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#### NARRATIVE STATEMENT FOR LEWISHAM COUNCIL

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

#### 1. COUNCIL STRUCTURE AND PERFORMANCE

#### a) Corporate structure and governance

Lewisham Council is made up of one directly elected Mayor and 54 ward councillors, of which 31 represent the Labour party, 22 the Labour and Co-operative party, and 1 representing the Green party. Lewisham comprises 19 wards,16 of which have three ward Councillors, and the remainder have two ward Councillors.

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.

#### 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 2024/25 was 3,644 (3,705 at end of 2023/24), which consisted of 3,055 staff members (excluding casual workers) (3,023 at end of 2023/24) and 589 agency workers (682 in 2023/24).

The schools staff headcount is 3,667 (4,073 at end of 2023/24).

The demographic composition of the workforce as at 31 March 2025 was:

- 59.4% Female
- 51.6% Black, Asian and Mixed Ethnicity
- 9.4% Disabled
- 47.2% 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 203 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.

#### d) Corporate priorities

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

#### 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 2024/25 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.

#### 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.

Inflation reached the Bank of England's long-term target of 2% in May 2024 after a prolonged period of extremely high levels, before dropping to 1.7% by September 2024. Since September 2024, inflation has then increased again to 3.5% in April 2025. 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. However, there is now confirmation of a local government funding reform which will take effect from 2026/27 and see the introduction of a multi-year settlement. The impact this will have on the Council's funding envelope is uncertain and could lead to either further financial strain or further financial support in the coming years.

The 2024/25 budget was set without the use of reserves and after the funding of growth and pressures of £36.7m 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 £8.0m of agreed new savings as well as those not yet delivered. 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 expanded 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. Throughout the financial monitoring of 2024/25 it became apparent that despite growth of £36.7m those areas of persistent overspend continued to face pressures above budgeted levels. This led to the 2025/26 budget setting approach being one of continued stabilisation, in that the S31 grant was brought into base budget in full as opposed to in part, utilised to provide £42.8m of permanent budget growth to effectively address the areas of persistent overspend in 2024/25, being children's social care, temporary accommodation and adult social care. The stabilising of the budget was done to ensure that the Council services are in a robust position, delivering balanced budget spend in anticipation of the funding reforms and expected resultant reduction in funding when more clarity was known on this. However, the setting of the budget in 2025/26 utilised £21.9m of reserves, and the Council has taken action in 2025/26 to identify savings for 2025/26 and 2026/27 to unwind this reliance.

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 does not alter the Council's position as a going concern.

#### b) Impact on 2024/25 final accounts

There are two important implications worth noting for the 2024/25 final accounts:

- The statutory deadlines for the production of the draft accounts and audited accounts were changed from 31 May 2025 to 30 June 2025 for the draft with the audited statutory backstop date being 27 February 2026.
- 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.
  - o In 2024/25 the deficit grew by £3.1m to £18.6m. Even though the deficit is still growing, the increase wasn't as much as in previous years due to action taken by the Council in partnership with Schools forum. It is also still well below the General Fund balance which has been increased to £30m.

#### 3. FINANCIAL PERFORMANCE

#### a) 2024/25 Revenue Budget Setting and Funding

The Council set a net budget requirement of £293.8m for 2024/25 at its meeting on 28 February 2024. This was an increase of £30.1m or 11.41% on the previous year's net budget requirement of £263.7m. 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 4.6% between 2023/24 and 2024/25 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.

	2024/25	2023/24
	£m	
Revenue Support Grant	34.5	32.4
Business Rates	102.7	98.7
Council Tax	141.6	132.6
Section 31 Grants	15.0	0.0
Budget Requirement	293.8	263.7

#### b) Council Tax

In the 2024/25 provisional Local Government Finance Settlement, 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 in 2023/24 and 2024/25. The government's assumptions in the local government finance settlement 2024/25 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).

The comparison of Council Tax Band D levels from 2023/24 to 2024/25 for Lewisham is shown in the following table, together with the Greater London Authority precept.

Lewisham Council
Greater London Authority
Council Tax for Band D

2024/25	2023/24	Variation	Variation
£	£	£	%
1,566.58	1,492.13	74.45	4.99
471.40	434.14	37.26	8.58
2,037.98	1,926.27	111.71	5.80

#### c) 2024/25 Revenue Budget Outturn

The Council's 2024/25 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	93.1	108.4	15.3
Adult Social Care & Health	78.0	86.6	8.6
Place	37.4	39.2	1.8
Housing	16.6	26.3	9.7
Corporate Resources	41.8	39.0	(2.8)
Chief Executive	15.7	15.3	(0.4)
Directorate Total	282.6	314.8	32.2
Corporate Items	11.2	0.0	(11.2)
Corporate Provisions and Reserves	0.0	(2.0)	(2.0)
General Fund Total	293.8	312.8	19.0
Unplanned Corporate Provisions and Reserves	0.0	0.0	0.0
Outturn	293.8	312.8	19.0

During 2024/25, the overspend against the Directorates' net controllable budgets was £32.2m. This is after funding £1.8m of energy costs over and above the budgeted level due to higher tariffs. There is a £6.2m of funding held corporately to meet these pressures, including £2.2m of social care grant held corporately, £2m of new homes bonus held corporately and £2m of Adult Social Care money held in provisions with the remainder held to meet the financial impact of waste services gate fee increases. There was also an overachievement on interest earnt compared to the forecast level.

After these planned corporate measures, the final overspend of £19.0m has been managed within existing budgets without an unplanned drawing down of reserves. This was due to an increase in interest earned on cash balances (£10m additional), which have arisen due to the slippage in the capital programme and interest rates remaining higher than forecast as well as c£5m of additional Section 31 grant.

A detailed explanation of the service overspends, and mitigations found was reported to Mayor & Cabinet on 25 June 2025.

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.

