/ infrastructure	As at 31 March 2026, the Council's Pension Fund had venture capital private equity investments of £354m. 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 92% of the total members of the Pension Fund so would be impacted by this uncertainty.	The venture capital investment in the financial statements is £354m. There is a risk that this investment may be under or overstated in the accounts and the Council has determined that the percentage of volatility that can be applied to the Fund's Venture Capital is estimated to be 7.1%. This would be an increase or decrease in the value of venture capital investments by £25m, on a fair value of £354m. The Council makes up approximately 92% of the total members of the Pension Fund so would be impacted by this uncertainty - 92% of this risk is £23m.

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 26	Value on Increase			Value on Decrease		
		1% £000	5% £000	10% £000	1% £000	5% £000	10% £000
Council Dwellings	1,429,127	1,443,418	1,500,583	1,572,040	1,414,836	1,357,671	1,286,214
Other Land & Buildings	1,322,491	1,335,716	1,388,616	1,454,740	1,309,266	1,256,366	1,190,242
Surplus Assets	59,994	60,594	62,994	65,993	59,394	56,994	53,995
<b>Total</b>	<b>2,811,612</b>	<b>2,839,728</b>	<b>2,952,193</b>	<b>3,092,773</b>	<b>2,783,496</b>	<b>2,671,031</b>	<b>2,530,451</b>

Asset Category	Assets Valued at 31 March 25	Value on Increase			Value on Decrease		
		1% £000	5% £000	10% £000	1% £000	5% £000	10% £000
Council Dwellings	1,477,629	1,492,405	1,551,510	1,625,392	1,462,853	1,403,748	1,329,866
Other Land & Buildings	1,282,523	1,295,348	1,346,649	1,410,775	1,269,698	1,218,397	1,154,271
Surplus Assets	61,080	61,691	64,134	67,188	60,469	58,026	54,972
<b>Total</b>	<b>2,821,232</b>	<b>2,849,444</b>	<b>2,962,293</b>	<b>3,103,355</b>	<b>2,793,020</b>	<b>2,680,171</b>	<b>2,539,109</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.

## Notes to the Core Financial Statements

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

The draft Statement of Accounts was authorised for issue by the Executive Director for Corporate Resources on 15 June 2026. 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 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect these altered conditions.

**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>2025/26</b>	<b>2024/25</b>
	<b>£000</b>	<b>£000</b>
London Pension Fund Authority (a)	<b>1,263</b>	<b>1,263</b>
Lee Valley Regional Park Authority	<b>241</b>	<b>234</b>
Environment Agency	<b>221</b>	<b>215</b>
<b>Total Levies Paid</b>	<b>1,725</b>	<b>1,712</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

2025/26	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)	(35,672)	(2,100)				37,772
<b>Financial instruments</b> (transferred to the Financial Instruments Adjustment Account)	(782)	0				782
<b>Council Tax and NDR</b> (transfers to/ from Collection Fund Adjustment Account)	(2,883)					2,883
<b>Holiday Pay</b> (transferred to the Accumulated Absences Account)	(316)					316
<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 (CAA))	36,191	54,264	27,180			(117,635)
<b>Schools Budget deficit accounting</b> (to account for the in-year deficit and year-end deficit balance)	6,864					(6,864)
<b>Total Adjustments to Revenue Resources</b>	<b>3,402</b>	<b>52,164</b>	<b>27,180</b>	<b>0</b>	<b>0</b>	<b>(82,746)</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>	1,351	(15,258)		13,907		0
<b>Statutory provision for the repayment of debt</b> (transfer from the CAA)	(22,630)	(5,218)				27,848
<b>Revenue Expenditure Funded from Capital under Statute</b>	7,757					(7,757)
<b>Capital expenditure funded from revenue balances</b> (transfer to the CAA)	(6,707)	(11,909)				18,616
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(20,229)</b>	<b>(32,385)</b>	<b>0</b>	<b>13,907</b>	<b>0</b>	<b>38,707</b>
<b>Adjustments to Capital Resources</b>						
Use of the Capital Receipts Reserve to finance capital expenditure				(6,204)		6,204
Use of the Major Repairs Reserve to finance capital expenditure			(27,276)			27,276
Application of capital grants to finance capital expenditure	(60,312)				12,847	47,465
<b>Total Adjustments to Capital Resources</b>	<b>(60,312)</b>	<b>0</b>	<b>(27,276)</b>	<b>(6,204)</b>	<b>12,847</b>	<b>80,945</b>
<b>Total Adjustments</b>	<b>(77,139)</b>	<b>19,779</b>	<b>(96)</b>	<b>7,703</b>	<b>12,847</b>	<b>36,906</b>

## Notes to the Core Financial Statements

2024/25	Usable Reserves					Movement in Unusable Reserves
	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)	(16,278)	(190)				16,468
<b>Financial instruments</b> (transferred to the Financial Instruments Adjustment Account)	(10,771)	0				10,771
<b>Council Tax and NDR</b> (transfers to/ from Collection Fund Adjustment Account)	1,066					(1,066)
<b>Holiday Pay</b> (transferred to the Accumulated Absences Account)	(265)					265
<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 (CAA))	44,589	67,351	25,455			(137,395)
<b>Schools Budget deficit accounting</b> (to account for the in-year deficit and year-end deficit balance)	3,094					(3,094)
<b>Total Adjustments to Revenue Resources</b>	<b>21,435</b>	<b>67,161</b>	<b>25,455</b>	<b>0</b>	<b>0</b>	<b>(114,051)</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>	3,028	(11,446)		8,418		0
<b>Statutory provision for the repayment of debt</b> (transfer from the CAA)	(21,553)	0				21,553
<b>Revenue Expenditure Funded from Capital under Statute</b>	28,194					(28,194)
<b>Capital expenditure funded from revenue balances</b> (transfer to the CAA)	(6,689)					6,689
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>2,980</b>	<b>(11,446)</b>	<b>0</b>	<b>8,418</b>	<b>0</b>	<b>48</b>
<b>Adjustments to Capital Resources</b>						
Use of the Capital Receipts Reserve to finance capital expenditure				(2,255)		2,255
Use of the Major Repairs Reserve to finance capital expenditure			(25,359)			25,359
Application of capital grants to finance capital expenditure	(49,488)				6,900	42,588
<b>Total Adjustments to Capital Resources</b>	<b>(49,488)</b>	<b>0</b>	<b>(25,359)</b>	<b>(2,255)</b>	<b>6,900</b>	<b>70,202</b>
<b>Total Adjustments</b>	<b>(25,073)</b>	<b>55,715</b>	<b>96</b>	<b>6,163</b>	<b>6,900</b>	<b>(43,801)</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 2025/26 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	Balance	2025/26 Transfers		Balance	
	31/03/25 £000	Out £000	In £000	31/03/26 £000	
Specific Revenue Earmarked - Corporate	94,695	(17,846)	29,147	<b>105,996</b>	(a (i))
Specific Revenue Earmarked - Collection Funds	16,012	(4,905)	2,580	<b>13,687</b>	(a (ii))
Sinking Fund Reserves (General Fund and Supported Housing)	32,497	(4,010)	4,491	<b>32,978</b>	(b)
Capital Contingency & Programme Expenditure	31,464	(17,211)	22,966	<b>37,219</b>	(c)
Insurance	13,259	(698)	1,952	<b>14,513</b>	(d)
Section 106 Reserve	15,056	(3,221)	0	<b>11,835</b>	(e)
	<b>202,983</b>	<b>(47,891)</b>	<b>61,136</b>	<b>216,228</b>	
Schools Reserves and External Funds	13,800	(2,456)	12,120	<b>23,464</b>	(f)
	<b>13,800</b>	<b>(2,456)</b>	<b>12,120</b>	<b>23,464</b>	
<b>Total</b>	<b>216,783</b>	<b>(50,347)</b>	<b>73,256</b>	<b>239,692</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.

**b) Sinking Fund Reserves (General Fund and Supported Housing)**

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

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

The reserve is primarily made up of unused grant ('New Homes Bonus grant') from central government, plus other monies set aside for capital delivery. 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.

**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.

## Notes to the Core Financial Statements

## 10. NON-CURRENT ASSETS

## a) Non-Current Assets Revaluations

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at year end. The Council revalue the assets every five years with annual indexation applied to assets during the four intervening years. Full revaluations are undertaken in accordance with RICS Red Book requirements. Indexation is applied in the intervening periods to reflect market-based movements.

	<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>931</b>	<b>401</b>	<b>0</b>	<b>1,332</b>
<b>Valued at Current Value</b>				
2025-26	1,428,196	1,297,025	59,994	<b>2,785,215</b>
2024-25	0	25,065	0	<b>25,065</b>
<b>Total Net Book Value</b>	<b>1,429,127</b>	<b>1,322,491</b>	<b>59,994</b>	<b>2,811,612</b>

## Notes to the Core Financial Statements

**b) Movements in Non-Current Assets** The movements in non-current assets during 2025/26 were as follows:

2025/26	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 2025</b>	<b>1,477,628</b>	<b>1,283,629</b>	<b>52,166</b>	<b>5,536</b>	<b>61,080</b>	<b>89,425</b>	<b>2,969,464</b>
Additions	567	34,028	3,399	0	0	45,363	83,357
Revaluations (recognised in Revaluation Reserve)	(19,577)	2,075	0	0	(533)	0	(18,035)
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	(23,276)	(7,363)	0	0	(290)	0	(30,929)
Impairments (recognised in Revaluation Reserve)	0	(665)	0	0	0	0	(665)
Impairments (recognised in Surplus/ Deficit on the Provision of Services)	(172)	(163)	0	0	0	0	(335)
De-recognition of Leased Assets (recognised in Other Operating Expenditure)	0	0	0	0	0	0	0
Disposals	(7,323)	(455)	(22)	0	(263)	0	(8,063)
Transfers	1,279	19,155	756	0	0	(23,020)	(1,830)
<b>Gross Book Value c/fwd at 31 March 2026</b>	<b>1,429,126</b>	<b>1,330,241</b>	<b>56,299</b>	<b>5,536</b>	<b>59,994</b>	<b>111,768</b>	<b>2,992,964</b>
<b>Depreciation b/fwd at 01 April 2025</b>	<b>1</b>	<b>(1,106)</b>	<b>(28,585)</b>	<b>(445)</b>	<b>0</b>	<b>0</b>	<b>(30,135)</b>
Depreciation for year	(26,081)	(25,201)	(3,031)	(63)	(333)	0	(54,709)
<u>Depreciation written back on:</u>							
Transfers	0	0	0	0	0	0	0
Revaluations (recognised in Revaluation Reserve)	7,419	10,337	154	0	157	0	18,067
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	18,662	8,220	0	0	176	0	27,058
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	16	0	0	0	16
<b>Depreciation c/fwd at 31 March 2026</b>	<b>1</b>	<b>(7,750)</b>	<b>(31,446)</b>	<b>(508)</b>	<b>0</b>	<b>0</b>	<b>(39,703)</b>
<b>Net Book Value at 31 March 2025</b>	<b>1,429,127</b>	<b>1,322,491</b>	<b>24,853</b>	<b>5,028</b>	<b>59,994</b>	<b>111,768</b>	<b>2,953,261</b>

## Notes to the Core Financial Statements

The movements in non-current assets during 2024/25 were as follows:

2024/25	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 2024</b>	<b>1,385,916</b>	<b>1,211,908</b>	<b>50,421</b>	<b>5,462</b>	<b>60,401</b>	<b>87,713</b>	<b>2,801,821</b>
Additions	67,542	44,119	1,563	72	0	15,333	<b>128,629</b>
Revaluations (recognised in Revaluation Reserve)	93,552	32,909	(8)	0	3,131	0	<b>129,584</b>
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	1,445	(6,869)	(20)	0	(953)	0	<b>(6,397)</b>
Impairments (recognised in Revaluation Reserve)	0	(2,007)	0	0	0	0	<b>(2,007)</b>
Impairments (recognised in Surplus/ Deficit on the Provision of Services)	(62,054)	(2,091)	0	0	0	0	<b>(64,145)</b>
De-recognition of Leased Assets (recognised in Other Operating Expenditure)	(8,193)	(3,960)	0	0	(215)	0	<b>(12,368)</b>
Disposals	(5,255)	0	(16)	0	(140)	0	<b>(5,411)</b>
Transfers	4,675	9,620	226	2	(1,144)	(13,621)	<b>(242)</b>
<b>Gross Book Value c/fwd at 31 March 2025</b>	<b>1,477,628</b>	<b>1,283,629</b>	<b>52,166</b>	<b>5,536</b>	<b>61,080</b>	<b>89,425</b>	<b>2,969,464</b>
<b>Depreciation b/fwd at 01 April 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>
Depreciation for year	(24,352)	(18,657)	(2,995)	(58)	(287)	0	<b>(46,349)</b>
<u>Depreciation written back on:</u>							
Transfers	0	(10)	0	0	10	0	<b>0</b>
Revaluations (recognised in Revaluation Reserve)	23,142	13,745	270	0	306	0	<b>37,463</b>
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	1,210	4,013	2	0	25	0	<b>5,250</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	(1)	0	0	0	0	<b>(1)</b>
Assets Sold	0	0	16	0	0	0	<b>16</b>
<b>Depreciation c/fwd at 31 March 2025</b>	<b>1</b>	<b>(1,106)</b>	<b>(28,585)</b>	<b>(445)</b>	<b>0</b>	<b>0</b>	<b>(30,135)</b>
<b>Net Book Value at 31 March 2025</b>	<b>1,477,629</b>	<b>1,282,523</b>	<b>23,581</b>	<b>5,091</b>	<b>61,080</b>	<b>89,425</b>	<b>2,939,329</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.

	2025/26 £000	2024/25 £000
<b>Net book value (modified historical cost)</b> at 1 April	85,429	90,536
Additions	6,029	2,899
Derecognition	0	0
Depreciation	(8,412)	(8,006)
Impairment	0	0
<b>Net Book Value</b> at 31 March	<b>83,046</b>	<b>85,429</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.

## Notes to the Core Financial Statements

## 11. 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 13 and 15 also include balances which do not meet the definition of a financial instrument, such as tax-based debtors and creditors.

Financial Assets

31-Mar-25			31-Mar-26	
Long Term	Short Term		Long Term	Short Term
£000	£000		£000	£000
		<b>Fair Value Through Profit &amp; Loss</b>		
0	39,809	MMF Investments (Cash & Cash Equivalent)	0	35,080
		<b>Financial assets at amortised cost</b>		
0	148,178	Investments	0	148,468
61,969	83,562	Debtors	41,288	83,062
0	6,906	Other Cash & Cash Equivalents	0	19,689
<b>61,969</b>	<b>278,455</b>	<b>Total financial assets</b>	<b>41,288</b>	<b>286,299</b>

Financial Liabilities

31-Mar-25			31-Mar-26	
Long Term	Short Term		Long Term	Short Term
£000	£000		£000	£000
		<b>Financial liabilities at amortised cost</b>		
168,272	13,830	Borrowing	173,933	12,667
157,277	13,378	Private finance initiative (PFI) liabilities	142,143	15,134
0	81,411	Creditors	0	83,492
<b>325,549</b>	<b>108,619</b>	<b>Total financial liabilities</b>	<b>316,076</b>	<b>111,293</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 loan 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 £148m includes short term fixed deposits and Certificates of Deposits of £10m, 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			
	31/03/26	31/03/25	31/03/26	31/03/25	31/03/26	31/03/25
	£000	£000	£000	£000	£000	£000
Financial instruments	41,288	61,969	83,062	83,562	124,350	145,531
Non-financial instruments	0	0	32,900	34,848	32,900	34,848
<b>Total Debtors</b>	<b>41,288</b>	<b>61,969</b>	<b>115,962</b>	<b>118,410</b>	<b>157,250</b>	<b>180,379</b>

**Creditors**

	Long Term		Current		Total	
	Creditors		Creditors			
	31/03/26	31/03/25	31/03/26	31/03/25	31/03/26	31/03/25
	£000	£000	£000	£000	£000	£000
Financial instruments	0	0	83,492	81,411	83,492	81,411
Non-financial instruments	0	0	40,401	65,454	40,401	65,454
<b>Total Creditors</b>	<b>0</b>	<b>0</b>	<b>123,893</b>	<b>146,865</b>	<b>123,893</b>	<b>146,865</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 2025/26 or 2024/25):

	2025/26		2024/25	
	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	(15,087)	0	(22,050)	0
<b>Total income in Surplus/Deficit on the Provision of Services</b>	<b>(15,087)</b>	<b>0</b>	<b>(22,050)</b>	<b>0</b>
Interest expense	10,437	0	7,132	0
<b>Total Expense in Surplus/Deficit on the Provision of Service</b>	<b>10,437</b>	<b>0</b>	<b>7,132</b>	<b>0</b>
<b>Net (Gain)/ Loss for the Year</b>	<b>(4,650)</b>	<b>0</b>	<b>(14,918)</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.

31/03/25			31/03/26	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
		<b>Financial liabilities at amortised cost:</b>		
		Borrowing		
91,360	82,102	Public Works Loan Board loans	141,668	128,963
90,025	87,356	Lender Option Borrower Option (LOBO) loans	44,557	41,098
496	496	Other Loans	367	367
170,655	170,655	PFI and finance lease liabilities	157,277	157,277
<b>352,536</b>	<b>340,609</b>	<b>Sub-Total</b>	<b>343,869</b>	<b>327,705</b>
81,411	81,411	Creditors	83,492	83,492
<b>433,947</b>	<b>422,020</b>	<b>Total Financial Liabilities</b>	<b>427,361</b>	<b>411,197</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 2026) 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.

31/03/25			31/03/26	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
		<b>Fair Value Through Profit and Loss</b>		
39,809	39,809	MMF Investments (Cash & Cash Equivalent)	35,080	35,080
		<b>Financial Assets Held at Amortised Cost</b>		
148,303	148,303	Investments	138,443	138,443
145,531	145,531	Debtors	124,350	124,350
6,906	6,906	Cash and Cash Equivalents	19,689	19,689
<b>340,549</b>	<b>340,549</b>	<b>Total Financial Assets</b>	<b>317,562</b>	<b>317,562</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 31/03/25 £000	25/26 Transfers Net £000	Balance 31/03/26 £000
	Loan Premium (created in Nov-17 following Loan restructure)	(19,048)	569
FV recognition adjustment following LOBO restructure	(15)	0	(15)
Other Premiums and Discounts	(1,518)	213	(1,305)
<b>Total</b>	<b>(20,581)</b>	<b>782</b>	<b>(19,799)</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.

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**Notes to the Core Financial Statements**

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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 2025/26 this loss is set out in the following section as £0.015m (£0.022m loss in 2024/25).

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

## **12. 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 March 2026 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.

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**Notes to the Core Financial Statements**

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**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 MUFG 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 2026 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.

**Investments:** 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 2026 the Council's investment assets of £180m had a calculated ECL of £0.015m; the Council has deemed this immaterial for adjusting the carrying values of those assets. The current debtors of £85.7m has not been adjusted for ECL as there is an impairment allowance of £27.6m in current debtors primarily made up of two areas (General Debtors £24.6m and Private Sector Leasing £3.0m).

**Long Term Debtors:** The Council has long term debtors of £39.6m (note 13) predominately consisting of loans to wholly owned subsidiary companies. Lewisham Homes Limited has a loan of £37m (£20m in long-term debtors and £17m in short-term debtors) and Catford Regeneration Partnership Limited (CRPL) has a loan of £18.1m. Lewisham Homes utilises its residential property assets to generate income for the organisation, while (CRPL) similarly generates income from its assets located in Catford to support its operations. The Council has not made an adjustment for ECL as the subsidiary companies are self-supporting, but the council will provide ongoing support if required.

**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

31/03/26				Maturity Period	31/03/25			
PWLB	LOBO and market loans	PFI and Finance Leases	Total		PWLB	LOBO and market loans	PFI and Finance Leases	Total
£000	£000	£000	£000		£000	£000	£000	£000
4,552	8,115	11,739	24,406	Less than 1 year	2,747	11,069	11,739	25,555
2,806	343	13,377	16,526	Between 1 and 2 years	1,496	343	13,377	15,216
56,360	681	36,300	93,341	Between 2 and 5 years	8,230	681	36,300	45,211
10,101	1,014	70,534	81,649	Between 5 and 10 years	10,101	1,014	70,534	81,649
8,303	2,028	50,444	60,775	Between 10 and 20 years	8,826	2,028	50,444	61,298
17,512	2,028	0	19,540	Between 20 and 30 years	17,923	2,028	0	19,951
42,035	30,507	0	72,542	Between 30 and 40 years	42,035	30,710	0	72,745
0	0	0	0	Above 40 years	0	42,500	0	42,500
141,669	44,716	182,394	368,779	Total	91,358	90,373	182,394	364,125

The LOBO maturity profile assumes that the lenders will exercise one of their options embedded in the loans in 2026/27. As of 31 March 2026, a LOBO loan with nominal value £7.5m has a fixed interest rate of 3.975%, whilst a loan with nominal value £37m has a stepped rate ranging from 2.69% on 31 March 2026 to 6.30% at maturity. Of the total amount of LOBO loans, £7.5m has a break clause at every biannual interest payment date and £37m every five years.

#### 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 £1.8m. The impact of a 0.1% fall in interest rates would be a net decrease in income of £1.8m.

## Notes to the Core Financial Statements

**13. DEBTORS****a) Long Term Debtors**

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

	31/03/26 £000	31/03/25 £000
Lewisham Homes Limited - Loan	20,000	40,000 (a)
Catford Regeneration Partnership Limited (CRPL) - Loan	18,072	17,327 (b)
Street Lighting PFI Sinking Fund	1,605	2,950 (c)
Other Long Term Debtors	1,611	1,692
<b>Total Long Term Debtors</b>	<b>41,288</b>	<b>61,969</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.

£3m was repaid by Lewisham Homes in 2025/26 and £17m has a repayment date of before 31 March 2027, so has been reclassified as a short-term loan. The intention of the council and Lewisham Homes is to renew the loans and the Council not to ask Lewisham Homes to repay part of the loan in 2026/27. This was outlined in Lewisham Homes' business case that went to Mayor and Cabinet in September 2025.

**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. In recent years, the increase in the loan value has been due to the yearly interest charge on the loan being 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 streetlights. The balance in the LB Lewisham accounts is equal to 36% of the sinking fund balance held by LB Croydon as per the PFI model.

## 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.

	31/03/26 £000	31/03/25 £000
Government and Other Public Bodies:		
HM Revenue & Customs - VAT	8,952	7,036
Central Government bodies	4,740	8,666
Other Local Authorities	2,078	4,021
NHS bodies	18,760	22,009
Other Public bodies	635	866
Council Tax Payers	45,126	44,879
Council Tax Court Costs	5,333	6,351
NDR Payers	1,774	2,269
Housing Benefit Overpayments	13,809	14,916
Housing Rents (inc PSL, B & B, Hostels, Commercial)	19,552	23,419
Leaseholders Services Charges	11,122	11,784
LBL Pension Fund	1,869	3,479
Lewisham Homes	17,000	0
General Debtors due for Supplies and Services	58,927	67,771
<b>Total Current Debtors</b>	<b>209,677</b>	<b>217,466</b>
<b>Impairment Allowances</b>	<b>(93,715)</b>	<b>(99,056)</b>
<b>Total Net Current Debtors</b>	<b>115,962</b>	<b>118,410</b>

**c) Impairment Allowances**

	Balance at 31/03/25 £000	Movement in 2025/26 £000	Balance at 31/03/26 £000
Council Tax Payers	(42,560)	711	<b>(41,849)</b>
Council Tax Court Costs	(5,577)	1,034	<b>(4,543)</b>
NDR Payers	(1,833)	231	<b>(1,602)</b>
Housing Benefit Overpayments	(13,267)	1,084	<b>(12,183)</b>
Housing Rents (inc PSL, B & B, Hostels, Commercial)	(5,987)	196	<b>(5,791)</b>
Leaseholders Services Charges	(3,314)	273	<b>(3,041)</b>
General Debtors due for Supplies and Services	(26,518)	1,812	<b>(24,706)</b>
<b>Total Impairment Allowances</b>	<b>(99,056)</b>	<b>5,341</b>	<b>(93,715)</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

## 14. CASH AND CASH EQUIVALENTS

	Balance 31/03/25 £000	Movement in 2025/26 £000	Balance 31/03/26 £000
<b>Cash Equivalents</b>			
Short Term Deposits	0	0	0
<b>Cash</b>			
Money Market Funds	39,809	(4,729)	35,080
Call Accounts with Banks	0	0	0
	<b>39,809</b>	<b>(4,729)</b>	<b>35,080</b>
<b>Other Cash and Bank Balances</b>			
Main Bank Accounts	1,591	(1,246)	345
Schools Bank Accounts	3,631	14,232	17,863
Other Cash and Bank Accounts	1,684	(203)	1,481
	<b>6,906</b>	<b>12,783</b>	<b>19,689</b>
<b>Total Cash and Cash Equivalents</b>	<b>46,715</b>	<b>8,054</b>	<b>54,769</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>46,715</b>	<b>8,054</b>	<b>54,769</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 £27.4m (2024/25 £17.3m) and overdrawn £9.3m (2024/25 overdrawn £13.7m) respectively.

## Notes to the Core Financial Statements

## 15. 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.

	31/03/26 £000	31/03/25 £000
Government and other public bodies:		
HM Revenue & Customs	7,828	24,321
Central Government bodies	7,403	7,265 (a)
Other Local Authorities	9,683	7,826
NHS bodies	2,042	2,509
Other Public bodies	0	189
	<b>26,956</b>	<b>42,110</b>
Short Term Compensated Absences	22,152	22,468
Council Tax	4,765	6,406
NDR	1,208	1,890
General Creditors (amounts owed for supplies and services)	68,812	73,991
<b>Total Creditors</b>	<b>123,893</b>	<b>146,865</b>

a) Central Government bodies

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

	31/03/26 £000	31/03/25 £000
MHCLG - Collection Fund NDR Creditor	4,343	4,237
Teachers Pensions	2,653	2,555
NDR Transitional payments received on account	387	442
Other	20	31
<b>Total Central Government Creditors</b>	<b>7,403</b>	<b>7,265</b>

## Notes to the Core Financial Statements

**16. RECEIPTS IN ADVANCE**

Receipts in advance represent payments received from customers for goods or services yet to be delivered and are recognised as liabilities until earned.

	31/03/26 £000	31/03/25 £000
Revenue Grants and Contributions	25,689	25,861
PFI Schemes	20,404	23,576
Capital Contributions Unapplied	11,707	14,482 (a)
Rents in Advance	13,450	12,393
Council Tax	2,596	2,537
NDR	164	361
Other Receipts in Advance	11,990	15,086
<b>Total Receipts in Advance</b>	<b>86,000</b>	<b>94,296</b>

(a) Capital Contributions Unapplied

Capital Contributions Unapplied includes a balance of £11.69m Section 106 Contributions, where the conditions have not yet been met, in 2025/26 (2024/25 was £14.47m).

**17. 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 31/03/25 £000	2025/26 Transfers		Balance 31/03/26 £000
		Out £000	In £000	
<b>Current (less than 1 year)</b>				
Insurance Provision (a)	2,292	(4,878)	4,974	2,388
NDR Appeals Provision (b)	2,063	(3,737)	2,642	968
Other Provisions (c)	721	(621)	1,600	1,700
	<b>5,076</b>	<b>(9,236)</b>	<b>9,216</b>	<b>5,056</b>
<b>Non Current (Over 1 year)</b>				
Insurance Provision (a)	5,652	(1,954)	0	3,698
Other Provisions (c)	1,600	(1,600)	647	647
	<b>7,252</b>	<b>(3,554)</b>	<b>647</b>	<b>4,345</b>
<b>Total - Provisions</b>	<b>12,328</b>	<b>(12,790)</b>	<b>9,863</b>	<b>9,401</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.

## Notes to the Core Financial Statements

(b) NDR Appeals Provision

Due to the localisation of Business Rates, which became effective from 1 April 2013, the Council has set aside a provision for any potential liabilities because of Business Rate payers' appeals against rateable valuations. From 2020/21 the Council is responsible for 30% share of this liability; Greater London Authority is responsible for 37% and 33% for Central Government. The provision is largely derived from appeals lodged to date, yet to be determined by the Valuation Office Agency (VOA) under the Check, Challenge and Appeals process. The total provision held in the Collection fund is £3.23m of which the Council's share is £0.97m.

(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). Work is ongoing to identify where payments related to these need to be made in future years.

**18. 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.

	2025/26 £000	2024/25 £000
<b>Balance brought forward at start of year</b>	<b>80,701</b>	<b>74,538</b>
Amounts Received	<b>13,907</b>	<b>8,418</b>
Amounts applied to finance new capital investment	<b>(6,204)</b>	<b>(2,255)</b>
<b>Total increase/(decrease) in capital receipts in year</b>	<b>7,703</b>	<b>6,163</b>
<b>Balance carried forward at end of year</b>	<b>88,404</b>	<b>80,701</b>

## Notes to the Core Financial Statements

**19. 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>2025/26</b> <b>£000</b>	<b>2024/25</b> <b>£000</b>
<b>Balance brought forward at start of year</b>	<b>(49,939)</b>	<b>(59,494)</b>
Actuarial gains or (losses) on pensions assets and liabilities	<b>(25,850)</b>	268,150
Return on Assets excluding amounts included in Net Interest	<b>62,840</b>	(29,165)
Effect of Asset Ceiling	<b>(62,221)</b>	(245,898)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in	<b>(2,648)</b>	(25,833)
Employer's pensions contributions and direct payments to pensioners payable in the year	<b>40,420</b>	42,301
<b>Balance carried forward at end of year</b>	<b>(37,398)</b>	<b>(49,939)</b>

## Notes to the Core Financial Statements

**20. 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.

	<b>2025/26</b> <b>£000</b>	<b>2024/25</b> <b>£000</b>
<b>Balance brought forward at start of year</b>	<b>1,461,099</b>	<b>1,328,807</b>
<b>Opening Balance Adjustment</b>	<b>0</b>	<b>(1)</b>
Revaluation of Assets	<b>316</b>	167,047
Impairment Losses	<b>(665)</b>	(2,007)
<b>Surplus or (Deficit) on revaluation of non-current assets not posted to the (Surplus) or Deficit on the Provision of Services</b>	<b>(349)</b>	<b>165,040</b>
Difference between fair value and historic cost depreciation	<b>(26,434)</b>	(23,112)
Accumulated gains on assets sold or scrapped	<b>(4,680)</b>	(9,635)
<b>Amount written off to the Capital Adjustment Account</b>	<b>(31,114)</b>	<b>(32,747)</b>
<b>Balance carried forward at end of year</b>	<b>1,429,636</b>	<b>1,461,099</b>

## Notes to the Core Financial Statements

**21. 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.

	2025/26 £000	2024/25 £000
<b>Balance brought forward at start of year</b>	<b>937,744</b>	<b>972,142</b>
<u>Reversal of capital expenditure items debited or credited to the CIES</u>		
Charges for depreciation and impairment of non-current assets	<b>(67,327)</b>	(119,633)
Revenue expenditure funded from capital under statute	<b>(49,516)</b>	(28,194)
Non-current assets written off on disposal and de-recognition - gain/loss to the CIES	<b>(8,547)</b>	(17,762)
	<b>(125,390)</b>	<b>(165,589)</b>
Adjusting amounts written out of the Revaluation Reserve	<b>31,114</b>	32,747
<b>Net amount written out of the cost of non-current assets consumed in the year</b>	<b>(94,276)</b>	<b>(132,842)</b>
<u>Capital Financing applied in the year:</u>		
Use of Capital Receipts to finance new capital expenditure	<b>6,204</b>	2,255
Use of Major Repairs Reserve to finance new capital expenditure	<b>27,276</b>	25,359
Capital grants and contributions credited to the CIES	<b>47,465</b>	42,588
Statutory Provision for the financing of capital investment	<b>5,508</b>	5,480
Repayment of Principal on PFI schemes	<b>13,378</b>	11,739
Repayment of Principal on Leases	<b>8,960</b>	4,334
Capital expenditure charged to General Fund and HRA	<b>18,616</b>	6,689
	<b>127,407</b>	<b>98,444</b>
<b>Balance carried forward at end of year</b>	<b>970,875</b>	<b>937,744</b>

## Notes to the Core Financial Statements

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

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

	2025/26 £000	2024/25 £000
Employee expenses - LBL	379,819	365,159
Employee expenses - Schools Non-LBL	44,351	44,625
Other Expenditure	840,636	859,803
Revaluation, Depreciation, Amortisation and Impairment	109,086	119,697
Interest payments	42,098	33,274
Precepts and levies	1,725	1,712
De-Recognition of Leased Assets	0	12,368
Loss on disposal of non-current assets	0	0
Net interest on the net defined benefit liability	0	0
<b>Total Expenditure</b>	<b>1,417,715</b>	<b>1,436,638</b>
Government grants and contributions	(761,161)	(728,950)
Fees, Charges and Other service income	(366,726)	(369,950)
Interest and Investment income	(21,893)	(20,938)
Income from council tax & non-domestic rates	(255,984)	(247,189)
Recognised Capital Grants and Contributions	(60,896)	(47,266)
Gain on disposal of non-current assets	(7,116)	(6,481)
Net interest on the net defined benefit liability	(20,863)	(4,917)
Other Income	0	0
<b>Total Income</b>	<b>(1,494,639)</b>	<b>(1,425,691)</b>
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>(76,924)</b>	<b>10,947</b>

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

	2025/26 £000	2024/25 £000
<b>Fees, Charges and Other Service Income</b>	<b>£000</b>	<b>£000</b>
Rent & Service Charges	(161,215)	(161,164)
Contributions from Health	(46,574)	(44,837)
Schools Income	(18,209)	(19,282)
Parking Income	(17,499)	(18,192)
Fees & Charges Income	(18,580)	(12,278)
PFI Credits Income	(13,200)	(10,104)
Licenses & Permits	(4,071)	(8,521)
Fairer Care Charges Income	(8,063)	(7,553)
Other Care Charges Income	(8,307)	(3,567)
Income from Capital	(6,400)	(3,343)
Cemeteries & Crematoria Income	(2,937)	(2,624)
Contributions from Other Local Authorities	(2,531)	(2,507)
Court Costs Income	(2,312)	(2,320)
Housing Benefits - Other Income	(2,045)	(2,210)
Planning Fees	(2,020)	(1,747)
Bailiff Fees	(1,361)	(1,996)
Professional Fees Income	(883)	(982)
HRA Other Income	(34,775)	(33,383)
Other Income	(15,744)	(33,340)
<b>Total Income</b>	<b>(366,726)</b>	<b>(369,950)</b>

## Notes to the Core Financial Statements

**23. AGENCY SERVICES AND POOLED BUDGETS**

In 2025/26 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, Adult Social Care and Health.

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 2025/26 was £53.6m, the split of which can be seen in the table below.

	<b>2025/26</b> <b>£000</b>	<b>2024/25</b> <b>£000</b>
<u>Funding provided to the pooled budget:</u>		
Lewisham Borough Council	<b>(21,224)</b>	<b>(17,373)</b>
Lewisham ICB (Previously NHS Lewisham CCG)	<b>(32,348)</b>	<b>(28,995)</b>
	<b>(53,572)</b>	<b>(46,368)</b>
<u>Expenditure met from the pooled budget:</u>		
Lewisham Borough Council	<b>33,675</b>	<b>29,471</b>
Lewisham ICB (Previously NHS Lewisham CCG)	<b>19,897</b>	<b>16,897</b>
	<b>53,572</b>	<b>46,368</b>
<b>Net surplus arising in year</b>	<b>0</b>	<b>0</b>

**24. 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.

**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, with the remaining 90% held by Building Schools for the Future Investments LLP. 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 25/26 or 24/25.

The Council also has an effective 10% stake in three of the 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 25/26 was £12.7m, 24/25 £10.0m), Lewisham Schools for The Future SPV2 Limited (payments made in 25/26 was £4.3m, 24/25 £3.3m), Lewisham Schools for The Future SPV3 Limited (payments made in 25/26 was £6.3m, 24/25 £4.9m) and a 19% shareholding in Lewisham Schools for The Future SPV4 Limited (payments made in 25/26 was £11.6m, 24/25 £9.1m). The Director of Finance is the Council's appointed 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 £8.8m were made in 2025/26 to the company £7.7m in 2024/25) 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 2025/26 or 2024/25.

**iv) London Collective Investment Vehicle (LCIV)**

The LCIV was established as the London LGPS pension pool as mandated by Government. There are 33 shareholders as at 01 April 2026, and the Council agreed to make the initial subscription of £150k. Following the more recent Government reform to the LGPS, and as a response to the increase in scale of the LCIV, it has been necessary for all shareholders to increase their contribution and a further £70.3k of investment has been made to ensure that the LCIV has the necessary minimum equity requirements under its FCA regulation.

**v) UK Municipal Bond Agency (UKMBA)**

The Local Government Association ("LGA") established the UK Municipal Bonds Agency in June 2014 and subsequently 56 local authorities became shareholders, and the Council is one such shareholder, with a contribution of £200k. The UKMBA was established to borrow money, primarily in the capital markets, to lend to local authorities. The UK Municipal Bonds Agency is not a bank and will only borrow to fund loans it has already agreed to provide. The lack of new issuances by the UKMBA has meant that it has moved into a reduced trading position and has been effectively winding up its operations.