As the new financial year begins, with a new set of challenges in terms of the delivery of revenue budget cuts, 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.

#### **Schools Balances**

Following the closure of accounts process, the total deficit value for schools is now £10.7m compared with £8.0m in 2023/24. The deficit has reduced by £2.7m in 2024/25. Currently this deficit is held within Schools Reserves which have a positive overall balance.

The number of schools in deficit remains at 25 (2 nursery, 2 special, 21 primary), there is a shift from Secondary to 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 decreased.

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**

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.

In 2024/25 the deficit grew by £3.1m to £18.6m. Even though the deficit is still growing, the increase wasn't as much as in previous years due to action taken by the Council in partnership with Schools forum.

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.

#### d) Balances and Reserves

After transfers to and from reserves the General Fund balance has been increased to £30m. This balance has been increased as the balance is calculated to equate to approximately 5% of the Council's gross expenditure (excluding schools and housing benefits), which has grown in recent years to be in excess of £600m. Furthermore, the uncertainty of the upcoming Local Government Funding Reform justifies the need for a greater reserves buffer. 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 2025. 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 £58.1m (£48.6m in 2023/24). 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. In 2025/26 when investigative work was carried out to see if it would be possible to reverse the use of HRA revenue reserves, increase external borrowing, and redirect HRA resources to important disrepair works it was discovered that council had recorded revenue contributions to capital outlay of £40.5m in previous years when it had intended to use internal borrowing. After discussions with our external auditor, it was agreed that, as the Council had always intended to meet this expenditure from borrowing and should not have recognised revenue contributions in prior years, a prior year adjustment should be posted to reverse these revenue contributions (See Note 47). This had the effect of increasing the closing 2023/24 HRA reserves balance of £9.2m, as reported in the prior year, by £39.4m to £48.6m, with the closing 2024/25 position being £58.1m.

#### e) Cashflow

Cash and Cash equivalents held by the Council decreased from £49.7m to £46.7m in 2024/25. 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:

	2024/25	2023/24
	£000s	£000s
Net Cash flows from Operating Activities	7,408	38,207
Purchases of Property Plant and Equipment	(107,399)	(99,344)
Sales of Property Plant and Equipment	8,418	13,257
Net Sales/ (Purchases) of Short & Long-term investments	70,000	0
Net Receipts from Investing activities	45,680	45,903
Cash receipts of short and Long-Term Borrowing	0	0
Repayment of Short and Long-Term Borrowing	(21,184)	(37,197)
Net Receipts/ (Payments) for Other Financing activities	(5,939)	(4,561)
Net Increase or (Decrease) in Cash and Cash Equivalents	(3,016)	(43,735)

#### f) 2024/25 Capital Budget Outturn

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

CAPITAL PROGRAMME EXPENDITURE
General Fund
Housing Revenue Account
Total Spent

2024/25	2024/25	2024/25	2023/24
Final	Original Budget	Revised Budget	Final
Outturn	M&C - Feb-24	Proposed - Feb-25	Outturn
£m	£m	£m	£m
81.4	94.9	88.5	34.6
69.4	112.8	88.7	81.6
150.8	207.7	177.2	116.2

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 85% (2023/24 78%).

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

CAPITAL PROGRAMME FINANCING
Borrowing
Capital Grants
Capital Receipts
Use of reserves and revenue financing
Total Financed

2024/25	2024/25	2023/24
Final	Original Budget	Final
Outturn	M&C - Feb-24	Outturn
£m	£m	£m
58.1	118.3	48.5
54.7	39.6	23.8
2.3	12.3	5.9
35.8	37.5	38.0
150.9	207.7	116.2

Spend on the major projects, where in year spend in 2024/25 or 2023/24 exceeded £1m, is shown in the tables below.

Major Projects of over £1m	2024/25
	Expenditure
	£m
General Fund	
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
Housing Revenue Account	
Building for Lewisham Programme - HRA	7.7
HRA Capital Programme (Inc. Decent Homes)	60.1

Major Projects of over £1m	2023/24
	Expenditure
	£m
General Fund	
Beckenham Place Park (Inc. Eastern Part)	1.4
Strategic Regeneration - Catford Programme	3.3
Education Services - School Minor Works Programme	3.4
Highways & Bridges – TfL	1.1
Highways & Bridges – LBL	3.8
Education Services - School Places Programme	1.9
Strategic Regeneration - Lewisham Gateway	3.4
Asset Management Programme	2.2
Corporate Estates Maintenance Programme	2.0
General Fund Housing	7.7
Housing Services	1.8
Housing Revenue Account	
Building for Lewisham Programme - HRA	16.3
HRA Capital Programme (Inc. Decent Homes)	64.0

#### 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 £312.5m for 2025/26 at its meeting on 5 March 2025, which is £18.7m higher than the equivalent figure for 2024/25. The Council has made budget reductions of £4.7m, added £42.8m to provide for specific risks and pressures across the services and added £14.4m to provide for salary and non-salary inflation. Funding has also been allocated towards the changes in Employers National Insurance Contributions. This is sufficient to set a balanced budget for the year but to be able to do so, has required the use of £21.9m of reserves.

The Medium-Term Financial Strategy (MTFS) will be reported to Mayor & Cabinet in July 2025. This sets out the £30m of cuts required for 2026/27 to allow us to remove the reliance on reserves and set an anticipated balanced budget for 2026/27. The impact of the Local Government Funding Reform could further impact this and the Council expects to bring an updated MTFS in the autumn to reflect the outcomes of the Government changes. Government has been consulting on the upcoming Local Government Funding Reform along with the Business Rates Reset, both of which are expected to cause the funding for every local authority to undergo a radical transformation from 2026/27. The Funding Reform, which will be presented as a multi-year settlement, will introduce a new funding formula and associated baselines and will come into effect simultaneously with the fully reset Business Rates Retention Scheme, a new range of multipliers and a new revaluation based on updated Rateable Values.