## Notes to the Core Financial Statements

**25. MEMBERS' ALLOWANCES**

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

	2025/26 £000	2024/25 £000
Allowances (incl. NI)	1,352	1,321
Other Expenses	5	(37)
<b>Total Expenditure in Year</b>	<b>1,357</b>	<b>1,284</b>

**26. OFFICERS' REMUNERATION**

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

Remuneration Band	Non-Schools		Schools		Totals	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
£50,000 to £54,999	311	191	166	183	477	374
£55,000 to £59,999	203	188	144	244	347	432
£60,000 to £64,999	157	143	326	249	483	392
£65,000 to £69,999	87	42	36	25	123	67
£70,000 to £74,999	8	13	27	39	35	52
£75,000 to £79,999	20	22	37	41	57	63
£80,000 to £84,999	19	28	33	24	52	52
£85,000 to £89,999	29	9	18	19	47	28
£90,000 to £94,999	2	6	21	30	23	36
£95,000 to £99,999	6	2	24	18	30	20
£100,000 to £104,999	1	1	14	11	15	12
£105,000 to £109,999	0	1	8	3	8	4
£110,000 to £114,999	1	3	3	2	4	5
£115,000 to £119,999	5	6	3	4	8	10
£120,000 to £124,999	0	1	2	1	2	2
£125,000 and over	9	5	7	8	16	13
<b>Total</b>	<b>858</b>	<b>661</b>	<b>869</b>	<b>901</b>	<b>1,727</b>	<b>1,562</b>

\* Non- School Employees who appear on the Senior Employees remuneration note number 26b have not been included in this table

## Notes to the Core Financial Statements

**b) Disclosure of Senior Employees' Remuneration**

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. The Council has decided to only include the current members of the Executive Management Team (EMT) and the statutory post holders.

**Disclosure of Senior Employees Remuneration for financial year 2025/26**

Financial Year 2025/26	Salary (inc fees and allowances)	Employer's Pension Contributions	Total (inc. Pension Contributions)
	£	£	£
<b>Senior Employees</b>			
Chief Executive (Jennifer Daothong)	207,636	44,642	252,278
Executive Director for Corporate Resources (David Austin)	173,133	37,224	210,357
Executive Director for Children and Young People	278,578	59,588	338,166
<i>01-Apr-25 to 31-Jan-26 (Pinaki Ghoshal)</i>	<i>145,701</i>	<i>31,020</i>	<i>176,721</i>
<i>01-Feb-26 to 31-Mar-26 (Sara Rahman) (a)</i>	<i>132,877</i>	<i>28,568</i>	<i>161,445</i>
Executive Director for Housing (Gillian Douglas)	173,133	37,224	210,357
Executive Director for Place (Steve Evison)	169,944	36,538	206,482
Director of Public Health	119,346	25,659	145,005
Director of Law & Corporate Governance (Jeremy Chambers)	169,698	36,485	206,183
<b>Totals</b>	<b>1,291,468</b>	<b>277,360</b>	<b>1,568,828</b>

(a) Sara Rahman was appointed as Executive Director Children Young People (Senior Employee role) from 02-Feb-26 to 31-Mar-26. Previously Sara was Director of Families, Quality & Commissioning (non-Senior Employee role) from 01-Apr-25 to 01-Feb-26.

**Executive Director of Adult Social Care**

During the year, the post of Executive Director of Adult Social Care was covered on an interim basis by an agency appointment from 01 March 2025 to 31 March 2026.

In accordance with the Code of Practice, the individual is not included within the Senior Officers' Remuneration disclosure as they were not directly employed by the Authority.

The total cost of the interim arrangement during the period was £202,647.

## Notes to the Core Financial Statements

## Disclosure of Senior Employees Remuneration for financial year 2024/25

Financial Year 2024/25	Salary (inc fees and allowances)	Employer's Pension Contributions	Total (inc. Pension Contributions)
	£	£	£
<b>Senior Employees</b>			
Chief Executive (Jennifer Daothong)	198,288	43,623	241,911
Executive Director for Corporate Resources (David Austin)	164,065	36,094	200,159
Executive Director for Children and Young People (Pinaki Ghoshal)	160,307	35,268	195,575
Executive Director for Adult Social Care and Health	105,795	21,530	127,325
<i>01-Apr-24 to 31-Oct-24 (Tom Brown)</i>	105,795	21,530	127,325
Executive Director for Housing (Gillian Douglas)	167,763	36,908	204,671
Executive Director for Place	62,838	13,824	76,662
<i>11-Nov-24 to 31-Mar-25 (Steve Evison)</i>	62,838	13,824	76,662
Director of Public Health	117,880	25,445	143,325
Director of Law & Corporate Governance (Jeremy Chambers)	164,436	36,176	200,612
<b>Totals</b>	<b>1,141,372</b>	<b>248,868</b>	<b>1,390,240</b>

Executive Director of Adult Social Care

During the year, the post of Executive Director of Adult Social Care was covered on an interim basis by an agency appointment from 06 June 2024 to 31 March 2025.

In accordance with the Code of Practice, the individual is not included within the Senior Officers' Remuneration disclosure as they were not directly employed by the Authority.

The total cost of the interim arrangement during the period was £112,790.

Executive Director of Place

During the year, the post of Executive Director of Place was covered on an interim basis by an agency appointment from 01 April 2024 to 08 November 2024.

In accordance with the Code of Practice, the individual is not included within the Senior Officers' Remuneration disclosure as they were not directly employed by the Authority.

The total cost of the interim arrangement during the period was £103,511.

## Notes to the Core Financial Statements

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

The number and cost of exit packages agreed during the year are set out below. These costs include compulsory and voluntary redundancy payments, compensation for loss of office and other termination benefits, all of which have been charged to the Comprehensive Income and Expenditure Statement (CIES) in accordance with the Code.

The total also includes pension-related costs arising from the early release of pension benefits. These comprise pension strain costs, representing the additional contributions payable to the Pension Fund to cover the increased liabilities where employees retire before normal pension age. Strain costs are calculated by the Pension Fund's actuary and are payable as a lump sum by the Authority.

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

	<b>Total Number of Exit Packages</b>		<b>Total Cost of Exit Packages</b>	
	<b>2025/26 No.</b>	<b>2024/25 No.</b>	<b>2025/26 £000</b>	<b>2024/25 £000</b>
£0 to £20,000	52	47	374	364
£20,001 to £40,000	15	10	479	368
£40,001 to £60,000	5	3	246	121
£60,001 to £80,000	3	2	187	134
£80,001 to £100,000	4	0	344	0
£100,001 and over	1	1	161	117
<b>Total</b>	<b>80</b>	<b>63</b>	<b>1,791</b>	<b>1,409</b>

## Notes to the Core Financial Statements

## 27. EXTERNAL AUDIT COSTS

	2025/26 £000	2024/25 £000
External Audit Services	566 *	581 **
Certification of Grant Claims and Returns	16	14
Other services provided by the appointed auditor	0	0
Services provided by the previous appointed auditor & Other auditors	140	36
	<b>723</b>	<b>631</b>

\* 2025/26 includes £38k for 2024/25 overrun costs

\*\* 2024/25 includes £67k for 2023/24 overrun costs

The Council's appointed auditor in 2025/26 is KPMG (in 2024/25 it was also KPMG).

**2025/26 audit fee scale – set by PSAA.**

The 2025/26 audits are the third 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 was 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 2025/26 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

## 28. 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 and Early Years Finance (England) Regulations 2022. 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 Council continues to rely upon the DSG statutory override that allows UK local authorities to legally separate Dedicated Schools Grant (DSG) deficits from their general revenue budgets. The override requires local authorities to set up a specific account, within "unusable reserves," to carry the DSG deficit forward. The deficit is recognised on the council's balance sheet but is excluded from the calculation of its general revenue account position.

The table below shows the position for the DSG at 2025/26. The table notes a cumulative deficit of £24.13m relating to the High Needs Block, reflecting an increase of £5.52m during 2025/26.

	2025/26			2024/25		
	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>			403,337			362,454
Academy & high needs figure recouped			(96,068)			(88,571)
<b>Total DSG after academy &amp; high needs recoupment</b>			307,269			273,883
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>	77,743	229,526	307,269	70,713	203,170	273,883
In year adjustments	(405)	3,521	3,116	0	(1,185)	(1,185)
<b>Final Budget Distribution</b>	77,338	233,047	310,385	70,713	201,985	272,698
<b>Actual Central Expenditure</b>	82,855		82,855	73,807		73,807
<b>Actual ISB deployed to schools</b>		233,047	233,047		201,985	201,985
<b>Local authority contribution</b>	0		0	0		0
<b>Total In-Year (Deficit)/ Surplus</b>	(5,517)	0	(5,517)	(3,094)	0	(3,094)
<b>DSG unusable reserve (cumulative deficit) b/f</b>			(18,616)			(15,522)
Addition to DSG unusable reserve (in-year deficit)			(5,517)			(3,094)
<b>Total of DSG unusable reserve (cumulative deficit) at the end of year</b>			(24,133)			(18,616)

## Notes to the Core Financial Statements

**29. GRANT INCOME**

The following grants were credited to services during the year:

	2025/26 £000	2024/25 £000
Dedicated Schools Grant	(307,634)	(272,698)
Housing Benefit Grant	(133,015)	(153,502)
Public Health Grant	(29,986)	(28,232)
PFI Grants	(27,025)	(26,848)
Better Care Fund	(18,433)	(14,942)
Pupil Premium Grant	(10,603)	(10,656)
Housing Subsidy/ Decent Homes Backlog Grant	(10,353)	(10,353)
Household Support Grant	(4,361)	(5,337)
Social Care Grants	(5,984)	(5,984)
Other Grants	(81,182)	(90,279)
<b>Total</b>	<b>(628,576)</b>	<b>(618,831)</b>

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

	2025/26 £000	2024/25 £000
Revenue Support Grant (RSG)	(35,186)	(34,537)
Social Care Grants	(36,537)	(30,790)
S31 Business rate relief grant	(25,202)	(25,230)
S31 Business rate grants - Other	(21,345)	(15,000)
New Homes Bonus	(677)	(1,993)
Services & Lower Tier Services Grants	0	(664)
Other	(13,638)	(1,905)
<b>Total</b>	<b>(132,585)</b>	<b>(110,119)</b>

**30. 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 29 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 24 – Investment in Companies – and the Group Accounts section of these statements.

## Notes to the Core Financial Statements

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

2025/26					
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	37,000	0	2,381	2,065	300
Catford Regeneration Partnership Ltd	18,072	0	111	0	0

2024/25					
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	0	2,682	19,566	2,878
Catford Regeneration Partnership Ltd	17,327	0	949	17	35

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

Further details on these companies are given in Note 24 – Investment in Companies.

Payments made by the Council to these companies in 2025/26 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 25. 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.

(e) Lewisham Pension Fund

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

## Notes to the Core Financial Statements

**31. 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.

	2025/26 £000	2024/25 £000
<b>Opening Capital Financing Requirement</b>	<b>679,650</b>	<b>618,816</b>
<b>Opening Balance Adjustment</b>	<b>0</b>	<b>0</b>
<b>Opening Capital Financing Requirement</b>	<b>679,650</b>	<b>618,816</b>
<b>Capital Investment</b>		
Property, Plant and Equipment	74,886	106,612
Revenue Expenditure Funded from Capital under Statute	49,516	28,194
Right of Use Assets Recognised in Year (Leases)	12,670	24,472
	<b>137,072</b>	<b>159,278</b>
<b>Resources Used for Financing</b>		
Capital Receipts	(6,204)	(2,255)
Government Grants and Other Contributions	(47,465)	(42,588)
Major Repairs Reserve	(27,276)	(25,359)
Sums set aside from Revenue:	(18,616)	(6,689)
	<b>(99,561)</b>	<b>(76,891)</b>
<b>Increase in the underlying need to borrowing</b>	<b>37,511</b>	<b>82,387</b>
<b>Debt Redeemed</b>		
Minimum Revenue Provision	(5,508)	(5,480)
Repayment of Principal on PFI schemes	(13,378)	(11,739)
Repayment of Principal on Leases	(8,960)	(4,334)
	<b>(27,846)</b>	<b>(21,553)</b>
<b>Increase/ (decrease) in Capital Financing Requirement</b>	<b>9,665</b>	<b>60,834</b>
<b>Closing Capital Financing Requirement</b>	<b>689,315</b>	<b>679,650</b>

## Notes to the Core Financial Statements

**32. LEASES****a) Council as a Lessee**

The authority's lease contracts comprise leases of assets used for Council Dwellings and operational land and buildings.

Right-of-use assets

This table shows the change in the value of right-of-use assets held under leases by the authority:

	2025/26 £000	2024/25 £000
<b>Value at 01 April</b>	<b>23,358</b>	<b>12,368</b>
De-Recognised from Asset Register	(500)	(12,368)
Adjustment of Right of Use Assets	500	24,472
Additions	10,312	0
Depreciation Charge	(7,239)	(1,695)
Revaluations	3,512	581
Disposals	(455)	0
<b>Value at 31 March</b>	<b>29,488</b>	<b>23,358</b>

Council Dwellings	3,900	4,010
Land & Buildings	25,588	19,348
<b>Value at 31 March</b>	<b>29,488</b>	<b>23,358</b>

Transactions under leases

The authority incurred the following expenses and cash flows in relation to leases:

	2025/26 £000	2024/25 £000
<b>Comprehensive income and expenditure statement</b>		
Interest expense on lease liabilities	351	160
<b>Cash flow statement</b>		
Minimum lease payments	8,515	4,334

## Notes to the Core Financial Statements

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments):

	31/03/26 £000	31/03/25 £000
Not later than one year	11,711	7,328
Later than one year and not later than five years	10,374	11,972
Later than five years	10,295	21,819
	<b>32,380</b>	<b>41,119</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:

	31/03/26 £000	31/03/25 £000
Not later than one year	2,138	2,403
Later than one year and not later than five years	6,535	4,748
Later than five years	7,040	5,196
	<b>15,713</b>	<b>12,347</b>

## Notes to the Core Financial Statements

## 33. 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>£296m</b>	<b>£90m</b>	<b>£238m</b>	<b>£251m</b>	<b>£89m</b>	<b>£123m</b>	<b>£233m</b>	<b>£95m</b>
Total PFI Credits	£207m	£30m			£674m			£54m
<b>Net PFI Cost</b>	<b>£89m</b>	<b>£60m</b>			<b>£260m</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>2025/26</b>									
Service Charges	12,199	684	5,113	5,216	1,410	1,659	2,905	949	<b>30,135</b>
Interest	2,066	2,154	2,577	3,042	1,431	2,273	4,559	1,991	<b>20,093</b>
Liability Repayment	5,119	291	1,309	2,181	559	1,088	1,786	1,045	<b>13,378</b>
<b>Unitary Charge</b>	<b>19,384</b>	<b>3,129</b>	<b>8,999</b>	<b>10,439</b>	<b>3,400</b>	<b>5,020</b>	<b>9,250</b>	<b>3,985</b>	<b>63,606</b>

<b>2024/25</b>									
Service Charges	12,023	669	5,013	5,541	1,350	1,666	3,089	926	<b>30,277</b>
Interest	2,541	2,146	2,692	3,047	1,499	2,281	4,589	2,061	<b>20,856</b>
Liability Repayment	4,641	256	1,204	1,811	525	889	1,451	962	<b>11,739</b>
<b>Unitary Charge</b>	<b>19,205</b>	<b>3,071</b>	<b>8,909</b>	<b>10,399</b>	<b>3,374</b>	<b>4,836</b>	<b>9,129</b>	<b>3,949</b>	<b>62,872</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.

	2025/26		2024/25	
	£000	£000	£000	£000
<b>Gross Book Value b/fwd</b>		420,729		404,336
<b>Additions</b>		367		15
Revaluations (recognised in Revaluation Reserve)	(6,109)		16,295	
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	(4,697)	(10,806)	994	17,289
Impairments (recognised in Revaluation Reserve)	(367)		(14)	
Impairments (recognised in Surplus/ Deficit on the Provision of Services)	0	(367)	0	(14)
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		(675)		(897)
Transfers		0		0
Assets reclassified (to)/ from Held for Sale		0		0
<b>Gross Book Value c/fwd</b>		409,248		420,729
<b>Depreciation b/fwd</b>		(12,004)		(10,838)
Depreciation for year		(8,132)		(7,839)
<u>Depreciation written back on:</u>				
Transfers		0		0
Revaluations (recognised in Revaluation Reserve)	1,897		6,483	
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	5,069	6,966	190	6,673
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>		(13,170)		(12,004)
<b>Net Book Value at End of Year</b>		396,078		408,725

## 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	
	2025/26 £000	2024/25 £000	2025/26 £000	2024/25 £000
<b>Balance outstanding at start of year</b>	<b>13,378</b>	<b>11,739</b>	<b>157,277</b>	<b>170,655</b>
<b>Balance outstanding at end of year</b>	<b>15,134</b>	<b>13,378</b>	<b>142,143</b>	<b>157,277</b>

**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 mixture of RPI and RPIX increases per annum compounded until the end of the contracts. 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 2026/27 £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	11,766	723	0	0	0	12,489
Interest	1,600	279	0	0	0	1,879
Repayment of liability	5,687	647	0	0	0	6,334
Planned lifecycle replacement	697	1	0	0	0	698
<b>Downham Lifestyles</b>						
Service charges	342	1,456	2,034	1,346	0	5,178
Interest	2,166	8,518	10,119	5,430	0	26,233
Repayment of liability	331	1,651	3,382	3,356	0	8,720
Planned lifecycle replacement	361	1,554	2,172	1,438	0	5,525
<b>Grouped Schools</b>						
Service charges	3,918	16,821	23,847	646	0	45,232
Interest	2,453	9,131	6,508	40	0	18,132
Repayment of liability	1,430	8,386	16,244	475	0	26,535
Planned lifecycle replacement	1,365	3,737	4,518	159	0	9,779
<b>BSF 1</b>						
Service charges	3,740	16,103	18,135	0	0	37,978
Interest	2,993	9,136	3,644	0	0	15,773
Repayment of liability	2,563	12,329	16,297	0	0	31,189
Planned lifecycle replacement	1,284	6,282	5,450	0	0	13,016
<b>BSF 2</b>						
Service charges	1,054	4,485	6,267	1,925	0	13,731
Interest	1,390	4,825	3,733	356	0	10,304
Repayment of liability	640	3,299	6,545	2,504	0	12,988
Planned lifecycle replacement	360	1,559	2,141	744	0	4,804
<b>BSF 3</b>						
Service charges	1,538	7,029	10,462	3,255	0	22,284
Interest	2,131	7,298	6,008	1,091	0	16,528
Repayment of liability	1,101	4,929	8,502	3,519	0	18,051
Planned lifecycle replacement	314	1,767	2,978	926	0	5,985
<b>BSF 4</b>						
Service charges	2,354	12,057	17,604	8,146	0	40,161
Interest	4,572	15,088	13,023	2,489	0	35,172
Repayment of liability	2,248	8,737	16,188	8,528	0	35,701
Planned lifecycle replacement	209	2,833	4,467	2,334	0	9,843
<b>Streetlighting</b>						
Service charges	972	4,139	5,775	452	0	11,338
Interest	1,914	6,709	5,438	200	0	14,261
Repayment of liability	1,134	5,600	10,193	833	0	17,760
Planned lifecycle replacement	0	0	0	0	0	0
<b>Totals</b>	<b>64,627</b>	<b>187,108</b>	<b>231,674</b>	<b>50,192</b>	<b>0</b>	<b>533,601</b>

## Notes to the Core Financial Statements

	In 2025/26 £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	11,651	12,644	0	0	0	24,295
Interest	2,094	1,915	0	0	0	4,009
Repayment of liability	5,119	6,334	0	0	0	11,453
Planned lifecycle replacement	703	706	0	0	0	1,409
<b>Downham Lifestyles</b>						
Service charges	334	1,422	1,987	1,776	0	5,519
Interest	2,161	8,608	10,275	7,396	0	28,440
Repayment of liability	291	1,530	2,974	4,216	0	9,011
Planned lifecycle replacement	353	1,515	2,122	1,897	0	5,887
<b>Grouped Schools</b>						
Service charges	3,836	16,467	23,369	5,706	0	49,378
Interest	2,577	9,603	7,833	756	0	20,769
Repayment of liability	1,309	7,421	14,760	4,353	0	27,843
Planned lifecycle replacement	1,336	4,165	4,578	1,103	0	11,182
<b>BSF 1</b>						
Service charges	3,655	15,763	22,520	0	0	41,938
Interest	3,047	10,151	5,677	0	0	18,875
Repayment of liability	2,181	11,288	19,900	0	0	33,369
Planned lifecycle replacement	1,597	6,228	6,893	0	0	14,718
<b>BSF 2</b>						
Service charges	1,040	4,425	6,183	3,277	0	14,925
Interest	1,432	5,161	4,357	805	0	11,755
Repayment of liability	559	3,008	5,916	4,064	0	13,547
Planned lifecycle replacement	391	1,486	2,105	1,267	0	5,249
<b>BSF 3</b>						
Service charges	1,437	6,725	10,319	5,444	0	23,925
Interest	2,282	7,850	6,670	2,071	0	18,873
Repayment of liability	1,088	4,707	7,735	5,608	0	19,138
Planned lifecycle replacement	237	1,564	2,980	1,495	0	6,276
<b>BSF 4</b>						
Service charges	2,529	11,403	17,016	12,143	0	43,091
Interest	4,577	16,215	14,745	4,350	0	39,887
Repayment of liability	1,786	8,458	14,993	12,249	0	37,486
Planned lifecycle replacement	424	2,352	4,127	3,463	0	10,366
<b>Streetlighting</b>						
Service charges	949	4,038	5,642	1,659	0	12,288
Interest	1,991	7,106	6,197	957	0	16,251
Repayment of liability	1,045	5,157	9,376	3,228	0	18,806
Planned lifecycle replacement	0	0	0	0	0	0
<b>Totals</b>	<b>64,011</b>	<b>205,415</b>	<b>241,249</b>	<b>89,283</b>	<b>0</b>	<b>599,958</b>

## Notes to the Core Financial Statements

**34. 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.

	<b>Contractual commitments as at 31/03/26</b>
	<b>£'000</b>
<b>General Fund</b>	
LUF P2 - Lewisham library	5,235
LUF P1 - Market Regeneration	2,955
Watergate School Expansion	2,690
Corporate Estate Maintenance Programme 2024-26	665
Wearside Depot Refurbishment	304
<b>Housing Revenue Account</b>	
Ladywell Park Gardens	36,545
Mayfield Arcadis	22,032
New Cross Road Acquisition 52-54	6,359
Algernon/Embleton Road	4,639
Bampton	620
Creekside Acquisition	657
Eliot Bank (Forest Estate)	321
<b>Total Capital Programme contractual commitments</b>	<b>83,022</b>

	<b>Contractual commitments as at 31/03/25</b>
	<b>£'000</b>
<b>General Fund</b>	
LUF P1 - Market Regeneration	749
LUF P3 - High Street Regeneration	1,167
Catford Constitution Club (CCC)	1,705
<b>Housing Revenue Account</b>	
Algernon/Embleton Road	5,352
Bampton	650
Eliot Bank (Forest Estate)	321
Creekside Acquisition	692
New Cross Road Acquisition 52-54	6,268
<b>Total Capital Programme contractual commitments</b>	<b>16,904</b>

**35. 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 2025/26 this rate was 28.68% (in 2024/25 28.68%). In 2025/26, the Council paid £31.71m to the DfE in respect of teachers' pension costs (£30.52m in 2024/25).

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 23.78% for 2025/26 (14.38% paid by employers and 9.4% paid centrally) (in 2024/25 this was 23.78%). In 2025/26 the Council paid £0.020m to the DoH in respect of employees' pension costs (£0.020m in 2024/25).

**36. 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 credit method of valuation 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 2025.

**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>2025/26</b>	<b>2024/25</b>
	<b>£000</b>	<b>£000</b>
<b>Cost of Service</b>		
Current Service Cost	22,941	32,581
Past Service Cost (inc.settlements and curtailments)	570	(1,831)
	<b>23,511</b>	<b>30,750</b>
<b>Financing and Investment Income and Expenditure</b>		
<u>Net Interest on the Net Defined Benefit Liability</u>		
Interest Income on Scheme Assets	(106,153)	(86,308)
Interest Cost on Defined Benefit Obligation (Liabilities)	85,290	81,391
	<b>(20,863)</b>	<b>(4,917)</b>
<b>Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services</b>	<b>2,648</b>	<b>25,833</b>
<u>Cashflows</u>		
Employer contributions	(35,919)	(37,698)
Contributions in respect of unfunded benefits paid	(4,501)	(4,603)
<b>Total Cashflows</b>	<b>(40,420)</b>	<b>(42,301)</b>
<u>Remeasurements of the Net Defined Benefit Liability</u>		
Return on Assets excluding amounts included in Net Interest	(62,840)	29,165
Actuarial Losses from changes in Demographic Assumptions	(32,138)	(3,030)
Actuarial Losses from changes in Financial Assumptions	(43,265)	(247,472)
Other Remeasurements & Gains and Losses	101,253	(17,648)
<b>Total Remeasurements recognised in CIES</b>	<b>(36,990)</b>	<b>(238,985)</b>
<b>Effect of Asset Ceiling</b>	<b>62,221</b>	<b>245,898</b>
<b>Total Post Employment Benefits Charged to the CIES</b>	<b>(12,541)</b>	<b>(9,555)</b>
<b>Movement in Reserves Statement</b>	<b>2025/26</b>	<b>2024/25</b>
	<b>£000</b>	<b>£000</b>
Reversal of Net Charges made to the Surplus or Deficit on the Provision of Services	(2,648)	(25,833)
Employers' Contributions Payable to the Scheme	40,420	42,301
Return on Assets excluding amounts included in Net Interest	62,840	(29,165)
Actuarial Gains and Losses	(25,850)	268,150
Effect of Asset Ceiling	(62,221)	(245,898)
<b>Net Movement in Pensions Reserve</b>	<b>12,541</b>	<b>9,555</b>

## Notes to the Core Financial Statements

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

	31/03/26 £000	31/03/25 £000
Fair Value of Plan Assets	1,979,113	1,845,495
Present Value of Defined Benefit Liability (Obligation)	(1,512,911)	(1,451,091)
<b>Year End Balance (Before effect of Asset Ceiling)</b>	<b>466,202</b>	<b>394,404</b>
Effect of Asset Ceiling	(466,112)	(403,891)
<b>Year End Balance (After effect of Asset Ceiling)</b>	<b>90</b>	<b>(9,487)</b>
Present Value of Unfunded Liabilities	(37,488)	(40,452)
<b>Pensions Reserve - Year End Balance</b>	<b>(37,398)</b>	<b>(49,939)</b>

## e) Reconciliation of the Movements in the Asset Ceiling

Accounting Policy 13 (iv) restricts (by way of an 'asset ceiling') the amount of accounting surplus that the Employer may be able to disclose at its accounting year end, therefore as LBL is not eligible to recognise the surplus an asset restriction has been applied.

For the funded part of the LBL scheme this has had the effect of reducing the surplus of £424,648k to nil.

For the LPFA scheme this has had the effect of reducing the surplus of £41,554k to £90k.

	31/03/26 £000	31/03/25 £000
<b>Opening impact of asset ceiling</b>	<b>403,891</b>	<b>157,993</b>
Interest on impact of asset ceiling	23,344	7,604
Actuarial losses / (gains)	38,877	238,294
<b>Closing impact of asset ceiling</b>	<b>466,112</b>	<b>403,891</b>

## Notes to the Core Financial Statements

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

	31/03/26 £000	31/03/25 £000
<b>Opening Fair Value of Scheme Assets</b>	<b>1,845,495</b>	<b>1,814,181</b>
Interest Income on Scheme Assets	106,238	86,336
Administration	(85)	(28)
Return on Assets excluding amounts included in Net Interest	62,840	(29,165)
Employer Contributions	35,919	37,698
Contributions in respect of Unfunded Benefits	4,501	4,603
Contributions from Scheme Participants	11,308	11,470
Assets distributed on settlements	0	(6,514)
Benefits Paid	(70,511)	(68,483)
Unfunded Benefits Paid	(4,501)	(4,603)
Other Remeasurements	(12,091)	0
<b>Closing Fair Value of Scheme Assets</b>	<b>1,979,113</b>	<b>1,845,495</b>

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

	31/03/26 £000	31/03/25 £000
<b>Opening Present Value of Scheme Liabilities (Obligations)</b>	<b>(1,491,543)</b>	<b>(1,715,682)</b>
Current Service Cost	(22,941)	(32,581)
Interest Cost on Defined Benefit Obligation (Liabilities)	(85,290)	(81,391)
Contributions from Scheme Participants	(11,308)	(11,470)
Benefits Paid	70,511	68,483
Unfunded Benefits Paid	4,501	4,603
Actuarial Losses from changes in Demographic Assumptions	32,138	3,030
Actuarial Losses from changes in Financial Assumptions	43,265	247,472
Other Gains and Losses	(89,162)	17,648
Past Service Costs / Curtailments / Settlements	(570)	8,345
<b>Closing Present Value of Scheme Liabilities (Obligations)</b>	<b>(1,550,399)</b>	<b>(1,491,543)</b>

## Notes to the Core Financial Statements

## h) Pension Scheme Assets

	31/03/26			31/03/25		
	Active Market	Not in Active Markets	Total	Active Market	Not in Active Markets	Total
	£000	£000	£000	£000	£000	£000
<b>LGPS (LBL)</b>						
Debt Securities	222,045	0	222,045	218,521	0	218,521
Private Equity	0	204,967	204,967	0	179,752	179,752
Real Estate	0	152,147	152,147	0	157,151	157,151
Investment Funds / Unit Trusts	1,071,317	162,219	1,233,536	959,021	163,132	1,122,153
Cash and Cash Equivalents	0	77,410	77,410	0	76,475	76,475
<b>Total LGPS Assets</b>	<b>1,293,362</b>	<b>596,743</b>	<b>1,890,105</b>	<b>1,177,542</b>	<b>576,510</b>	<b>1,754,052</b>

	31/03/26			31/03/25		
	Active Market	Not in Active Markets	Total	Active Market	Not in Active Markets	Total
	£000	£000	£000	£000	£000	£000
<b>LPFA</b>						
Equities	42,783	4,832	47,615	48,694	5,240	53,934
Target Return Portfolio	3,411	15,344	18,755	3,484	13,123	16,607
Infrastructure	0	10,457	10,457	0	10,430	10,430
Real Estate	0	9,177	9,177	0	8,334	8,334
Cash	2,886	116	3,002	2,101	37	2,138
<b>Total LPFA Assets</b>	<b>49,080</b>	<b>39,926</b>	<b>89,006</b>	<b>54,279</b>	<b>37,164</b>	<b>91,443</b>

## i) Basis for Estimating Assets and Liabilities

	Local Government Pension Scheme		LPFA	
	2025/26	2024/25	2025/26	2024/25
Rate of Inflation – CPI	3.00%	2.80%	2.85%	2.90%
Salary Increase Rate	4.00%	3.80%	3.85%	3.90%
Pensions Increases	3.00%	2.80%	2.85%	2.90%
Rate for discounting scheme liabilities	6.20%	5.80%	5.85%	5.65%
<b>Mortality assumptions</b>				
Longevity at 65 for current pensioners - Men	21.4	20.8	20.8	19.9
Longevity at 65 for current pensioners - Women	24.3	23.8	24.5	23.7
Longevity at 65 for future pensioners - Men	22.4	21.8	21.8	21.1
Longevity at 65 for future pensioners - Women	25.6	25.2	25.7	24.8

## Notes to the Core Financial Statements

**j) Sensitivity Analysis**

Change in Assumption at 31st March 2026	Approximate % Increase in Employer Liability	Approximate Monetary Amount (£000)
<b>LGPS - LB Lewisham</b>		
0.1% Decrease in Real Discount Rate	1%	20,752
1 Year Increase in Member Life Expectancy	4%	60,118
0.1% Increase in the Salary Increase Rate	0%	711
0.1% Increase in the Pension Increase Rate	1%	20,028
<b>LPFA</b>		
0.1% Decrease in Real Discount Rate	n/a	384
1 Year Increase in Member Life Expectancy	n/a	2,952
0.1% Increase in the Salary Increase Rate	n/a	0
0.1% Increase in the Pension Increase Rate	n/a	406

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.

**k) 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 £29.03m in contributions to the scheme in 2026/27.

**l) Additional Disclosure Required**Virgin Media Ltd vs NTL Trustees

No additional allowance has been made within the accounting balance sheet for this June 2023 legal judgement for the following reasons:

- the ruling only applies to the above-named private sector pension scheme.
- the legal judgement was appealed (however the Court of Appeal dismissed in July 2024 and the original ruling stands)
- it is unknown whether Section 37 certificates exist for prior LGPS scheme amendments.
- it is unknown whether there would be any potential remedy required to public service schemes (including the LGPS)
- it is unknown what the impact of any potential remedy would be.
- DWP are being asked by pension bodies to look at pragmatic solutions where schemes are unable to evidence historic section 37 confirmation (e.g. to introduce legislation that would allow retrospective section 37 certificates to be produced now to validate historic changes).
- the government responded on 5 June 2025 that it will introduce legislation to deal with issues arising from the June 2023 legal judgement.
- the government notes that the "legislation will give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards" and that "scheme obligations will otherwise be unaffected."
- legislation permitting to this issue was included in the government's Pension Scheme Bill (Amendments) tabled on 1 September 2025.

GMP equalisation / indexation treatment (Lloyds' ruling)

The actuaries have allowed for the impact of full GMP indexation in the calculation of the latest funding valuation results.

The Employer's funding valuation results are used as the starting point for the accounting roll forward calculations and therefore an allowance for full GMP indexation has already been included in the accounting disclosure.

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**Notes to the Core Financial Statements**

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GMP equalisation – historical transfers (Further Lloyd’s ruling)

This further ruling is unlikely to have a significant impact on the pension obligations of a typical employer, and the historic individual member data we would need to assess the impact is not readily available. As a result, no allowance has been made for this within the calculations.

McCloud/Sargeant treatment

The actuaries have allowed for the McCloud judgement in the calculation of the latest funding valuation results. The Employer’s funding valuation results are used as the starting point for the accounting roll forward calculations and therefore an allowance is included in the accounting disclosure.

Goodwin treatment

The actuaries have previously carried out some approximate analysis across their LGPS clients to understand the potential impact of implementing a solution to correct the past underpayment of spouses’ benefits. The remedy is still uncertain, but it is estimated that the potential impact of this is likely to be very small for a typical Fund (c0.1% of obligations). Therefore, it is not thought necessary or appropriate to make an adjustment to account for this at the moment, given the level of additional work and fees that would be involved for the Employer (and indeed the highly approximate nature of applying an unknown remedy).

Other court cases

The actuaries are also aware of the following court cases, which may also impact LGPS benefits in the future:

- Walker
- O’Brien

It is the actuaries understanding that these are unlikely to be significant judgements in terms of impact on the pension obligations of a typical employer. As a result, and until further guidance is released from the relevant governing bodies in the LGPS, they have not made any allowance for the potential remedies to these judgements.

**37. 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 24 schools with licensed deficit budgets at the year-end (2 nursery schools, 1 special school, and 21 primary schools), totalling £13.4m. Because of the complexities and future uncertainties over the arrangements for dealing with school deficits/ loans, some, or all of this total of £13.4m may ultimately fall to be met from the Council’s General Fund, either in 2026/27 or a later year.

**38. 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.

**39. 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 2026 was £0.1m (£0.1m as at 31 March 2025).

## Notes to the Core Financial Statements

**40. HERITAGE ASSETS**

These assets comprise Lewisham Clock Tower (£985k) and the Civic Regalia (£254k). 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 2026 is £1.24m (£0.96m as at 31 March 2025).

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.

**41. 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>2025/26</b> <b>£000</b>	<b>2024/25</b> <b>£000</b>
Community Infrastructure Levy - LB Lewisham	<b>(22,877)</b>	<b>(23,502)</b>
Adults PSS Grant (DoH)	<b>(2,566)</b>	<b>(2,566)</b>
Disabled Facilities Grant	<b>(1,518)</b>	<b>(1,422)</b>
Housing Grant (GLA)	<b>(24,137)</b>	<b>(14,244)</b>
Levelling Up Fund (LUF)	<b>(8,178)</b>	<b>(4,117)</b>
Other Grants	<b>(7,229)</b>	<b>(7,807)</b>
<b>Total</b>	<b>(66,505)</b>	<b>(53,658)</b>

## Notes to the Core Financial Statements

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

This note provides an analysis of the non-cash adjustments included within the Comprehensive Income and Expenditure Statement (CIES) to reconcile the surplus or deficit on the provision of services to net cash flows from operating activities.

These adjustments remove transactions that do not involve cash movements, including depreciation, impairment, revaluation gains and losses, movements in provisions, and pension-related adjustments in accordance with IAS 19.

The note also includes depreciation of right-of-use assets recognised under IFRS 16.

	<b>2025/26</b> <b>£000</b>	<b>2024/25</b> <b>£000</b>
Depreciation, Impairment and Downward Valuations	<b>67,327</b>	<b>119,633</b>
Increase/ (decrease) in creditors	<b>(26,486)</b>	<b>1,793</b>
(Increase)/ decrease in debtors	<b>14,966</b>	<b>(33,099)</b>
(Increase)/ decrease in inventories (stock)	<b>10</b>	<b>(63)</b>
Movement in pension liability	<b>(37,772)</b>	<b>(16,468)</b>
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	<b>8,547</b>	<b>17,762</b>
Other non-cash items charged to the net surplus or deficit on the provision of services	<b>(319)</b>	<b>(13,357)</b>
<b>Total Adjustment to net surplus or deficit on the provision of services for non-cash movements</b>	<b>26,273</b>	<b>76,201</b>

## Notes to the Core Financial Statements

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

This note identifies items included within the surplus or deficit on the provision of services that relate to investing or financing cash flows. These are excluded from operating activities within the Cash Flow Statement.

These adjustments ensure that only cash flows arising from the Council's principal revenue-producing activities are reflected within operating activities.

Items included relate primarily to capital grants, gains, or losses on disposal of non-current assets, and other financing transactions.

Under IFRS 16, lease-related cash flows are split between operating and financing activities and are reflected accordingly within the Cash Flow Statement.

	2025/26 £000	2024/25 £000
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	61	60
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(13,907)	(8,418)
Capital Grants credited to surplus or deficit on the provision of services	(60,312)	(49,488)
<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>(74,158)</b>	<b>(57,846)</b>

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

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period and has been prepared using the indirect method.

Operating activities represent the principal revenue-producing activities of the Council. The surplus or deficit on the provision of services is adjusted for non-cash transactions and for items classified as investing or financing activities to determine the net cash flows from operating activities.

Cash flows relating to leases recognised under IFRS 16 are treated as follows:

- repayments of lease liabilities are classified within financing activities; and
- interest payments are classified within operating activities.

Non-cash adjustments include depreciation, impairment, and revaluation movements, including depreciation of right-of-use assets recognised under IFRS 16.