The initial consultation on the upcoming Funding Reform, focused on the reform's objectives and principles, took place from mid-December to mid-February with a full consultation paper expected after the conclusion of the 2025 Spending Review in June. The transitional arrangements Government choose to put in place will influence the depth and timescales of the funding changes the Council will be subject to and within the initial consultation, it was confirmed that Government intends to apply

transitional arrangements in some form to smooth changes going into 2026/27. They are also minded to implement updated allocations over several years in line with their stability principle. The full impact of the Funding Reform on individual authorities isn't expected to be known with certainty until the provisional Local Government Finance Settlement in December.

The Business Rates Reset has also undergone its initial technical consultation, due to close in June, with a more fundamental consultation expected later this year. This will cover a wider range of more strategic issues, including tier split, levy and safety net payments and the duration of the reset. Based on the initial consultation, the new Business Rates Baselines for local authorities will be based on Gross Rates Payable, calculated using Rateable Values (RVs) and multipliers. As the new revaluation will only come into effect in 2026/27, Government will use VOA draft ratings list to determine RV for each local authority area, already highlighting estimations being used which will need to be adjusted for in future.

The anticipated but delayed Health and Social Care reform will also likely significantly impact the funding and operational arrangements for these Council services.

#### b) Capital Budget Outlook

The Council set its capital programme budget at its meeting on 5 March 2025. This outlined the Council's programme of £558.0m for the years 2024/25 to 2027/28, split £171.0m (31%) for the General Fund and £387.0m (69%) 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 2024/25 into 2025/26, the budget for 2025/26 has increased by £47.9m in the General Fund. The HRA capital programme is expected to reduce by £16.9m. 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 2025.

The budgeted amount to be invested in 2025/26 is shown in the table below:

2025/26 Capital Programme	2025/26
	Budget
	£m
General Fund	
Schools	9.5
Highways	2.4
Corporate Assets	23.7
Non-HRA Housing	64.1
Other	5.3
	105.0
Housing Revenue Account	
Existing Stock	77.9
New Supply	36.4
Other Schemes	3.0
	117.3
Total Capital Programme	222.3

#### 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, and to every Audit & Risk Committee meeting.

#### 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 £9.6m during the year, mainly as a result of actuarial assumptions being offset by the impact of the asset ceiling. (It reduced by £80.1m during 2023/24 mainly as a result of the in-sourcing of the Lewisham Homes staff). 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 triennial valuation of the Pension Fund has started and there is more detail on the process and the timing of this 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.

#### 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.

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

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

#### Statement of Responsibilities

#### THE STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

#### The Authority's Responsibilities

#### The Authority is required:

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

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

The Executive Director for Corporate Resources is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

#### In preparing the Statement of Accounts as set out in this document, I certify that I have:

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

#### I certify that I have also:

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

The Statement of Accounts gives a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2025.

**David Austin CPFA** 

Executive Director for Finance, Digital and Corporate Resources (S151)

09 December 2025

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON BOROUGH OF LEWISHAM ON THE AUTHORITY'S FINANCIAL STATEMENTS

#### REPORT ON THE AUDIT OF THE AUTHORITY'S FINANCIAL STATEMENTS

#### **Opinion**

We have audited the financial statements of London Borough of Lewisham ("the Authority") for the year ended 31 March 2025 on pages 26 to 142 which comprise the Group and Authority Comprehensive Income and Expenditure Statements, Group and Authority Balance Sheets, Group and Authority Movement in Reserves Statements, Group and Authority Statements of Cash Flows, Collection Fund, Housing Revenue Account and the related notes, including the Expenditure and Funding Analysis and the accounting policies in Section 2.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Group and the Authority as at 31 March 2025 and of the Group's and the Authority's income and expenditure for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### Going concern

The Executive for Corporate Resources has prepared the financial statements on the going concern basis as they have not been informed by the government of the intention to either cease the Group and the Authority's services or dissolve the Group and the Authority without the transfer of their services to another public sector entity. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Executive Director for Corporate Resources' conclusions, we considered the inherent risks associated with the continuity of services provided by the Group and the Authority over the going concern period.

Our conclusions based on this work:

- we consider that the Executive Director for Corporate Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the Executive Director for Corporate Resources'
  assessment that there is not, a material uncertainty related to events or conditions that, individually
  or collectively, may cast significant doubt on the Group's and the Authority's ability to continue as
  a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group and the Authority will continue in operation.

#### Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management, the Audit and Risk Committee and internal audit and inspection of
  policy documentation as to the Group's high-level policies and procedures to prevent and detect
  fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well
  as whether they have knowledge of any actual, suspected, or alleged fraud.
- Assessing the incentives for management to manipulate reported financial performance as a result of financial pressures in order to be able to set a balanced budget for future periods.
- Reading Authority and Audit and Risk Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible financial pressures at the Group and the Authority, we performed procedures to address the risk of management override of controls in particular the risk that Group and Authority management may be in a position to make inappropriate accounting entries. On this audit we did not identify a fraud risk related to revenue recognition due to our assessment that there was limited opportunity for manipulation of revenue reported given that revenue was either taxation and grants, where there is minimal opportunity to manipulate revenue recognition, or made up of a large volume of low value transactions such that the likelihood of a material fraud is considered remote.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing
  the identified entries to supporting documentation. These included journal entries posted to
  unexpected account code combinations which appear contrary to HRA ringfencing regulations;
  and
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

### Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general sector experience and through discussion with the Executive Director for Corporate Resources and other management (as required by auditing standards), and from inspection of the Group's and the Authority's regulatory and legal correspondence and discussed with the Executive Director for Corporate Resources and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements, including the financial reporting aspects of local government legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: local government legislation, data protection laws, and social housing regulations, recognising the nature of the Group's and the Authority's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Executive Director for Corporate Resources and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

#### Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

#### Other information

The Executive Director for Corporate Resources is responsible for the other information, which comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, in this audit report we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the other information included in the Statement of Accounts for the financial year is consistent with the financial statements.