	2025/26 £000	2024/25 £000
Interest Received	21,672	34,229
Interest Paid	(40,393)	(33,403)
<b>Net Interest Paid</b>	<b>(18,721)</b>	<b>826</b>

## Notes to the Core Financial Statements

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

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

These include expenditure on the acquisition and enhancement of Property, Plant and Equipment, investment property, intangible assets, and the receipt of capital grants and proceeds from the disposal of non-current assets.

Right-of-use assets recognised under IFRS 16 are treated as capital expenditure for accounting purposes. However, the associated cash flows are not classified as investing activities within the Cash Flow Statement, as lease payments are instead reflected within operating and financing activities.

	2025/26 £000	2024/25 £000
Purchase of Property, Plant and Equipment, investment property and intangible assets	(81,118)	(107,399)
Purchase of short and long term investments	(205,000)	(245,000)
Other payments for Investing Activities	(9,956)	(454)
Proceeds from the sale of property plant and equipment, investment property and intangible assets	13,907	8,418
Proceeds from short-term and long-term investments	205,000	315,000
Capital Grants & Other Capital payments received in year	73,913	46,134
<b>Net Cash Flows from Investing Activities</b>	<b>(3,254)</b>	<b>16,699</b>

**46. CASH FLOW STATEMENT - FINANCING ACTIVITIES**

Financing activities represent movements in the size and composition of the Council's borrowings and other long-term liabilities.

These include the proceeds of new borrowing, repayments of existing borrowing, and other transactions relating to the financing of the Council's operations.

Financing cash flows include repayments of lease liabilities recognised under IFRS 16. These represent the principal element of lease payments and are treated as financing transactions in accordance with the CIPFA Code.

	2025/26 £000	2024/25 £000
Cash receipts of short and long term borrowing	4,498	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	(22,010)	(16,073)
Repayment of Short-Term and Long-Term Borrowing	0	(5,111)
Council Tax and NNDR adjustments	(219)	(5,939)
<b>Net Cash Flows from Financing Activities</b>	<b>(17,731)</b>	<b>(27,123)</b>

**47. PRIOR YEAR ADJUSTMENTS/ RECLASSIFICATIONS**

**ADJUSTMENTS**

There was no prior year adjustments made in 2025/26.

**RECLASSIFICATIONS**

There was no prior year reclassifications made in 2025/26.

## 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.

	2025/26 £000	2024/25 £000	Note
<b>INCOME</b>			
Gross Rent - Dwellings	(87,036)	(87,284)	1
Gross Rent - Other Housing Properties	(2,694)	(3,598)	1
Charges for Services and Facilities	(16,466)	(14,950)	1
Housing Subsidy and Government Grants	(10,353)	(10,353)	2
Contribution towards Expenditure	(8,655)	(8,215)	4
<b>Total Income</b>	<b>(125,204)</b>	<b>(124,400)</b>	
<b>EXPENDITURE</b>			
Supervision and Management - General Expenses	33,418	32,212	5
Supervision and Management - Special Expenses	15,135	15,105	5
Repairs and Maintenance	24,346	26,660	6
Rent, Rates and Other Charges	956	715	8
Rent Rebate Subsidy Shortfall	0	0	3
Contribution to Doubtful Debts & Other Provisions	776	1,311	7
Depreciation - Dwellings	26,088	24,352	10
Depreciation - Other Housing Assets	1,092	1,103	10
Impairment of Non Current Assets	46,665	59,250	10
Debt Management Expenses	77	56	
<b>Total Expenditure</b>	<b>148,553</b>	<b>160,764</b>	
<b>Net Cost of Services included in the Council's Income and Expenditure Account</b>	<b>23,349</b>	<b>36,364</b>	
HRA Services share of Corporate and Democratic Core Costs	290	361	
<b>Net Cost of HRA Services</b>	<b>23,639</b>	<b>36,725</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	(7,672)	1,929	
Interest Payable and Similar Charges	11,972	11,469	11
Interest and Investment Income	(2,338)	(3,716)	
Pension Interest Cost and Expected Return on Pension Assets	(1,143)	(194)	12
<b>(Surplus) / Deficit for the Year on HRA Services</b>	<b>24,458</b>	<b>46,213</b>	

The accompanying notes form part of these financial statements

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Housing Revenue Account

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**HOUSING REVENUE ACCOUNT - MOVEMENT IN RESERVES STATEMENT**

	2025/26 £000	2024/25 £000
<b>Balance on the HRA at the End of the Previous Year</b>	58,138	48,635
<u>Movement in Year</u>		
Surplus or (Deficit) for the year on the HRA Income and Expenditure Statement	(24,458)	(46,213)
Adjustments between Accounting Basis and Funding Basis under Statute	19,766	55,716
<b>Net Increase or (Decrease) before Transfers (To) / From Reserves</b>	(4,692)	9,503 (a)
<b>Transfers (To) / From Reserves</b>	0	0
<b>Increase or (Decrease) in Year on the HRA</b>	(4,692)	9,503
<b>Balance on the HRA at the End of the Year</b>	53,446	58,138

(a) Note - MRA only, others are not technically defined as transfers to from reserves, they are movements in the HRA Balance.

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.

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Housing Revenue Account

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**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 2026, 1.48% of lettable property was empty (0.70% at 31 March 2025). These figures for empty property exclude accommodation for the homeless and dwellings designated for sale, major works, and improvements. Average rents were £123.96 In 2025/26 and £119.91 per week In 2024/25.

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

**(a) Housing stock**

The Council was responsible for managing 13,762 dwellings as at 31 March 2026 (13,827 as at 31 March 2025).

There have been no stock transfers undertaken in 2025/26.

The stock was made up as follows:

	31/03/26	31/03/25
<u>Stock Numbers at year end</u>		
Houses and Bungalows	2,276	2,291
Flats and Maisonettes	11,486	11,535
<b>Stock at End of Year</b>	<b>13,762</b>	<b>13,826</b>

  

	2025/26	2024/25
<u>Change in Stock Numbers during the year</u>		
Stock at 1 April	13,827	13,839
Less Sales, Demolitions, etc.	(73)	(52)
Add Re-purchases, Conversions etc.	8	39
<b>Stock at End of Year</b>	<b>13,762</b>	<b>13,826</b>

**b) Rent Arrears**

	2025/26 £000	2024/25 £000
Rent Arrears due from Current Tenants	8,189	8,214
Rent Arrears due from Former Tenants	1,979	1,985
<b>Total Arrears</b>	<b>10,168</b>	<b>10,199</b>
<b>Total Arrears as % of Gross Rent of Dwellings Due</b>	<b>8.9%</b>	<b>8.9%</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 97.6% of the total collectable from tenants.

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Housing Revenue Account

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## c) Rent – Other Housing Property

	2025/26 £000	2024/25 £000
Aerial Sites	83	329
Garages	192	169
Reception Hostels	2,057	2,737
Commercial Property	305	303
Ground Rents	57	60
<b>Total Other Rents and Charges</b>	<b>2,694</b>	<b>3,598</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 £11.91 in 2025/26 (£10.50 in 2024/25).

	2025/26 £000	2024/25 £000
Heating Charges	1,090	806
Leasehold Service Charges	7,314	6,915
Tenants Service Charges	8,062	7,229
<b>Total Charges for Services and Facilities</b>	<b>16,466</b>	<b>14,950</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.

	2025/26 £000	2024/25 £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>

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**Housing Revenue Account**


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**3. REBATES**

Assistance with rents for those on a low income is available through the Housing Costs element of Universal Credit or through Housing Benefit. Most people of working age will claim the Housing Cost element of Universal Credit. Housing Benefit is available for those on a low income who are over state pension age or in temporary or supported accommodation. Universal Credit is administered by the DWP and Housing Benefit is administered by the Council. Approximately 17% of tenants received help in 2025/26 (22% in 2024/25). 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:

	2025/26 £000	2024/25 £000
Rent Rebates Given (GF)	17,350	23,686
Subsidy Received on Rebates (GF)	(17,350)	(23,686)
<b>Net cost to the HRA</b>	<b>0</b>	<b>0</b>

**4. CONTRIBUTIONS TOWARDS EXPENDITURE**

	2025/26 £000	2024/25 £000
Court Costs	46	16
Recharges of repairs	1,744	2,624
Recharge to Capital Receipts	2,996	397
Hostels: Heat, Light and Water Charges	141	134
Reimbursement of overpaid Capital Charges	0	0
Professional fees	171	254
Other miscellaneous income	3,557	4,790
<b>Total Other Income</b>	<b>8,655</b>	<b>8,215</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.

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**Housing Revenue Account**


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**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:

	2024/25 £000	2024/25 £000
Revenue R&M works	24,346	26,660
<b>Total Repairs and Maintenance</b>	<b>24,346</b>	<b>26,660</b>

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

In 2025/26 a contribution of £0.776m (2024/25 £1.311m) was transferred from the HRA to an impairment allowance to meet doubtful debts. Details of the accumulated provisions are as follows:

	2025/26 £000	2024/25 £000
Housing Tenants	5,307	5,549
Leaseholders	3,425	3,692
Commercial Properties, Miscellaneous Debts	240	243
<b>Total Impairment Allowance</b>	<b>8,972</b>	<b>9,484</b>

**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 2026 was £220.7m.

**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.

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**Housing Revenue Account**


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	31/03/26 £000	31/03/25 £000
<b>Operational Assets:</b>		
Dwellings (Existing Use Value - Social Housing)	1,429,127	1,477,629
Other Land and Buildings	19,318	18,738
Infrastructure	67	72
Vehicles, Plant and Equipment	5,123	5,734
	<b>1,453,635</b>	<b>1,502,173</b>
Investment Properties	0	0
Surplus Assets	9,152	9,521
Assets Under Construction	39,094	32,679
	<b>1,501,881</b>	<b>1,544,373</b>
<b>Total Housing Assets</b>	<b>1,501,881</b>	<b>1,544,373</b>
<b>Full Valuation of Council Dwellings</b>	<b>5,716,508</b>	<b>5,910,516</b>

**10. DEPRECIATION AND REVALUATION CHARGES**

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

	2025/26 £000	2024/25 £000
<b>Operational Assets</b>		
Dwellings	26,088	24,352
Other Land and Buildings	476	479
Infrastructure	5	5
Vehicles, Plant and Equipment	611	619
<b>Total Depreciation</b>	<b>27,180</b>	<b>25,455</b>
Revaluation losses on non-current assets	46,665	59,250
<b>Total Depreciation &amp; Revaluation Charges</b>	<b>73,845</b>	<b>84,705</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.

**11. INTEREST PAYABLE AND SIMILAR CHARGES**

This line includes the charge of £9.91m for capital assets calculated in accordance with the MHCLG's Item 8 Debit Determination for 2025/26 (£6.97m in 2024/25).

**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 contribution of £11.91m to Capital from HRA revenue to fund the new development and investment programme for 2025/26.

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**Housing Revenue Account**


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	2025/26 £000	2024/25 £000
<b>Expenditure:</b>		
Dwellings	50,583	69,156
Revenue Expenditure Funded from Capital under Statute	0	0
	<b>50,583</b>	<b>69,156</b>
<b>Financed by:</b>		
Capital Receipts	11,398	9,191
Capital Grants and Contributions	11,909	0
HRA Contribution to Capital	0	0
Major Repairs Reserve	27,276	25,359
Borrowing	0	34,606
<b>Total Capital Expenditure Financed</b>	<b>50,583</b>	<b>69,156</b>

**14. MAJOR REPAIRS RESERVE**

The movements on the major repairs reserve are as follows:

	2025/26 £000	2024/25 £000
<b>Balance brought forward at start of year</b>	96	0
Transferred in (depreciation dwellings)	27,180	25,455
Financing of capital expenditure on housing assets	(27,276)	(25,359)
<b>Balance carried forward at end of year</b>	<b>0</b>	<b>96</b>

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

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

	Balance at 31/03/25 £000	Transfers In £000	Transfers Out £000	Balance at 31/03/26 £000
Property and Stock Related Reserves	6,906	2,261	0	9,167
Staff Related Reserves	404	0	0	404
Other Earmarked Reserves	50,828	5,096	(12,049)	43,875
<b>Total Reserves and Balances</b>	<b>58,138</b>	<b>7,357</b>	<b>(12,049)</b>	<b>53,446</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.

	2025/26			2024/25			Note
	Council Tax	NDR	Total	Council Tax	NDR	Total	
	£000	£000	£000	£000	£000	£000	
<b>INCOME</b>							
Income from Council Tax (net)	205,903		205,903	194,465		194,465	4
Income from Non-Domestic Rates (net)		60,759	60,759		57,504	57,504	5
Income from Non-Domestic Rates (net) - BRS		1,495	1,495		1,396	1,396	5
<b>TOTAL INCOME</b>	<b>205,903</b>	<b>62,254</b>	<b>268,157</b>	<b>194,465</b>	<b>58,900</b>	<b>253,365</b>	
<b>EXPENDITURE</b>							
<b>Precepts and Demands upon Fund (C.Tax)</b>							
- London Borough of Lewisham	152,280		152,280	141,641		141,641	
- Greater London Authority	45,402		45,402	42,621		42,621	
<b>Precepts and Demands upon Fund (NDR)</b>							
- London Borough of Lewisham		17,904	17,904		17,479	17,479	
- Greater London Authority		22,082	22,082		21,557	21,557	
- Central Government		19,694	19,694		19,227	19,227	
- Cost of Collection Allowance		291	291		293	293	
<b>Business Rate Supplement (BRS)</b>							
- Paid to Greater London Authority		1,072	1,072		1,192	1,192	
- Administrative Costs		6	6		6	6	
<b>Bad and Doubtful Debts</b>							
- Net adj to Impairment Allowance	8,925		8,925	9,705		9,705	6a
- Net adj to Impairment Allowance		106	106		(298)	(298)	6b
- Amounts Written Off	190		190	412		412	
- Amounts Written Off		915	915		985	985	
<b>Contributions from previous year</b>							
- London Borough of Lewisham	(1,764)	(650)	(2,414)	2,043	(869)	1,174	
- Greater London Authority	(531)	(802)	(1,333)	595	(1,072)	(477)	
- Central Government		(715)	(715)		(956)	(956)	
<b>Provision for Appeals</b>							
- Net contribution		(3,670)	(3,670)		(1,660)	(1,660)	
<b>TOTAL EXPENDITURE</b>	<b>204,502</b>	<b>56,233</b>	<b>260,735</b>	<b>197,017</b>	<b>55,884</b>	<b>252,901</b>	
<b>Deficit / (Surplus) for the year</b>	<b>(1,401)</b>	<b>(6,021)</b>	<b>(7,422)</b>	<b>2,552</b>	<b>(3,016)</b>	<b>(464)</b>	3
<b>Deficit / (Surplus) at start of year</b>	<b>2,568</b>	<b>84</b>	<b>2,652</b>	<b>16</b>	<b>3,100</b>	<b>3,116</b>	3
<b>Deficit / (Surplus) at end of year</b>	<b>1,167</b>	<b>(5,937)</b>	<b>(4,770)</b>	<b>2,568</b>	<b>84</b>	<b>2,652</b>	

The accompanying notes form part of these financial statements

## 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 2025/26 assumed a collection rate of 96.0% (95.0% for 2024/25).

The table below sets out the original tax base calculation for 2025/26 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	2025/26		Band D Ratio	2025/26		2024/25	
		No. of Properties			Band D Equivalents as per Ratio No.	Council Tax Charge £	Band D Equivalents as per Ratio No.	Council Tax Charge £
		Actual Number (1)	Adjusted Number (2)					
A	up to 40	7,779	5,183	6/9	3,455.6	<b>1,423.42</b>	3,653.0	<b>1,358.66</b>
B	40 - 52	34,940	26,009	7/9	20,228.9	<b>1,660.66</b>	19,844.6	<b>1,585.09</b>
C	52 - 68	46,640	38,385	8/9	34,120.0	<b>1,897.89</b>	33,510.0	<b>1,811.54</b>
D	68 - 88	27,108	23,739	1	23,738.5	<b>2,135.13</b>	23,393.7	<b>2,037.98</b>
E	88 - 120	7,883	7,100	11/9	8,677.7	<b>2,609.60</b>	8,568.1	<b>2,490.87</b>
F	120 - 160	2,782	2,608	13/9	3,767.6	<b>3,084.08</b>	3,748.5	<b>2,943.75</b>
G	160 - 320	1,332	1,273	15/9	2,121.1	<b>3,558.55</b>	2,125.7	<b>3,396.64</b>
H	over 320	176	167	18/9	333.6	<b>4,270.26</b>	329.0	<b>4,075.96</b>
<b>Totals</b>		<b>128,640</b>	<b>104,463</b>		<b>96,443.0</b>		<b>95,172.6</b>	
Add: Contributions in lieu					0.0		0.0	
<b>Total Band D Equivalents</b>					<b>96,443.0</b>		<b>95,172.6</b>	
Estimated Collection Rate					96.0%		95.0%	
<b>NET COUNCIL TAX BASE</b>					<b>92,585.3</b>		<b>90,414.0</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 31/03/25 £000	Movement in 2025/26 £000	Balance at 31/03/26 £000	Balance at 31/03/24 £000	Movement in 2024/25 £000	Balance at 31/03/25 £000
<b>Council Tax</b>						
London Borough of Lewisham	1,974	(1,076)	898	(3)	1,977	1,974
Greater London Authority	594	(325)	269	19	575	594
	<b>2,568</b>	<b>(1,401)</b>	<b>1,167</b>	<b>16</b>	<b>2,552</b>	<b>2,568</b>
<b>Non-Domestic Rates</b>						
London Borough of Lewisham	25	(1,806)	(1,781)	930	(905)	25
Greater London Authority	31	(2,228)	(2,197)	1,147	(1,116)	31
Central Government	28	(1,987)	(1,959)	1,023	(995)	28
	<b>84</b>	<b>(6,021)</b>	<b>(5,937)</b>	<b>3,100</b>	<b>(3,016)</b>	<b>84</b>
<b>Collection Fund Balances</b>	<b>2,652</b>	<b>(7,422)</b>	<b>(4,770)</b>	<b>3,116</b>	<b>(464)</b>	<b>2,652</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 Taxpayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

## 4. COUNCIL TAX INCOME

	2025/26		2024/25
	£000	£000	£000
<b>Gross Council Tax Income Due</b>		<b>259,315</b>	<b>245,268</b>
Less: Exemptions	(10,524)		(8,692)
Disabled Relief	(144)		(140)
Discounts	(23,057)		(22,362)
Adjustment for Council Tax Reduction Scheme	(21,749)		(20,997)
Plus: Adjustments to charge	2,062		1,388
		<b>(53,412)</b>	<b>(50,803)</b>
<b>Total Due from Council Tax payers</b>		<b>205,903</b>	<b>194,465</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%).