### Executive Director for Finance, Digital and Corporate Resources' and Audit and Risk Committee's responsibilities

As explained more fully in the statement set out on page 16, the Executive Director for Finance, Digital and Corporate Resources is responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's and the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the government of the intention to either cease the services provided by the Group and the Authority or dissolve the Group and the Authority without the transfer of their services to another public sector entity.

The Audit and Risk Committee of the Authority is responsible for overseeing the Authority's financial reporting process.

#### Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at <a href="https://www.frc.org.uk/auditorsresponsibilities.">www.frc.org.uk/auditorsresponsibilities.</a>

#### REPORT ON OTHER LEGAL AND REGULATORY MATTERS

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

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the "NAO Code of Audit Practice"), we are required to report to you if we identify any significant weaknesses in the arrangements that have been made by the Authority to secure economy, efficiency and effectiveness in its use of resources.

We have nothing to report in this respect.

### Respective responsibilities in respect of our review of arrangements for securing economy, efficiency, and effectiveness in the use of resources

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency, and effectiveness in its use of resources. We are required under section 20(1) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency, and effectiveness in its use of resources are operating effectively. We are also not required to satisfy ourselves that the Authority has achieved value for money during the year.

We planned our work and undertook our review in accordance with the NAO Code of Audit Practice and related statutory guidance, having regard to whether the Authority had proper arrangements in place to ensure financial sustainability, proper governance and to use information about costs and performance to improve the way it manages and delivers its services. Based on our risk assessment, we undertook such work as we considered necessary.

#### Statutory reporting matters

We are required by Schedule 2 to the NAO Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 and Schedule 7 of the Local Audit and Accountability Act 2014; or
- we make written recommendations to the Authority under Section 24 and Schedule 7 of the Local Audit and Accountability Act 2014; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014;
   or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in this respect.

#### THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

#### **DELAY IN CERTIFICATION OF COMPLETION OF THE AUDIT**

As at the date of this audit report, we are unable to confirm that we have completed our work in respect of the Authority's Whole of Government Accounts consolidation pack for the year ended 31 March 2025 because we have not received confirmation from the NAO that the NAO's audit of the Whole of Government Accounts is complete.

Until we have completed this work, we are unable to certify that we have completed the audit of the London Borough of Lewisham for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the NAO Code of Audit Practice.

Thur Nixloom

#### Fleur Nieboer

#### for and on behalf of KPMG LLP

Chartered Accountants

15 Canada Square

London

E14 5GL

10 December 2025

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

#### **Opinion**

We have audited the financial statements of London Borough of Lewisham Pension Fund ("the Fund") for the year ended 31 March 2025 on pages 143 to 172 which comprise the Fund Account, Net Assets Statement and the related notes to the Pension Fund financial statements, including the summary of accounting policies.

In our opinion the Pension Fund financial statements:

- give a true and fair view of the financial position of the Pension Fund during the year 31 March 2025 and of the amount and disposition at the date of its assets and liabilities; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on Local Authority Accounting in the United Kingdom 2024/2025

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under and are independent of the London Borough of Lewisham Council (as administering authority for the pension fund, the "Authority") in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### Going concern

The Executive Director for Corporate Resources has prepared the Pension Fund financial statements on the going concern basis as they have not been informed by the government of the intention to either cease the Authority's services or dissolve the Authority without the transfer of its services to another public sector entity. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the Pension Fund financial statements ("the going concern period")

In our evaluation of the Executive Director for Corporate Resources's conclusions, we considered the inherent risks associated with the continuity of services provided by the Authority over the going concern period.

Our conclusions based on this work:

- we consider that the Executive Director for Corporate Resources's use of the going concern basis
  of accounting in the preparation of the Pension Fund financial statements is appropriate; and
- we have not identified and concur with the Executive Director for Corporate Resources's
  assessment that there is not, a material uncertainty related to events or conditions that, individually
  or collectively, may cast significant doubt on the Authority's ability to continue as a going concern
  for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Authority will continue in operation.

#### Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Ensuring of management, the Audit and Risk Committee as to the Pension Fund's high-level
  policies and procedures to prevent and detect fraud, including the internal audit function, and the
  Pension Fund's channel for "whistleblowing", as well as whether they have knowledge of any
  actual, suspected, or alleged fraud.
- Reading Pension Investment committee minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible financial pressures at the Authority and our overall knowledge of the control environment, we performed procedures to address the risk of management override of controls in particular the risk that the Pension Fund management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements. On this audit we did not identify a fraud risk related to revenue recognition because revenue in a pension fund relates to contributions receivable as paid under an agreed schedule. There are no subjective issues or judgements required to be made concerning when contributions need to be recognised, as such this provides limited opportunities to engage in fraudulent revenue recognition. There is little incentive for the pension investment committee to manipulate the financial reporting of contributions, as such, revenue recognition is considered as remote.

We did not identify any additional fraud risks. In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the Pension Fund fraud risk management controls.

We also performed procedures including:

- Screening of journal entries and other adjustments to identify high risk criterion. These included unusual or unexpected pairing of double entries with cash account codes.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

### Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the Pension Fund financial statements from our general sector experience and through discussion with the Executive Director for Corporate Resources and other management (as required by auditing standards), and from inspection of the Pension Fund's regulatory and legal correspondence and discussed with the Executive Director for Corporate Resources and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Pension Fund is subject to laws and regulations that directly affect the Pension Fund financial statements, including the financial reporting aspects of local government legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Pension Fund is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the Pension Fund financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: Pension legislation, recognising the nature of the Pension Fund's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Executive Director for Corporate Resources and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of

operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

#### Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the Pension Fund financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Pension Fund financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

#### Other information

The Executive Director for Corporate Resources is responsible for the other information, which comprises the information included in the Pension Fund Statement of Accounts, other than the Pension Fund financial statements and our auditor's report thereon. Our opinion on the Pension Fund financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our Pension Fund financial statements audit work, the information therein is materially misstated or inconsistent with the Pension Fund financial statements or our audit knowledge. Based solely on this work we have not identified material misstatements in the other information.