	2025/26		2024/25
	£000	£000	£000
<b>Gross NDR Collectable (after voids and exemptions)</b>		87,139	88,388
<b>Reductions and Relief:</b>			
Mandatory Relief	(19,739)		(20,503)
Discretionary Relief	(5,146)		(8,985)
		(24,885)	(29,488)
<b>Total Receivable from Business Rates</b>		62,254	58,900

	2025/26	2024/25
	£m	£m
<b>Non-Domestic Rateable Value</b>	172.7	171.7

	2025/26	2024/25
	pence	pence
<b>Non-Domestic Rate Multiplier</b>	55.5	54.6
<b>Non-Domestic Rate Multiplier (Small Business)</b>	49.9	49.9

## 6. COLLECTION FUND ARREARS AND IMPAIRMENT ALLOWANCES

	31/03/2026	31/03/2025
	£000	£000
Council Tax Arrears	61,340	61,861
Impairment Allowance	(54,221)	(55,250)
As a Percentage of Arrears	88.4%	89.3%

	2025/26		2024/25	
	Amount £000	Percentage %	Amount £000	Percentage %
<b>Age of Arrears</b>				
Year of Accounts	17,170	28	16,028	26
Under 2 Years old	12,552	20	11,528	19
Under 3 Years old	10,295	17	9,337	15
Under 5 Years old	16,110	26	13,871	22
Over 5 Years old	5,213	8	11,097	18
<b>Total</b>	61,340	100	61,861	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>31/03/2026</b> £000	<b>31/03/2025</b> £000
NDR Arrears	5,957	6,877
Impairment Allowance	(5,339)	(6,109)
As a Percentage of Arrears	89.6%	88.8%

	<b>2025/26</b>		<b>2024/25</b>	
	<b>Amount</b> £000	<b>Percentage</b> %	<b>Amount</b> £000	<b>Percentage</b> %
<b>Age of Arrears</b>				
Year of Accounts	2,348	40	1,781	26
Under 2 Years old	1,117	19	1,204	17
Under 3 Years old	736	12	873	13
Under 5 Years old	1,326	22	1,811	26
Over 5 Years old	430	7	1,208	18
<b>Total</b>	<b>5,957</b>	<b>100</b>	<b>6,877</b>	<b>100</b>

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

## Group Accounts

## 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 page 4), 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.

2024/25				2025/26		
Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
			<b>SERVICE</b>			
490,859	(391,091)	99,768	Children & Young People Directorate	523,210	(424,025)	99,185
203,359	(114,417)	88,942	Adult Social Care & Health Directorate	214,317	(118,548)	95,769
149,264	(73,482)	75,782	Place Directorate	131,287	(75,304)	55,983
211,636	(170,667)	40,969	Corporate Services Directorate	193,108	(151,566)	41,542
18,056	(2,099)	15,957	Chief Executive Directorate	16,928	(865)	16,063
107,740	(73,802)	33,938	Housing Directorate	89,049	(64,633)	24,416
194,254	(159,623)	34,631	Housing Revenue Account	183,744	(161,461)	22,283
16,386	(7,137)	9,249	Corporate Provisions	23,102	(1,475)	21,627
1,391,554	(992,318)	399,236	<b>Cost of Services</b>	1,374,745	(997,877)	376,868
			<b>Other Operating Expenditure</b>			
0	(6,380)	(6,380)	(Gain) / Loss on the disposal of non-current assets	0	(7,116)	(7,116)
1,712	0	1,712	Levies	1,725	0	1,725
12,368	0	12,368	De-recognition of Leased assets	0	0	0
14,080	(6,380)	7,700		1,725	(7,116)	(5,391)
			<b>Financing and Investment Income and Expenditure</b>			
33,347	0	33,347	Interest payable and similar charges	42,098	0	42,098
0	(22,821)	(22,821)	Interest and Investment Income	0	(19,743)	(19,743)
81,391	(86,308)	(4,917)	Net interest on the net defined benefit liability	85,290	(106,153)	(20,863)
114,738	(109,129)	5,609		127,388	(125,896)	1,492
			<b>Taxation and non-specific Grant Income</b>			
0	(143,684)	(143,684)	Income from Council Tax	0	(152,280)	(152,280)
0	(110,119)	(110,119)	General Government Grants	0	(132,585)	(132,585)
0	(47,266)	(47,266)	Recognised Capital Grants and Contributions	0	(60,896)	(60,896)
0	(99,547)	(99,547)	Non-Domestic Rates income and expenditure	0	(103,704)	(103,704)
345	0	345	Corporation Tax Payable	157	(695)	(538)
345	(400,616)	(400,271)		157	(450,160)	(450,003)
		12,274	<b>Deficit/(Surplus) on provision of services</b>			(77,034)
	(166,069)		Surplus or deficit on revaluation of non-current assets			983
	6,913		Remeasurement of the net defined benefit liability			25,231
	(159,156)		<b>Other Comprehensive Income and</b>			26,214
		(146,882)	<b>Total Comprehensive Income and Expenditure</b>			(50,820)

The accompanying notes form part of these financial statements

Group Accounts

GROUP MOVEMENT IN RESERVES STATEMENT - YEAR ENDING 31 MARCH 2026											
YEAR ENDING 31ST MARCH 2026	General Fund Balance £000	Earmarked Gen Fund Reserves £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Receipts Reserve £000	Capital Grants £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Authority share of subsidiaries £000	Total Group Reserves £000
Balance at 31 March 2025											
<b>Brought Forward</b>	<b>30,000</b>	<b>216,783</b>	<b>58,138</b>	<b>96</b>	<b>80,701</b>	<b>53,658</b>	<b>439,376</b>	<b>2,285,332</b>	<b>2,724,708</b>	<b>10,419</b>	<b>2,735,127</b>
Opening Balance Adjustment	0		0	0	0	0	0	0	0	0	0
<b>Adjusted Balance at 31 March 2025 Brought Forward</b>	<b>30,000</b>	<b>216,783</b>	<b>58,138</b>	<b>96</b>	<b>80,701</b>	<b>53,658</b>	<b>439,376</b>	<b>2,285,332</b>	<b>2,724,708</b>	<b>10,419</b>	<b>2,735,127</b>
<b>Movement in Reserves during 2025/26</b>											
Surplus or (Deficit) on the provision of services	96,753	0	(24,471)	0	0	0	72,282	0	72,282	4,752	77,034
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	(25,580)	(25,580)	(634)	(26,214)
<b>Total Comprehensive Income and Expenditure</b>	<b>96,753</b>	<b>0</b>	<b>(24,471)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>72,282</b>	<b>(25,580)</b>	<b>46,702</b>	<b>4,118</b>	<b>50,820</b>
Adjustments between group accounts and authority accounts	4,642	0	0	0	0	0	4,642	0	4,642	(4,642)	0
<b>Net increase before transfers</b>	<b>101,395</b>	<b>0</b>	<b>(24,471)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>76,924</b>	<b>(25,580)</b>	<b>51,344</b>	<b>(524)</b>	<b>50,820</b>
Adjustments between accounting basis and funding basis under regulations	(78,486)	0	19,779	(96)	7,703	12,847	(38,253)	38,253	0	0	0
<b>Net Increase / Decrease before Transfers to Earmarked Reserves</b>	<b>22,909</b>	<b>0</b>	<b>(4,692)</b>	<b>(96)</b>	<b>7,703</b>	<b>12,847</b>	<b>38,671</b>	<b>12,673</b>	<b>51,344</b>	<b>(524)</b>	<b>50,820</b>
Transfers to / from Earmarked Reserves	(22,909)	22,909	0	0	0	0	0	0	0	0	0
<b>Increase / (Decrease) in 2025/26</b>	<b>0</b>	<b>22,909</b>	<b>(4,692)</b>	<b>(96)</b>	<b>7,703</b>	<b>12,847</b>	<b>38,671</b>	<b>12,673</b>	<b>51,344</b>	<b>(524)</b>	<b>50,820</b>
Balance at 31 March 2026											
<b>Carried Forward</b>	<b>30,000</b>	<b>239,692</b>	<b>53,446</b>	<b>0</b>	<b>88,404</b>	<b>66,505</b>	<b>478,047</b>	<b>2,298,005</b>	<b>2,776,052</b>	<b>9,895</b>	<b>2,785,947</b>

The accompanying notes form part of these financial statements

Group Accounts

GROUP MOVEMENT IN RESERVES STATEMENT - YEAR ENDING 31 MARCH 2025											
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 2025	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2024 Brought Forward	20,000	216,590	48,635	0	74,538	46,758	406,521	2,171,007	2,577,528	10,717	2,588,245
Opening Balance Adjustment	1		0	0	0	0	1	(1)	0	0	0
Adjusted Balance at 31 March 2024 Brought Forward	20,001	216,590	48,635	0	74,538	46,758	406,522	2,171,006	2,577,528	10,717	2,588,245
<b>Movement in Reserves during 2024/25</b>											
Surplus or (Deficit) on the provision of services	31,599	0	(46,212)	0	0	0	(14,613)	0	(14,613)	2,339	(12,274)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	158,127	158,127	1,029	159,156
<b>Total Comprehensive Income and Expenditure</b>	<b>31,599</b>	<b>0</b>	<b>(46,212)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(14,613)</b>	<b>158,127</b>	<b>143,514</b>	<b>3,368</b>	<b>146,882</b>
Adjustments between group accounts and authority accounts	3,666	0	0	0	0	0	3,666	0	3,666	(3,666)	0
<b>Net increase before transfers</b>	<b>35,265</b>	<b>0</b>	<b>(46,212)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(10,947)</b>	<b>158,127</b>	<b>147,180</b>	<b>(298)</b>	<b>146,882</b>
Adjustments between accounting basis and funding basis under regulations	(25,073)	0	55,715	96	6,163	6,900	43,801	(43,801)	0	0	0
<b>Net Increase / Decrease before Transfers to Earmarked Reserves</b>	<b>10,192</b>	<b>0</b>	<b>9,503</b>	<b>96</b>	<b>6,163</b>	<b>6,900</b>	<b>32,854</b>	<b>114,326</b>	<b>147,180</b>	<b>(298)</b>	<b>146,882</b>
Transfers to / from Earmarked Reserves	(193)	193	0	0	0	0	0	0	0	0	0
<b>Increase / (Decrease) in 2024/25</b>	<b>9,999</b>	<b>193</b>	<b>9,503</b>	<b>96</b>	<b>6,163</b>	<b>6,900</b>	<b>32,854</b>	<b>114,326</b>	<b>147,180</b>	<b>(298)</b>	<b>146,882</b>
Balance at 31 March 2025 Carried Forward	30,000	216,783	58,138	96	80,701	53,658	439,376	2,285,332	2,724,708	10,419	2,735,127

The accompanying notes form part of these financial statements

## Group Accounts

## GROUP BALANCE SHEET AS AT 31 MARCH 2026

31/03/2025 £000		31/03/2026 £000
	<u>Property, Plant &amp; Equipment</u>	
1,524,343	Council dwellings	1,474,721
1,282,523	Other land and buildings	1,322,491
23,581	Vehicles, plant, furniture and equipment	24,853
85,429	Infrastructure	83,046
5,091	Community	5,028
61,080	Surplus Assets not held for Sale	59,994
89,425	Assets under Construction	111,768
<b>3,071,472</b>		<b>3,081,901</b>
955	Heritage Assets	1,239
17,004	Investment Property	17,769
1,721	Long term investments	1,660
4,642	Long term debtors	3,216
32	Asset related to defined benefit pension scheme	90
<b>3,095,826</b>	<b>Total Long Term Assets</b>	<b>3,105,875</b>
148,178	Short Term Investments	148,468
300	Inventories	290
117,452	Debtors	98,423
51,786	Cash and Cash Equivalents	57,248
6,135	Prepayments	10,180
<b>323,851</b>	<b>Current Assets</b>	<b>314,609</b>
0	Bank Overdraft	0
(13,830)	Short term borrowing	(12,667)
(5,390)	Provisions	(5,211)
(145,941)	Creditors	(124,073)
(94,296)	Receipts in advance	(86,000)
(7,067)	Lease Liabilities due within one year	(8,632)
(13,378)	PFI Liabilities due within one year	(15,134)
<b>(279,902)</b>	<b>Current Liabilities</b>	<b>(251,717)</b>
<b>3,139,775</b>	<b>Total Assets less Current Liabilities</b>	<b>3,168,767</b>
(168,272)	Long term borrowing	(173,933)
(7,947)	Provisions (More than 1 year)	(4,346)
(157,277)	Deferred PFI Liabilities	(142,143)
(13,071)	Long Term Lease Liabilities	(13,186)
(8,110)	Capital Grants Receipts in Advance	(11,724)
(49,971)	Liability related to defined benefit pension scheme	(37,488)
<b>(404,648)</b>	<b>Long Term Liabilities</b>	<b>(382,820)</b>
<b>2,735,127</b>	<b>NET ASSETS</b>	<b>2,785,947</b>

The accompanying notes form part of these financial statements

## Group Accounts

31/03/2025 £000		31/03/2026 £000
	<b>Usable Reserves</b>	
30,000	General Fund Balance	30,000
216,783	Earmarked Revenue Reserves	239,692
(11,095)	Lewisham Homes Profit & Loss Reserve	(11,288)
(3,998)	Catford Regeneration Partnership Profit & Loss F	(3,695)
58,138	Housing Revenue Account	53,446
96	Major Repairs Reserve	0
80,701	Usable Capital Receipts Reserve	88,404
53,658	Capital Grants Unapplied	66,505
<b>424,283</b>		<b>463,064</b>
	<b>Unusable Reserves</b>	
1,486,611	Revaluation Reserve	1,454,514
937,744	Capital Adjustment Account	970,875
93	Deferred Capital Receipts	93
(20,581)	Financial Instruments Adjustment Account	(19,799)
(49,939)	LBL Pensions Reserve	(37,398)
(2,000)	Collection Fund Adjustment Account	883
(18,616)	DSG Unusable Reserve	(24,133)
(22,468)	Short Term Compensated Absences Account	(22,152)
<b>2,310,844</b>		<b>2,322,883</b>
<b>2,735,127</b>	<b>TOTAL RESERVES</b>	<b>2,785,947</b>

The accompanying notes form part of these financial statements

## Group Accounts

## GROUP CASH FLOW STATEMENT FOR THE YEAR ENDING 31 MARCH 2026

2024/25 £000s		2025/26 £000s
(12,274)	Net surplus or (deficit) on the provision of services	77,034
81,703	Adjustment to surplus or deficit on the provision of services for noncash movements	37,976
(57,846)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(74,158)
<b>11,583</b>	<b>Net Cash flows from operating activities</b>	<b>40,852</b>
17,114	Net Cash flows from Investing Activities	(2,509)
(29,271)	Net Cash flows from Financing Activities	(32,881)
(574)	<b>Net increase or (decrease) in cash and cash equivalents</b>	<b>5,462</b>
52,360	Cash and cash equivalents at the beginning of the reporting period	51,786
51,786	Cash and cash equivalents at the end of the reporting period	57,248

The accompanying notes form part of these financial statements

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**Group Accounts**


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**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>
Lewisham Homes Limited	Lewisham Homes Limited: This was an arms-length management organisation (ALMO) set up in 2007. The company previously managed approximately 19,000 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 202 homes.
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.

**(a) Financial Risks Relating to Group Entities**

The Council has financial exposure to its subsidiary companies and joint ventures through loans, guarantees and its ownership interests. At 31 March 2026, the most significant exposures are:

Lewisham Homes Limited: the Council has provided loan financing totalling £37m. The company generates income from residential property assets and is expected to be financially self-sustaining. However, there is an exposure to income volatility, asset values, and operating performance.

Catford Regeneration Partnership Limited (CRPL): the Council has provided loan financing of £18.1m. The company's financial performance is dependent on property market conditions and the successful delivery of regeneration objectives, giving rise to valuation and income risks.

These exposures are regularly reviewed as part of the Council's financial monitoring and risk management arrangements.

**(b) Going Concern Considerations – Group Entities**

The Council has undertaken a proportionate assessment of the financial position of its subsidiary companies as part of its overall going concern review.

Based on the latest available financial information and business plans, the Council has assessed that its subsidiaries are expected to continue operating for the foreseeable future. Where required, the Council retains the ability to provide support to its subsidiaries in line with its strategic objectives.

These considerations have been taken into account in preparing the Group Accounts on a going concern basis.

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**Group Accounts**

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**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 2025/26 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 debit to the Group CIES of £682k due to a downward valuation of the assets (2024/25 was a credit of £669k 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 £39.874m (£40.312m in 2024/25). To be included in the Group Accounts these were valued at Fair Value of NBV £45.594m (£46.714m in 2024/25).
- (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.

**LEWISHAM STATEMENT OF ACCOUNTS 2025/26**

**Group Accounts**

**4. Movements in Non-Current Assets**

The movements in non-current assets during 2025/26 and 2024/25 were as follows:

2025/26	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 2025</b>	<b>1,524,342</b>	<b>1,283,629</b>	<b>52,166</b>	<b>5,536</b>	<b>61,080</b>	<b>89,425</b>	<b>3,016,178</b>
Additions	717	34,028	3,399	0	0	45,363	83,507
Revaluations (recognised in Revaluation Reserve)	(19,577)	2,075	0	0	(533)	0	(18,035)
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	(24,546)	(7,363)	0	0	(290)	0	(32,199)
Impairments (recognised in Revaluation Reserve)	0	(665)	0	0	0	0	(665)
Impairments (recognised in Surplus/ Deficit on the Provision of Services)	(172)	(163)	0	0	0	0	(335)
De-recognition of Leased Assets (recognised in Other Operating Expenditure)	0	0	0	0	0	0	0
Disposals	(7,323)	(455)	(22)	0	(263)	0	(8,063)
Transfers	1,279	19,155	756	0	0	(23,020)	(1,830)
<b>Gross Book Value c/fwd at 31 March 2026</b>	<b>1,474,720</b>	<b>1,330,241</b>	<b>56,299</b>	<b>5,536</b>	<b>59,994</b>	<b>111,768</b>	<b>3,038,558</b>
<b>Depreciation b/fwd at 01 April 2025</b>	<b>1</b>	<b>(1,106)</b>	<b>(28,585)</b>	<b>(445)</b>	<b>0</b>	<b>0</b>	<b>(30,135)</b>
Depreciation for year	(27,249)	(25,201)	(3,031)	(63)	(333)	0	(55,877)
<u>Depreciation written back on:</u>							
Transfers	0	0	0	0	0	0	0
Revaluations (recognised in Revaluation Reserve)	7,419	10,337	154	0	157	0	18,067
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	19,830	8,220	0	0	176	0	28,226
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	16	0	0	0	16
<b>Depreciation c/fwd at 31 March 2026</b>	<b>1</b>	<b>(7,750)</b>	<b>(31,446)</b>	<b>(508)</b>	<b>0</b>	<b>0</b>	<b>(39,703)</b>
<b>Net Book Value at 31 March 2026</b>	<b>1,474,721</b>	<b>1,322,491</b>	<b>24,853</b>	<b>5,028</b>	<b>59,994</b>	<b>111,768</b>	<b>2,998,855</b>