### Executive Director for Finance, Digital and Corporate Resources and Audit and Risk Committee's responsibilities.

As explained more fully in the statement set out on page 16, the Executive Director for Finance, Digital and Corporate Resources is responsible for the preparation of the Pension Fund financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of Pension Fund financial statements that are free from material misstatement, whether due to fraud or errors; assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the government of the intention to either cease the services provided by the Authority or dissolve the Authority without the transfer of its services to another public sector entity.

The Audit and Risk Committee of the Authority is responsible for overseeing the Pension Fund's financial reporting process.

#### Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

#### THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the members of London Borough of Lewisham Council ("the Council"), as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014

Our audit work has been undertaken so that we might state to the members of the Council, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Thur Nithour

#### Fleur Nieboer

#### for and on behalf of KPMG LLP, Statutory Auditor

**Chartered Accountants** 

15 Canada Square

London

E14 5GL

10 December 2025

#### **SECTION 1 - CORE FINANCIAL STATEMENTS**

#### COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDING 31 MARCH 2025

	Restated (*)						
	2023/24				2024/25		
Gross	Gross	Net		Gross	Gross	Net	
Expenditure	Income	Expenditure		Expenditure	Income	Expenditure	Note
£000s	£000s	£000s	SERVICE	£000s	£000s	£000s	
507,540	(404,077)	402.462		490,859	(391,091)	99,768	
181,709	(100,171)		Children & Young People Directorate	203,359	(391,091)	88,942	
119,521	(70,452)		Adult Social Care & Health Directorate	149,264	(73,482)	75,782	
213,843	(178,905)		Place Directorate	209,985	(169,842)	40,143	
15,270	(296)		Corporate Services Directorate Chief Executive Directorate	18,056	(2,099)	15,957	
82,728	(57,206)	25,522		107,740	(73,802)	33,938	
221,934	(133,842)		Housing Directorate Housing Revenue Account	193,635	(156,911)	36,724	
13,980	3,161	17,141		16,386	(7,137)	9,249	
1,356,525	(941,788)	414,737	·	1,389,284	(988,781)	400,503	1
1,330,323	(341,700)	414,737	Cost of Services	1,303,204	(300,701)	400,303	· '
			Other Operating Expenditure				
o	(6,208)	(6,208)		o	(6,481)	(6,481)	
J	(0,200)	(0,200)	current assets	1	(0,401)	(0,401)	
1,699	0	1,699	Levies	1,712	0	1,712	7
0	0	0	De-recognition of Leased assets	12,368	0	12,368	32
1,699	(6,208)	(4,509)		14,080	(6,481)	7,599	
			Financing and Investment Income				
			and Expenditure				
33,212	0		Interest payable and similar charges	33,274	0	33,274	
0	(18,993)	. , ,	Interest and Investment Income	0	(24,896)	(24,896)	
77,003	(73,176)	3,827	Net interest on the net defined benefit liability	81,391	(86,308)	(4,917)	36
110,215	(92,169)	18,046	,	114,665	(111,204)	3,461	
			Taxation and non-specific Grant Income				
0	(132,574)	(132,574)	Income from Council Tax	0	(143,684)	(143,684)	
0	(80,554)	(80,554)	General Government Grants	0	(110,119)	(110,119)	29
0	(36,356)	(36,356)	Recognised Capital Grants and Contributions	0	(47,266)	(47,266)	
0	(97,132)	(97,132)	Non-Domestic Rates income and expenditure	0	(99,547)	(99,547)	
0	(346,616)	(346,616)	experiation o	0	(400,616)	(400,616)	
		81,658	Deficit/ (Surplus) on provision of se	rvices		10,947	1
		28,262	(Surplus)/ Deficit on revaluation of non-c	urrent assets		(165,040)	20
-			Remeasurement of the net defined benef	6,913	19, 36		
		(48,267)	Other Comprehensive Income and I	(158,127)			
(*) Soo Note		33,391	Total Comprehensive Income and E	xpenditure		(147,180)	

(\*) See Note 47

#### **LEWISHAM STATEMENT OF ACCOUNTS 2024/25**

#### **Core Financial Statements**

	МС	VEMENT IN	RESERVES	STATEMEN	T - YEAR E	NDING 31 M	ARCH 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
Balance at 01 April 2024 Brought Forward	20,000	ŕ	,	,	0	74,538	·	·	2,171,007	2,577,528	
Opening Balance Adjustment Adjusted Balance at 31 March 2024 Brought Forward	20,000		236,591	48,635	0	7 <b>4,538</b>			2,171,006	2,577,528	
Movement in Reserves during 2024/25											
Surplus or (Deficit) on the provision of services	35,265	0	35,265	(46,212)	0	0	0	(10,947)	0	(10,947)	
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	158,127	158,127	20, 21
Total Comprehensive Income and Expenditure	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
Net Increase / (Decrease) before Transfers to Earmarked Reserves	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	
Increase / (Decrease) in 2024/25	10,000	192	10,192	9,503	96	6,163	6,900	32,854	114,326	147,180	
Balance at 31 March 2025 Carried Forward	30,000	<b>216,783</b>	246,783	58,138	96 HRA 14	<b>80,701</b>	53,658	439,376	2,285,332	2,724,708	
Note		9		HRA 15	rina 14	10					