**LEWISHAM STATEMENT OF ACCOUNTS 2025/26**

**Group Accounts**

2024/25	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 2024</b>	<b>1,432,406</b>	<b>1,211,908</b>	<b>53,730</b>	<b>5,462</b>	<b>60,401</b>	<b>87,713</b>	<b>2,851,619</b>
Additions	67,685	44,119	1,563	72	0	15,333	128,772
Revaluations (recognised in Revaluation Reserve)	93,552	32,909	(8)	0	3,131	0	129,584
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	1,526	(6,869)	(20)	0	(953)	0	(6,316)
Impairments (recognised in Revaluation Reserve)	0	(2,007)	0	0	0	0	(2,007)
Impairments (recognised in Surplus/ Deficit on the Provision of Services)	(62,054)	(2,091)	0	0	0	0	(64,145)
De-recognition of Leased Assets (recognised in Other Operating Expenditure)	(8,193)	(3,960)	0	0	(215)	0	(12,368)
Disposals	(5,255)	0	(3,325)	0	(140)	0	(8,720)
Transfers	4,675	9,620	226	2	(1,144)	(13,621)	(242)
<b>Gross Book Value c/fwd at 31 March 2023</b>	<b>1,524,342</b>	<b>1,283,629</b>	<b>52,166</b>	<b>5,536</b>	<b>61,080</b>	<b>89,425</b>	<b>3,016,177</b>
<b>Depreciation b/fwd at 01 April 2024</b>	<b>1</b>	<b>(196)</b>	<b>(29,022)</b>	<b>(387)</b>	<b>(54)</b>	<b>0</b>	<b>(29,657)</b>
Depreciation for year	(25,514)	(18,657)	(2,995)	(58)	(287)	0	(47,511)
<u>Depreciation written back on:</u>							
Transfers	0	(10)	0	0	10	0	0
Revaluations (recognised in Revaluation Reserve)	24,304	13,745	270	0	306	0	38,625
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	1,210	4,013	2	0	25	0	5,250
Impairments (recognised in Revaluation Reserve)	0	0	0	0	0	0	0
Impairments (recognised in Surplus/ Deficit on the Provision of Services)	0	(1)	0	0	0	0	(1)
Assets Sold	0	0	3,160	0	0	0	3,160
<b>Depreciation c/fwd at 31 March 2025</b>	<b>1</b>	<b>(1,106)</b>	<b>(28,585)</b>	<b>(445)</b>	<b>0</b>	<b>0</b>	<b>(30,134)</b>
<b>Net Book Value at 31 March 2025</b>	<b>1,524,343</b>	<b>1,282,523</b>	<b>23,581</b>	<b>5,091</b>	<b>61,080</b>	<b>89,425</b>	<b>2,986,043</b>

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**Group Accounts**


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**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 2026, 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:

	2025/26 £000	2024/25 £000
<b>Balance brought forward at start of year</b>	17,004	17,402
Additions	717	0
Net Gains or (Losses) from fair value adjustments	48	360
Disposals	0	(758)
<b>Balance carried forward at end of year</b>	<b>17,769</b>	<b>17,004</b>

**Rental Income & Direct Operating Expenses**

Rental income from the properties and the directly attributable operating expenditure is shown in the table below:

**Rental Income & Direct Operating Expenses**

	2025/26 £000	2024/25 £000
<b>Rental Income</b>	1,164	1,082
<b>Direct Operating Expenses</b>		
Services provided to tenants	(100)	(100)
Property Costs	(396)	(163)
Lease renewal and rent review fees	(128)	(98)
Insurance less recoveries	0	(99)
Repairs and maintenance	(86)	(705)
<b>Net Income from Rental Property</b>	<b>454</b>	<b>(83)</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 2025/26 is as follows:

## Group Accounts

<b>Adjustment for:</b>	<b>£'000</b>
London Borough of Lewisham Payments to Lewisham Homes	0
Lewisham Homes Payments to London Borough of Lewisham	4,531
London Borough of Lewisham Payments to CRPL	0
CRPL Payments to London Borough of Lewisham	111
<b>Total Adjustments to GF Net Expenditure</b>	<b>4,642</b>

2024/25 Comparator:

<b>Adjustment for:</b>	<b>£'000</b>
London Borough of Lewisham Payments to Lewisham Homes	0
Lewisham Homes Payments to London Borough of Lewisham	2,682
London Borough of Lewisham Payments to CRPL	0
CRPL Payments to London Borough of Lewisham	984
<b>Total Adjustments to GF Net Expenditure</b>	<b>3,666</b>

**7. Debtors****(a) 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 £20,000k and CRPL £18,072k).

	<b>31/03/26</b>	<b>31/03/25</b>
	<b>£000</b>	<b>£000</b>
Street Lighting PFI Sinking Fund	<b>1,605</b>	<b>2,950</b>
Other Long Term Debtors	<b>1,611</b>	<b>1,692</b>
<b>Total Long Term Debtors</b>	<b>3,216</b>	<b>4,642</b>

**(b) Short Term Debtors**

The value of Short-Term debtors has reduced from the Single entity accounts balance to the Group Accounts balance primarily because of the removal of loans to the Lewisham Homes classified as Short-Term of £17,000k.

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**Group Accounts**


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**8. 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.

	<b>2025/26</b> <b>£000</b>	<b>2024/25</b> <b>£000</b>
<b>Balance brought forward at start of year</b>	<b>1,486,611</b>	<b>1,353,290</b>
<b>Opening Balance Adjustment</b>		<b>(1)</b>
Revaluation of Assets	<b>(318)</b>	168,076
Impairment Losses	<b>(665)</b>	(2,007)
<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>(983)</b>	<b>166,069</b>
Difference between fair value and historic cost depreciation	<b>(26,434)</b>	(23,112)
Accumulated gains on assets sold or scrapped	<b>(4,680)</b>	(9,635)
<b>Amount written off to the Capital Adjustment Account</b>	<b>(31,114)</b>	<b>(32,747)</b>
<b>Balance carried forward at end of year</b>	<b>1,454,514</b>	<b>1,486,611</b>

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

No group accounts restatements were carried out in 2025/26.

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Glossary

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**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.

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<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>

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**Glossary**

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**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 London Borough of Lewisham Pension Fund for the year ending 31 March 2026.

The Pension Fund's value increased over the year by £155m (8.3%), from £1.881bn to £2.036bn. 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. However, with the war in the Middle East the global economic outlook is uncertain. The Bank of England has delayed the expected cuts in interest rates in 2026 and may consider raising rates if the war causes inflation to rise further.

### **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.
- The Pension Act 2026 (applies in 2026/27 onwards).

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.

In March 2026 PIC approved an Investment Management Agreement (IMA) with London LGPS Centralised Investment Vehicle Ltd (London CIV) to facilitate the management of the Fund's assets with effect from 1 April 2026. This agreement enables the pooling of the Fund's investments in line with the government's requirements for LGPS asset pooling and represents a significant step towards the transition of all Fund assets to London CIV managed sub-funds, where appropriate.

The London CIV will manage the assets of Lewisham Pension Fund from 1 April 2026, but PIC will retain strategic control of the asset allocation. Each investment sub-manager will have an individual performance target and benchmark tailored to balance the risk and return appropriate to the element of the Fund they manage.

Investment managers are required to take into account the Pensions Investment Committee's (PIC) views on environmental, social and governance (ESG) matters when making investment decisions. These views are set out across the Fund's Responsible Investment (RI) Beliefs Statement, Investment Strategy Statement (ISS) and Climate Transition to Net Zero Policy, all of which collectively define the Fund's approach to managing ESG risks and opportunities.

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.

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**Lewisham Pension Fund Accounts 2025/26**

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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 at the following address:

[www.lewishampensions.org/resources/](http://www.lewishampensions.org/resources/)

## **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 of the scheme.

Organisations participating in the fund include:

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

A list of participating organisations and their contributions for the financial year is included within the pension fund annual report. The Annual Report is available from the Lewisham pension fund website.

Membership details for the fund are set out below:

<b>Scheme Membership:</b>	<b>2025/26</b>	<b>2024/25</b>
Contributors to the fund	6,737	6,728
Deferred members	12,044	11,856
Pensioners	9,338	8,996
<b>Total</b>	<b>28,119</b>	<b>27,580</b>

**FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2026**

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

	2025/26	2024/25	See note
	£000	£000	
<b><u>DEALINGS WITH MEMBERS, EMPLOYERS AND OTHERS DIRECTLY INVOLVED WITH THE SCHEME</u></b>			
<b>Contributions Receivable:</b>			
- from Employers	45,027	43,198	5
- from Employees	13,944	13,082	5
Transfer Values In	10,970	9,126	
Other Income	46	48	
<b>Sub-Total: Income</b>	<b>69,987</b>	<b>65,454</b>	
<b>Benefits Payable:</b>			
- Pensions	(61,902)	(59,425)	6
- Lump Sums: Retirement allowances	(11,179)	(10,896)	6
- Lump Sums: Death grants	(1,041)	(1,086)	6
<b>Payments to and on account of leavers:</b>			
- Refunds of Contributions	(71)	(38)	
- Transfer Values Out	(13,155)	(9,377)	
<b>Sub-Total: Expenses</b>	<b>(87,348)</b>	<b>(80,822)</b>	
<b>Sub-Total: Net Additions/ (Withdrawals) from dealings with members</b>	<b>(17,361)</b>	<b>(15,368)</b>	
Management Expenses	(3,286)	(3,870)	7
<b>Sub-Total: Net Additions/ (Withdrawals) including fund management expenses</b>	<b>(20,648)</b>	<b>(19,238)</b>	
<b><u>RETURNS ON INVESTMENTS</u></b>			
Investment Income	36,043	31,218	9
Change in market value of investments (Realised & Unrealised)	140,080	27,238	14b
Taxes on Income	(10)	(85)	
<b>Total Net Returns on Investments</b>	<b>176,112</b>	<b>58,371</b>	
<b>NET INCREASE / (DECREASE) IN THE FUND DURING YEAR</b>	<b>155,464</b>	<b>39,133</b>	
<b>OPENING NET ASSETS OF THE FUND</b>	<b>1,880,679</b>	<b>1,841,546</b>	
<b>CLOSING NET ASSETS OF THE FUND</b>	<b>2,036,143</b>	<b>1,880,679</b>	

**NET ASSETS STATEMENT AS AT 31 MARCH 2026**

The Net Assets Statement shows the market value of the investments and other assets held by the Pension Fund as at 31 March 2026.

	31/03/26	31/03/25	See note
	£000	£000	
<b>INVESTMENT ASSETS</b>			
<b>Managed Funds</b>			
Equity Unit Trust Fund	1,031,989	910,483	10 - 14
Fixed Income Unit Trust Fund	362,257	351,844	10 - 14
Pooled Property Investments	123,736	126,939	10 - 14
Venture capital	353,876	333,911	10 - 14
Hedge Funds	81,414	77,264	10 - 14
<b>Total Investment Funds</b>	<b>1,953,272</b>	<b>1,800,441</b>	
<b>Cash and cash equivalents</b>	<b>83,199</b>	<b>81,882</b>	<b>18</b>
Other Investment Debtors	250	241	17a
Other Investment Liabilities	-	(142)	
<b>TOTAL INVESTMENTS</b>	<b>2,036,721</b>	<b>1,882,422</b>	
Current Assets	1,968	2,290	17b
Current Liabilities	(2,546)	(4,033)	17b
<b>TOTAL NET ASSETS</b>	<b>2,036,143</b>	<b>1,880,679</b>	

The financial statements of the Fund do not take account of the liability to pay pensions or benefits after 31 March 2026. 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 2025/26 and its position at year end and as at 31st March 2026. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which is based upon International Financial Reporting Standards (IFRS) as amended for the UK public sector.

The accounts 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

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.

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

(b) **Investment Income:**

i) Interest income is recognised in the fund account as it accrues using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

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**Lewisham Pension Fund Accounts 2025/26**

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

iii) Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current investment asset.

Changes in the net market value of investments:

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

- I) 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.
- II) **Equities:** Equities are valued at published market prices.
- III) **Bonds:** Bonds are valued at the published bid market price on the final day of the accounting period.
- IV) **Pooled Investments - Equity Unit Trusts and market quoted investments;** are valued at published bid market prices on the final day of the accounting period.
- V) **Pooled Investments - UK Fixed Income Managed Funds;** are valued at the average of broker prices.
- VI) **Pooled Investments – Hedge Funds;** are valued by the investing managers on a fair value basis each year using PRAG guidance.
- VII) **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).
- VIII) **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.
- IX) **Hedge Funds:** Hedge Funds are valued by investing managers on a fair value basis using PRAG guidance.
- X) **Fixed Income Unit Trust:** Fixed income earned from fixed income unit trusts. Interest income is recognised in the Fund as it accrues.
- XI) **Contributions** – Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the actuary in the payroll period to which they relate. Employer's augmentation and pension strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid is classed as a current financial asset.

## Lewisham Pension Fund Accounts 2025/26

Contribution rates will differ between bodies in the scheme; from 01 April 2025 the employee contribution bands (revised annually in line with inflation) for the administering authority are as follows:

Pensionable Pay for the Post	Contribution Rates 2025/26	
	Main Section	50/50 Section
Up to £17,800	5.50%	2.75%
£17,801 to £28,000	5.80%	2.90%
£28,001 to £45,600	6.50%	3.25%
£45,601 to £57,700	6.80%	3.40%
£57,701 to £81,000	8.50%	4.25%
£81,001 to £114,800	9.90%	4.95%
£114,801 to £135,300	10.50%	5.25%
£135,301 to £203,000	11.40%	5.70%
More than £203,001	12.50%	6.25%

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 primary contribution rate for the administering authority in 2025/26 is 17.4% (there are also secondary rate and lump-sum contributions made by the employer).

- XII) **Benefits** – Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Lump sums are accounted for in the period in which the member becomes a pensioner. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.
- XIII) **Transfers to and from other schemes** – 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.
- XIV) **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.
- XV) **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.
- XVI) **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).
- XVII) **Management Expenses** - Pension fund management expenses are accounted for in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Costs 2016. All administrative expenses are accounted for on an accruals basis. All staff costs of the pension administration team are charged direct to the Fund. Associated management, accommodation, and other overheads are apportioned to this activity and charged as expenses to the Fund. Oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged to the Fund. Associated management,

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Lewisham Pension Fund Accounts 2025/26

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accommodation, and other overheads are apportioned to this activity and charged as expenses to the Fund. The cost of obtaining investment advice from the external advisor is included in oversight and governance costs. All investment management expenses are accounted for on an accruals basis. The Investment Committee has appointed external investment managers to manage the investments of the Fund. Managers are paid a fee based on the market value of the investments they manage and/or a fee based on performance. Where an investment manager's fee note has not been received by the balance sheet date, an estimate based upon the market value of the mandate as at the end of the year is used for inclusion in the fund account.

- XVIII) **Cash and Cash Equivalents:** Cash and cash equivalents comprise cash in hand and deposits with financial institutions which are repayable on demand without penalty.
- XIX) **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.
- XX) **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.
- XXI) **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

## Lewisham Pension Fund Accounts 2025/26

- XXII) **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**

- XXIII) **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 Fund'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 2025. Some of the financial assumptions made, with comparison to the previous valuation, are presented in the table below:

Financial Assumption	March 2025 (%)	March 2022 (%)
Discount Rate	5.3	3.6
Price Inflation (CPI*)	2.5	2.7
Pay Increases	3.5	3.7
Benefit Increase	2.5	2.7
CARE Revaluation	2.5	2.7
Expenses	0.9	0.9

\* Consumer Price Index

With effect from 1 April 2026 to 31 March 2029, the actuarial review carried out for 31 March 2025 resulted in the Council's employer primary contribution rate being set at 17.4%.

The most recent triennial valuation as at the 31 March 2025 revealed that the Fund's assets, which at 31 March 2025 were valued at £1.882bn, were sufficient to meet 119% (97% in 2022) of the past service liabilities valued at £1.581bn (£1.804bn in 2022) accrued up to that date. The resulting surplus as at the 2025 valuation was £301m (£56m deficit in 2022).

The next triennial valuation will be carried out on 31 March 2028.

**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 2025/26.

#### 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:

Item	Uncertainties	Effect if actual results differ from assumptions
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 £20.8m.
Pooled 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 Pooled property assets in 2025/26, assuming all other variables such as foreign exchange rates and interest rates remain the same, is estimated to be 2.0% (see table in note 15a(ii)). This would be an increase or decrease in the value of property investments by £2.5m, on a fair value of £124m.
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 £354m. There is a risk that this investment may be under or overstated in the accounts and the Council has determined that the percentage of volatility that can be applied to the Fund's Venture Capital is estimated to be 7.1% (see table in note 15a(ii)). This would be an increase or decrease in the value of venture capital investments by £25.5m, on a fair value of £354m.

## Lewisham Pension Fund Accounts 2025/26

**Note 5: Contributions Receivable**

	2025/26 £000	2024/25 £000
<b>Employer Contributions</b>		
Administering Authority	40,115	38,494
Scheduled Bodies	4,518	4,265
Admitted Bodies	394	439
	<b>45,027</b>	<b>43,198</b>
<b>Employee Contributions</b>		
Administering Authority	12,275	11,544
Scheduled Bodies	1,516	1,391
Admitted Bodies	154	147
	<b>13,945</b>	<b>13,082</b>

Contributions receivable from employers are shown below:

	2025/26 £000	2024/25 £000
By type:		
<b>Employer Contributions</b>		
Normal	42,644	42,038
Early Retirement Strain	2,383	1,160
Deficit Funding	0	0
	<b>45,027</b>	<b>43,198</b>

**Note 6: Benefits Payable**By Category

	2025/26 £000	2025/26 £000
Pensions	61,902	59,425
Commutation and Lump Sum Retirement Benefits	11,179	10,896
Lump Sum Death Grants	1,041	1,086
	<b>74,122</b>	<b>71,407</b>

By Authority

	2025/26 £000	2024/25 £000
Administering Authority	64,930	62,383
Scheduled Bodies	5,341	5,292
Admitted Bodies	3,851	3,732
	<b>74,122</b>	<b>71,407</b>

**Note 7: Management Expenses**

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

	2025/26 £000	2024/25 £000
Administration Expenses	1,076	1,387
Oversight and Governance Expenses	548	574
<u>Investment Management Expenses:</u>		
- Transaction Costs	246	395
- Management Fees	1,353	1,452
- Custody Fees	63	62
	<b>3,286</b>	<b>3,870</b>

**Note 8: External Audit Costs**

	2025/26 £000	2024/25 £000
External Audit Services	100	95
<b>Total</b>	<b>100</b>	<b>95</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:

	2025/26 £000	2024/25 £000
Interest on cash deposits	2,573	1,934
Pooled property investments	3,682	4,724
Pooled investments (fixed income and equity unit trusts and hedge funds)	15,727	19,904
Venture Capital	14,061	4,656
	<b>36,043</b>	<b>31,218</b>

## Lewisham Pension Fund Accounts 2025/26

**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 2026.

Fund Manager	Investment Asset	Asset Value	Proportion of	Asset Value
		31 March 2026 £000	the Fund 31 March 2026 %	31 March 2025 £000
LCIV - PEPPA	Equity Unit Trust	745,978	36.6	667,845
Blackrock	Fixed Income Unit Trust	362,257	17.8	351,843
AMX Storebrand Global Plus	Equity Unit Trust	156,394	7.7	138,108
Schroders Property	Property & cash	128,624	6.3	129,912
HarbourVest	Venture Capital & cash	106,821	5.3	102,149
AMX Storebrand Emerging Markets	Equity Unit Trust	100,600	5.0	80,065
J.P. Morgan	Hedge Funds	81,414	4.0	77,266
LCIV – Private Debt	Venture Capital	75,938	3.7	71,220
LCIV – Renewable Infrastructure	Venture Capital	70,826	3.5	62,971
LCIV – Nature Based Solutions	Venture Capital	44,232	2.2	18,632
LGIM	Venture Capital	40,279	2.0	41,527
Pemberton	Venture Capital	22,662	1.1	30,056
LCIV – Private Debt II	Venture Capital	25,214	1.2	28,969
Partners Group	Venture Capital	0	0.0	4,752
Cash and cash equivalents	Cash & other investment accruals	75,481	3.7	77,105
Debtors/Creditors	Net Current Assets/(Liabilities)	(577)	(0.1)	(1,741)
<b>Total Fund Assets</b>		<b>2,036,143</b>	<b>100.0%</b>	<b>1,841,546</b>