#### **LEWISHAM STATEMENT OF ACCOUNTS 2024/25**

#### **Core Financial Statements**

				RESTATE	D (*)						
	MOVEMENT IN RESERVES STATEMENT - YEAR ENDING 31 MARCH 2024										
YEAR	General	Earmarked		Housing	Major	Capital	Capital	Total	Unusable	Total	Note
YEAR ENDING	Fund	Gen Fund	General	Revenue	Repairs	Receipts	Grants	Usable	Reserves	Council	
31 MARCH 2024	Balance	Reserves	Fund	Account	Reserve	Reserve	Unapplied	Reserves		Reserves	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Balance at 01 April 2023	20,000	227,169	247,169	14,068	0	67,138	27,761	356,136	2,254,783	2,610,919	
Brought Forward		4.004	4.004	00.000	0			44.004	(44.004)		
Opening Balance Adjustment	0	.,	1,901	39,323	0	_	0	,	(41,224)	0	
Adjusted Balance at 31	20,000	229,070	249,070	53,391	0	67,138	27,761	397,360	2,213,559	2,610,919	
March 2023 Brought											
Forward											•
Movement in Reserves											
during 2023/24											
duling 2023/24											
Surplus or (Deficit) on the	6,565	0	6,565	(88,223)	0	0	0	(81,658)	0	(81,658)	
provision of services	0,505	١	0,303	(66,223)	U	0	0	(61,030)	ľ	(81,030)	
provision or services											
Other Comprehensive Income	0	0	0	0	0	0	0	0	48,267	48,267	20 21
and Expenditure		ľ	, i	U	U	U	o o	"	40,207	40,207	20, 21
and Expenditure											
Total Comprehensive	6,565	0	6,565	(88,223)	0	0	0	(81,658)	48,267	(33,391)	İ
Income and Expenditure	,,,,,		5,000	(,,				(= 1,===,		(55,551)	
Adjustments between	(19,045)	0	(19,045)	83,467	0	7,400	18,997	90,819	(90,819)	0	8
accounting basis and funding	, ,		, , ,								
basis under regulations											
, and the second											
Net Increase / (Decrease)	(12,480)	0	(12,480)	(4,756)	0	7,400	18,997	9,161	(42,552)	(33,391)	
before Transfers to											
Earmarked Reserves											
Transfers to / (from) Reserves	12,480	(12,480)	0	0	0	0	0	0	0	0	
Increase / (Decrease) in	0	(12,480)	(12,480)	(4,756)	0	7,400	18,997	9,161	(42,552)	(33,391)	
2023/24											
Balance at 31 March 2024	20.000	240 500	220 500	40.005	0	74 520	40.750	400 504	2 474 007	2 577 500	
	20,000	216,590	236,590	48,635	U	74,538	46,758	406,521	2,171,007	2,577,528	
Carried Forward		9		HRA 15	HRA 14	18					J
Note		9		CI AZID	rika 14	10					

#### BALANCE SHEET AS AT 31 MARCH 2025

Restated (*)	Restated (*)			
01/04/2023	31/03/2024		31/03/2025	Note
£000	£000		£000	
		Property, Plant & Equipment		
1,440,091	1,385,917	Council Dw ellings	1,477,629	10b, HRA 1a, 9
1,212,694	1,211,712	Other Land and Buildings	1,282,523	10b
25,836	24,543	Vehicles, Plant, Furniture and Equipment	23,581	10b
96,100	90,536	Infrastructure	85,429	10c
5,137	5,075	Community Assets	5,091	10b
63,659	60,347	Surplus Assets not Held for Sale	61,080	10b
114,035	87,713	Assets under Construction	89,425	10b
2,957,552	2,865,843		3,024,758	
955	955	Heritage Assets	955	40
1,829	1,781	Long Term Investments	1,721	
60,827	61,548	Long Term Debtors	61,969	13a
2,667	15	Asset related to defined benefit pension scheme	32	19, 36
3,023,830	2,930,142	Total Long Term Assets	3,089,435	
218,539	222,683	Short Term Investments	148,178	11
197	237	Inventories	300	
69,648	75,139	Debtors	118,410	13b
93,466	49,731	Cash and Cash Equivalents	46,715	14
4,347		Prepayments	6,135	
386,197	352,870	Total Current Assets	319,738	
0	0	Bank Overdraft	0	14
(28,579)	(1,960)	Short Term Borrow ing	(13,830)	11
(8,395)		Provisions (Less than 1 year)	(5,076)	17
(134,337)	(152,732)	Creditors	(146,865)	15
(85,492)		Receipts in Advance	(94,296)	16
0		Lease Liabilities due w ithin one year	(7,067)	32
(10,852)		PFI Liabilities due w ithin one year	(13,378)	33d
(267,655)	(265,589)	Total Current Liabilities	(280,512)	
3,142,372	3,017,423	Total Assets less Current Liabilities	3,128,661	
(194,947)		Long Term Borrow ing	(168,272)	11
(6,015)		Provisions (More than 1 year)	(7,252)	17
(182,394)	-	Deferred PFI Liabilities	(157,277)	33d
0		Long Term Lease Liabilities	(13,071)	32
(4,237)		Capital Grants Receipts in Advance	(8,110)	
(1,614)	, , ,	Other Long Term Liabilities	0	
(142,246)		Liability related to defined benefit pension scheme	(49,971)	19, 36
(531,453)	(439,895)	Total Long-Term Liabilities	(403,953)	
0.010.010		N= 400=0	2 - 2 - 2 - 2 - 2	
2,610,919	2,577,528	NET ASSETS	2,724,708	

Restated (*)	Restated (*)			
01/04/2023	31/03/2024		31/03/2025	Note
£000	£000		£000	
		<u>Usable Reserves</u>		
20,000	20,000	General Fund Balance	30,000	
229,070	216,590	Earmarked Revenue Reserves	216,783	9
53,391	48,635	Housing Revenue Account	58,138	HRA 15
0	0	Major Repairs Reserve	96	HRA 14
67,138	74,538	Usable Capital Receipts Reserve	80,701	18
27,761	46,758	Capital Grants Unapplied	53,658	41
397,360	406,521	Total Usable Reserves	439,376	
		<u>Unusable Reserves</u>		
1,383,894	1,328,807	Revaluation Reserve	1,461,099	20
1,035,079	972,142	Capital Adjustment Account	937,744	21
93	93	Deferred Capital Receipts	93	
(32,163)	(31,352)	Financial Instruments Adjustment Account	(20,581)	11e
(139,579)	(59,494)	Pensions Reserve	(49,939)	19, 36
3	(934)	Collection Fund Adjustment Account	(2,000)	Coll Fd 3
(13,091)	(15,522)	DSG Unusable Reserve	(18,616)	28
(20,677)	(22,733)	Short Term Compensated Absences Account	(22,468)	
2,213,559	2,171,007	Total Unusable Reserves	2,285,332	
2,610,919	2,577,528	TOTAL RESERVES	2,724,708	

<sup>(\*)</sup> See Note 47

The accompanying notes form part of these financial statements

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

David Austin CPFA – Executive Director for Finance, Digital and Corporate Resources (S151)

09 December 2025

#### CASH FLOW STATEMENT FOR THE YEAR ENDING 31 MARCH 2025

2023/24 £000s		2024/25 £000s	Note
(81,658)	Net surplus or (deficit) on the provision of services	(10,947)	
175,116	Adjustment to surplus or deficit on the provision of services for non-cash movements	76,201	42
(55,251)	Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(57,846)	43
38,207	Net Cash flows from Operating Activities	7,408	
(40,184)	Net Cash flows from Investing Activities	16,699	45
(41,758)	Net Cash flows from Financing Activities	(27,123)	46
(43,735)	Net Increase or (decrease) in Cash and Cash Equivalents	(3,016)	
93,466	Cash and Cash Equivalents at the beginning of the reporting period	49,731	14
49,731	Cash and Cash Equivalents at the end of the reporting period	46,715	14

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

#### 1. GENERAL PRINCIPLES

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 (as amended for the Accounts and Audit (Amendment) Regulations 2021), which require them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 and the SERCOP 2024/25, both published by CIPFA, and based on IFRS and statutory guidance under Section 12 of the Local Government Act 2003 (see Glossary for definitions). The accounting convention adopted in the Statement of Accounts is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Statement of Accounts has been prepared on a 'going concern' basis (in other words, on the expectation that the Council will continue to operate in its current form for the foreseeable future).

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

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment. Prior period adjustments may arise from a change in an accounting policy or to correct a material error. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

#### 3. ACCRUALS OF INCOME AND EXPENDITURE

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

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

- 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.

#### 5. FOREIGN CURRENCY TRANSLATION

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

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

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

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

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

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

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

#### 8. OVERHEADS AND SUPPORT SERVICES

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

#### 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.

#### 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

#### a) The Council as Lessee

As a Lessee, the Authority has previously classified leases as Operating or Finance leases, based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset, to the Authority.

The Authority has adopted IFRS16 (Leases) with effect from 01 April 2024. The implementation IFRS 16 removes the distinction between Finance and Operating leases. The adoption of the new standard resulted in the balance sheet de-recognition of some assets that had previously been classified as Council Dwellings and Land and Buildings and then the recognition of a Right of Use Asset and related lease liability in relation to all former operating leases. Prior to 2024/25, rentals paid under operating leases were charged to the CIES as an expense of the services benefitting from use of the leased property, plant and equipment.

The authority classifies contracts as leases based on their substance. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use.

The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

The Authority has several peppercorn lease agreements in place which have been externally valued to determine the Right of Use Asset and lease liability.

#### Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the authority is reasonably certain to exercise
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

#### Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

#### Lease expenditure

The annual lease payments for these assets were fully charged to service revenue budgets but are now split into interest payments and payments against the financial liability for that asset. The change in

approach means that any such leases are now treated as capital expenditure being funded by borrowing which in turn affects the Capital Financing Requirement (CFR) and the Prudential Indicators.

The changes to accounting policies for leases will not result in any additional cost to the General Fund, however where lease payments were previously an expenditure shown against the relevant service in the net cost of services, they are now treated as an interest cost and a minimum revenue provision (MRP) payment in financing and investment income. There is also a depreciation charge associated with the asset; however, this will be mitigated by the statutory reversal of depreciation from the General Fund

The transition to IFRS 16 has resulted in several adjustments to Financial Statements. See note 32 for a full breakdown.

#### b) The Council as Lessor

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

#### i) Finance Leases

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

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

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

#### ii) Operating Leases

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

#### 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 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.

# 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 2024/25 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 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.

### 19. FINANCIAL INSTRUMENTS

# a) Financial Liabilities

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

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

### b) Financial Assets

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

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

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

### 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.

# b) Measurement and Valuation

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

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

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

The cost of an asset acquired other than by purchase is deemed to be its fair value. Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income line of the CIES. Where the donation has been made conditionally, the gain is held in the Donated Assets Account until conditions are satisfied. Where gains are credited to the CIES, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the MiRS.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Gains are credited to the CIES where they arise from the reversal of a loss previously charged to a service. Where decreases in value are identified, they are accounted for as follows:

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

Surplus Assets not Held for Sale are assets that are not being used to supply goods and services and do not meet the criteria of assets held for sale. The adoption of IFRS 13 requires that these assets are measured at fair value and not existing use value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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.

## 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. Deprecation 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.