**Note 11: Investment Analysis**

Individual Investment assets with a market value exceeding 5% of the total fund value as at 31 March 2026 are as follows:

Asset	Manager	£000	%
Passive Equity Progressive Paris Aligned Fund	LCIV	745,975	36.6
AMX UCITS CCF – Storebrand – Global Plus	Storebrand	156,394	7.7
Blackrock Fixed Income	Blackrock	122,892	6.0
Blackrock Aquila over 15 years UK	Blackrock	117,738	5.8
Aquila over 5 years Indexed Linked	Blackrock	121,627	6.0
<b>Total</b>		<b>1,264,626</b>	

**LEWISHAM STATEMENT OF ACCOUNTS 2025/26**

**Lewisham Pension Fund Accounts 2025/26**

Individual Investment assets with a market value exceeding 5% of the total fund value as at 31 March 2025 are as follows:

<b>Asset</b>	<b>Manager</b>	<b>£000</b>	<b>%</b>
Passive Equity Progressive Paris Aligned Fund	LCIV	667,845	35.5
AMX UCITS CCF – Storebrand – Global Plus	Storebrand	138,108	7.3
Blackrock Fixed Income	Blackrock	117,588	6.2
Aquila over 15 years UK	Blackrock	117,228	6.2
Aquila over 5 years Indexed Linked	Blackrock	117,028	6.2
<b>Total</b>		<b>1,157,797</b>	

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

An analysis of investment movements in 2025/26 (includes cash, debtors, and creditors) is set out below:

	<b>Market Value as at 31/03/2025</b>	<b>Purchases at cost</b>	<b>Sales proceeds</b>	<b>Change in Market Value during the year</b>	<b>Market Value as at 31/03/2026</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Equity Unit Trust Fund	910,483	82	0	121,424	1,031,989
Fixed Income Unit Trust Fund	351,844	0	0	10,413	362,257
Pooled property Investments	126,939	860	(2,660)	(1,403)	123,736
Venture capital	333,911	78,606	(51,110)	(7,531)	353,876
Hedge fund	77,264	0	(4,575)	8,725	81,414
<b>Sub-total</b>	<b>1,800,441</b>	<b>79,548</b>	<b>(58,345)</b>	<b>131,628</b>	<b>1,953,272</b>
Cash and cash equivalents	81,882			149	83,199
Investment income due	241			0	250
Other investment liabilities	(142)			0	0
Debtors/creditors	(1,743)				(578)
<b>Total</b>	<b>1,880,679</b>			<b>131,778</b>	<b>2,036,143</b>

**LEWISHAM STATEMENT OF ACCOUNTS 2025/26**

**Lewisham Pension Fund Accounts 2025/26**

	<b>Market Value as at 31/03/2024</b>	<b>Purchases and derivative payments</b>	<b>Sales and capital receipts</b>	<b>Change in Market Value during the year</b>	<b>Market Value as at 31/03/2025</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Equity Unit Trust Fund	1,056,775	220	(190,002)	43,490	910,483
Fixed Income Unit Trust Fund	246,072	120,000	(21)	(14,207)	351,844
Pooled property Investments	122,344	10,179	(5,363)	(221)	126,939
Venture capital	282,975	71,143	(17,886)	(2,321)	333,911
Hedge fund	76,923	0	0	341	77,264
<b>Sub-total</b>	<b>1,785,089</b>	<b>201,542</b>	<b>(213,272)</b>	<b>27,082</b>	<b>1,800,441</b>
Cash and cash equivalents	56,029			178	81,882
Investment income due	247			0	241
Spot FX contracts	0			(22)	0
Other investment liabilities	0			0	(142)
Debtors/creditors	181				(1,743)
<b>Total</b>	<b>1,841,546</b>			<b>27,238</b>	<b>1,880,679</b>

## Lewisham Pension Fund Accounts 2025/26

**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 2	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 2026.

	Assessed valuation range (+/-)	Value at 31 March 2026	Value on Increase	Value on Decrease
	%	£000	£000	£000
Pooled Property Investments	6.8	108,140	110,303	105,977
Overseas Venture Capital	7.0	76,168	81,576	70,760
UK Venture Capital	7.0	277,708	297,425	257,991
Overseas Hedge Fund	7.0	81,414	87,195	75,634
<b>Total</b>		<b>543,430</b>	<b>576,499</b>	<b>510,362</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 31/03/2026	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>				
Fixed Income Unit trust	0	362,257	0	362,257
Equity Unit Trust		1,031,989		1,031,989
Hedge Funds			81,414	81,414
Pooled Property Investments	0	15,596	108,140	123,736
Venture Capital	0	0	353,876	353,876
Cash and cash equivalents	83,199	0	0	83,199
Other investment assets	250	0	0	250
<b>Financial liabilities at fair value through profit and loss</b>				
Other investment liabilities	(578)	0	0	(578)
<b>Net financial assets</b>	<b>82,871</b>	<b>1,409,842</b>	<b>543,430</b>	<b>2,036,143</b>

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Market Value as at 31/03/2025	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>				
Fixed Income Unit trust	0	351,844	0	351,844
Equity Unit Trust		910,483		910,483
Hedge Funds			77,264	77,264
Pooled Property Investments	0	24,497	102,442	126,939
Venture Capital	0	0	333,911	333,911
Cash and cash equivalents	81,882	0	0	81,882
Other investment assets	2,290	241	0	2,531
<b>Financial liabilities at fair value through profit and loss</b>				
Other investment liabilities	(4,033)	(142)	0	(4,175)
<b>Net financial assets</b>	<b>80,139</b>	<b>1,286,923</b>	<b>513,617</b>	<b>1,880,679</b>

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

There have not been any transfers between Level 1 and Level 2 assets in 2025/26.

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

	Market Value as at 31/03/2025	Transfers in/out of level 3	Purchases	Sales	Unrealised gains (losses)	Realised gains (losses)	Market Value as at 31/03/2026
	£000	£000	£000	£000	£000	£000	£000
Pooled Property Investments	102,442	0	5,443	(1,556)	1,809	2	108,140
Overseas Venture Capital	75,792	0	2,239	(6,933)	700	4,370	76,168
UK Venture Capital	258,119	0	76,367	(44,177)	(12,597)	(4)	277,708
Overseas Hedge Fund	77,264	0	0	(4,575)	8,975	(250)	81,414
<b>Total</b>	<b>513,617</b>	<b>0</b>	<b>84,049</b>	<b>(57,241)</b>	<b>(1,113)</b>	<b>4,118</b>	<b>543,430</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 31/03/2025 Designated as fair value through profit and loss	Loans and receivables	Financial liabilities		Market Value as at 31/03/2026 Designated as fair value through profit and loss	Loans and receivables	Financial liabilities
£000	£000	£000	£000	£000	£000	£000
			<b>Financial assets</b>			
910,483			Equity Unit Trust Funds	1,032,989		
351,844			Fixed Income Funds	362,257		
126,939			Pooled property Investments	123,736		
333,911			Venture Capital	353,876		
77,264			Hedge Funds	81,414		
	81,882		Cash and cash equivalents		83,199	
	241		Other investment balances		250	
	2,290		Debtors		1,968	
1,800,441	84,413	0		<b>1,953,272</b>	<b>85,417</b>	<b>0</b>
			<b>Financial liabilities</b>			
		(4,033)	Creditors			(2,546)
		(142)	Other Current Liabilities			0
		(4,175)				<b>(2,546)</b>
1,800,441	84,413	(4,175)	<b>Total</b>	<b>1,953,272</b>	<b>85,417</b>	<b>(2,546)</b>
	1,880,679		<b>Grand Total</b>		<b>2,036,143</b>	

## Pension Fund Accounts

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

The following table shows net gains on financial instruments:

	31/03/26 £000	31/03/25 £000
<b>Financial Assets</b>		
Fair Value through Profit and Loss	131,628	27,082
Loans and receivables	150	178
Assets at Amortised Cost		
<b>Financial Liabilities</b>		
Fair value through profit and loss		
Liabilities at Amortised Cost	(0)	(22)
	<b>131,778</b>	<b>27,238</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 arising from exposure to specific markets is limited by the strategic asset allocation, which is regularly monitored by the PIC.

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**Pension Fund Accounts**


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**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 2025/26, 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>
Fixed Income Unit Trust	9.3
Equity Unit Trust	10.6
Hedge Funds	7.1
Venture Capital	7.1
Pooled property Investments	2.0
Cash	0
<b>Average</b>	<b>6.0</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 31/03/2026	Percentage change	Value on increase	Value on decrease
	£000	%	£000	£000
<b>Cash and cash equivalents</b>	83,199	0.0	83,199	83,199
<b>Investment portfolio assets:</b>				
Equity unit trusts	1,031,989	10.6	1,141,380	922,598
Fixed Income unit trusts	362,257	13.3	395,946	328,567
Pooled property Investments	123,736	6.8	126,211	121,261
Venture Capital	353,876	7.0	379,001	328,751
Hedge funds	81,414	7.0	87,195	75,634
Other funds	(328)	0.0	(328)	(328)
<b>Total assets *</b>	<b>2,036,143</b>		<b>2,073,243</b>	<b>1,859,682</b>

\* This figure includes debtors, creditors and other investment balances.

The 2024/25 comparator table is as follows:

Asset type	Market Value as at 31/03/2025	Percentage change	Value on increase	Value on decrease
	£000	%	£000	£000
<b>Cash and cash equivalents</b>	81,882	0.0	81,882	81,882
<b>Investment portfolio assets:</b>				
Equity unit trusts	910,483	11.9	1,018,831	802,136
Fixed Income unit trusts	351,844	13.3	398,638	305,048
Pooled property Investments	126,939	6.8	135,571	118,307
Venture Capital	333,911	7.0	357,285	310,537
Hedge funds	77,264	7.0	82,673	71,856
Other funds	(1,644)	0.0	(1,644)	(1,644)
<b>Total assets *</b>	<b>1,880,679</b>		<b>2,073,236</b>	<b>1,688,122</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 31/03/2026	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	83,199	832	(832)
<b>Fixed Interest Investments</b>			
UK Fixed Income Funds	239,365	(2,394)	2,394
Overseas Fixed Income Funds	122,892	(1,229)	1,229
<b>Total change in assets available</b>	<b>445,456</b>	<b>(2,791)</b>	<b>2,791</b>

Asset type	Market Value as at 31/03/2025	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	81,882	819	(819)
<b>Fixed Interest Investments</b>			
UK Fixed Income Funds	234,255	(2,343)	2,343
Overseas Fixed Income Funds	117,588	(1,176)	1,176
<b>Total change in assets available</b>	<b>433,725</b>	<b>(2,700)</b>	<b>2,700</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 2026:

US Dollars	£14.4m	(£5.9m 24/25)
Euro	£1.3m	(£1.6m 24/25)
Swiss Franc	£0.003m	(£0.0m 24/25)
Canadian Dollar	£0.001m	(£0.0m 24/25)

There are no other currencies held by the fund.

## 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 2025/26 to be 6.8% (5.4% in 2024/25). This volatility is applied to the Fund's overseas assets at period end as follows:

Asset Type	Asset Value at 31 March 2026 £000	Change %	Value on Increase £000	Value on Decrease £000
Overseas Fixed Income	122,892	6.8	131,248	114,535
Overseas Equity Funds	286,013	6.8	305,462	266,565
Overseas Hedge Funds	81,414	6.8	89,950	75,878
Overseas Venture Capital	76,168	6.8	81,347	70,989
<b>Total</b>	<b>566,487</b>	<b>6.8</b>	<b>605,008</b>	<b>527,967</b>

Asset Type	Asset Value at 31 March 2025 £000	Change %	Value on Increase £000	Value on Decrease £000
Overseas Fixed Income	117,588	5.4	123,938	111,238
Overseas Equity Funds	242,643	5.4	255,745	229,540
Overseas Hedge Funds	77,264	5.4	81,436	73,092
Overseas Venture Capital	75,792	5.4	79,885	71,699
<b>Total</b>	<b>513,287</b>	<b>5.4</b>	<b>541,004</b>	<b>485,569</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 2026 £000	Balances at 31 March 2025 £000
Barclays	A +	1,113	1,419
Northern Trust	AA -	83,199	81,882
<b>Total</b>		<b>84,312</b>	<b>83,301</b>

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**Pension Fund Accounts**


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**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 2026 these assets totalled £83.2m held in cash by the custodian on behalf of the Fund and fund managers.

**Note 16: Derivative Contracts**

As at 31 March 2026 there were no pending foreign exchange purchases or sales. The net gain related to foreign exchange forward contracts was nil in 2025/26 (net gain nil in 2024/25).

**Note 17a: Other Investment Balances**

These comprise the following amounts:

	<b>31/03/26</b> £000	31/03/25 £000
<b>Debtors</b>		
Accrued income from investment Funds	222	208
Recoverable Taxes	28	33
<b>Creditors</b>		
Pending trade purchases	0	(142)
<b>Net</b>	<b>250</b>	99

**Note 17b: Net Current Assets**

These comprise the following amounts:

**Current Assets**

	<b>31/03/26</b> £000	31/03/25 £000
Contributions due from Admitted/ Scheduled Employers/ Employees	855	871
Cash in Hand	1,113	1,419
	<b>1,968</b>	2,290

## Pension Fund Accounts

## Current Liabilities

	31/03/26 £000	31/03/25 £000
Trade Creditors	(381)	(24)
Fund Manager / Advisory Fees	(296)	(530)
Other Current Liabilities	(1,869)	(3,479)
	<b>(2,546)</b>	<b>(4,033)</b>

## Note 18: Cash and Bank

## Cash and cash equivalents.

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 2026 was £83.2m (£81.9m as at 31 March 2025). The table below shows how this was split between the Fund Managers.

Fund Manager	31/03/2026 £'000	31/03/2025 £'000
Cash Account	75,284	76,974
Schroders	4,840	3,031
HarbourVest	1,634	1,877
LCIV Private Debt	970	
LCIV Renewable Infrastructure	471	-
	<b>83,199</b>	<b>81,882</b>

## Pension Fund Bank Account

The Lewisham cash in hand balance of £1.1m represents uninvested cash held in the Pension Fund bank accounts as at 31 March 2026. 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 2026. 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.

	31/03/2026	31/03/2025
	£'000	£'000
Present value of promised retirement benefits	(1,927,595)	(1,473,000)
Fair Value of Scheme Assets	1,890,107	1,749,124
Net Assets / (Liability)	(37,488)	276,124

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**Pension Fund Accounts**


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**Longevity assumptions**

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2025 model, with core parameterisation, initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 for the Employer are summarised below:

<b>Longevity Assumptions for year ended 31 March 2026</b>	<b>Males</b>	<b>Females</b>
Current Pensioners	21.4	24.3
Future Pensioners	22.4	25.5

**Financial assumptions**

	<b>31/03/2026 (%)</b>	<b>31/03/2025 (%)</b>
Pension Increases	3.0	2.8
Salary Increases	4.0	3.8
Discount Rate	6.2	5.8

**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 2026</b>	<b>Approximate increase to liabilities (%)</b>	<b>Approximate monetary amount (£m)</b>
0.1% p.a. decrease in the Real Discount Rate	1	20.8
1 year increase in member life expectancy	4	60.1
0.1% p.a. increase in the Salary Increase Rate	0	0.7
0.1% p.a. increase in the Pension Increase Rate	1	20.0

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**Pension Fund Accounts**


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**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 3 June 2026. 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 2026, 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 2026:

<b>Fund Manager</b>	<b>Fund</b>	<b>Contractual Commitment £000</b>	<b>Undrawn Capital £000</b>
Harbourvest	Harbourvest Closed Ended Funds	104,645	12,582
London CIV	LCIV Renewable Infrastructure	90,000	22,765
London CIV	LCIV Private Debt	85,000	21,499
London CIV	LCIV Private Debt II	95,000	71,484
London CIV	LCIV Nature Based Solutions	94,000	48,800
Pemberton	Pemberton European Mid-Market Debt Fund II	40,000	5,006
Schroders	Schroders Property Funds*	12,254	89
<b>Total</b>		<b>520,899</b>	<b>182,225</b>

\* the fund was closed on 1 April 2026

**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. The members were Cllr Sian Eiles (Chair), Cllr Mark Ingleby (Vice-Chair), Cllr Tauseef Anwar, Cllr Chris Best (April to July 2025) Cllr Eva Kestner, Cllr Louise Krupski, Cllr John Muldoon, Cllr James Royston, Cllr Liam Shrivastava (from July 2025 to March 2026).

During the year no reportable declarations were made.

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. The Pension Board comprised Stephen Warren (Independent Chair); Employer Representatives Sherene Russell-Alexander (Director of People and Organisational Development) from April to July 2025, who was succeeded by Claudia Menichetti (Head of Employee Services) from September 2025 to March 2026; and Mark Booker (Pension Administrator, Change Live Grow).

Member Representatives included Gary Cummins (Housing Partnership and Contract Manager and Trade Union Representative) and Mark Adu-Brobby (Programme Manager – Together Lewisham) from April to June 2025, who was succeeded by Paul Pettitte (Multi-skills Operator and Trade Union Representative) from September 2025 to March 2026.

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**Pension Fund Accounts**

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During the year no reportable 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 2026.

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.

London LGPS Centralised Investment Vehicle Ltd (London CIV), established in 2015 by London Local Authorities manages London Local Government Pension Scheme ('LGPS') assets. London CIV is one of the U.K.'s LGPS asset pooling companies. The London Boroughs, City of London and Buckinghamshire Council who are the 33 Shareholders, are also our clients ('Client Funds'). London CIV is authorised and regulated by the Financial Conduct Authority ('FCA').

**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 2024/25 and 2025/26.

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

	<b>2025/26</b>	2024/25
	<b>£'000</b>	£'000
Short Term Benefits	26	25
Post-Employment Benefits	6	6
<b>Total</b>	<b>32</b>	31

## Pension Fund Accounts

**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.

	2025/26			2024/25		
	Utmost £000	Clerical Medical £000	Total £000	Utmost £000	Clerical Medical £000	Total £000
<b>Value at the Beginning of Year</b>	<b>303</b>	<b>854</b>	<b>1,157</b>	291	732	1,023
Contributions and transfers received	0	220	<b>220</b>	0	188	188
Investment return / change in market value	25	133	<b>158</b>	14	(42)	(28)
Paid out	(133)	(60)	<b>(193)</b>	(2)	(24)	(26)
<b>Value at the End of the Year</b>	<b>195</b>	<b>1,147</b>	<b>1,342</b>	<b>303</b>	<b>854</b>	<b>1,157</b>

**To Follow**