## 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:

Part of the highways network	Useful life
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

### 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 – YEAR ENDING 31 MARCH 2025

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

		Adjustment to			
	As reported for	amount	Net Expenditure	Adjustments between	
	resource	chargeable to the	Chargeable to the	Funding and Accounting	
	management	General Fund and	General Fund and HRA	Basis (see Notes to EFA	Net Expenditure in the
SERVICE	(Narrative report)	HRA balances	Balances	(i))	CIES
	£'000	£'000	£'000	£'000	£'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	(1,563)	37,662	38,120	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)	52,157	50,209	(40,960)	9,249
Cost of Services	312,932	11,867	324,799	75,704	400,503
Other Income and Expenditure	(293,838)	(50,657)	(344,495)	(45,061)	(389,556)
(Surplus) or Deficit	19,094	(38,790)	(19,696)	30,643	10,947

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

	Reserve Movements in Controllable	Council Tax and NDR (transfers to/ from Collection Fund Adjustment Account) in Controllable Outturn	IFRS 16 (Leases)	PFI Accounting in EFA - Not in Controllable Outturn	Other In Controllable Outturn - Not in EFA (or in EFA - not in Outturn)	Total	
	£'000	£'000	£'000	£'000	£'000	£'000	
Children & Young People Directorate	4,368			(19,986)		(	(15,618)
Adult Social Care Directorate	1,416						1,416
Place	5,526	(1,066)	(597)	(5,426)			(1,563)
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)		4,486	32,595	41,241		52,157
Other Income and Expenditure					(50,657)	(	(50,657)
Total	(22,844)	(1,066)	0	0	(14,880)	(	(38,790)

### General Fund

The "Other Income and Expenditure" that is reported to management is equal to the net general fund budget set for the year (£293.8m). This is then compared to the net cost of services to get to the reported overspend for the year of £19.1m, as per the Outturn Report table in the Narrative Statement. The net increase in General Fund reserves for the year was £10.2m, the difference to the reported outturn position being mostly made up of technical adjustments for PFI accounting and IFRS16 (Leases) adjustments with some other Corporate Provisions and Reserves adjustments.

HRA

Within reports to management the net over/ underspend position of the HRA is always reported as nil, after taking account of/ noting the various movements and forecasts for the main income and expenditure items and the required action to return the account to a net nil budget. The net movement in HRA reserves in the year was an increase of £9.5m, so this needs to be added back into the "Adjustment to arrive at the net amount chargeable to the General Fund and HRA balances" along with technical adjustments for PFI accounting and IFRS16 (Leases) adjustments to get to the required "Net Expenditure Chargeable to the General Fund and HRA Balances".

# **Reserve Movements**

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

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

# **EXPENDITURE AND FUNDING ANALYSIS - YEAR ENDING 31 MARCH 2024**

Restated (*)					
	Adjustment to				
		arrive at the net			
	As reported for	amount	Net Expenditure	Adjustments between	
	resource	chargeable to the	Chargeable to the	<b>Funding and Accounting</b>	
	management	General Fund and	General Fund and HRA	Basis (see Notes to EFA	Net Expenditure in the
SERVICE	(Narrative report)	HRA balances	Balances	(i))	CIES
	£'000	£'000	£'000	£'000	£'000
Children & Young People Directorate	98,036	(11,474)	86,562	16,901	103,463
Adult Social Care Directorate	78,574	2,343	80,917	621	81,538
Place Directorate	35,746	(1,770)	33,976	15,093	49,069
Corporate Services Directorate	32,267	1,651	33,918	1,020	34,938
Chief Executive Directorate	14,657	310	14,967	7	14,974
Housing Directorate	17,027	707	17,734	7,788	25,522
HRA	0	(2,091)	(2,091)	90,183	88,092
Corporate Provisions	6,893	34,997	41,890	(24,749)	17,141
Cost of Services	283,200	24,673	307,873	106,864	414,737
Other Income and Expenditure	(263,700)	(26,937)	(290,637)	(42,442)	(333,079)
(Surplus) or Deficit	19,500	(2,264)	17,236	64,422	81,658

(\*) See Note 47

# **LEWISHAM STATEMENT OF ACCOUNTS 2024/25**

# **Notes to the Core Financial Statements**

Restated (*)	
Opening General Fund and HRA Balance at 01	
April 2023	(302,461)
Add (Surplus)/ Deficit on General fund and	
HRA Balance in Year	17,236
Closing General Fund and HRA Balance at 31	
March 2024	(285,225)

(\*) See Note 47

Restated (*)			
<b>Analysed between General Fund and HRA Bal</b>	ances		
	General Fund	HRA	Total
Opening General Fund and HRA Balance at 01			
April 2023	(249,070)	(53,391)	(302,461)
Add (Surplus)/ Deficit on General fund and			
HRA Balance in Year	12,480	4,756	17,236
Closing General Fund and HRA Balance at 31			
March 2024	(236,590)	(48,635)	(285,225)

<sup>(\*)</sup> See Note 47

# Notes to the EFA

# (i) Adjustments between Funding and Accounting Basis

		2024/2	25	
Adjustments from General Fund to arrive at	Adjustment for Capital	Net change for the		
the CIES amounts	Purposes	Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
SERVICE				
Children & Young People Directorate	8,032	(3,085)	2,000	6,947
Adult Social Care Directorate	2,413	(364)	(1,108)	941
Place Directorate	36,013	(583)	2,690	38,120
Corporate Services Directorate	789	(447)	271	613
Chief Executive Directorate	0	(169)	214	45
Housing Directorate	11,389	(85)	(172)	11,132
HRA	59,250	(384)	0	58,866
Corporate Provisions	(23,756)	(6,434)	(10,770)	(40,960)
Cost of Services	94,130	(11,551)	(6,875)	75,704
Other Income and Expenditure	(40,144)	(4,917)	0	(45,061)
Difference between General Fund surplus				
or deficit and CIES surplus or deficit	53,986	(16,468)	(6,875)	30,643

# **LEWISHAM STATEMENT OF ACCOUNTS 2024/25**

# **Notes to the Core Financial Statements**

	2023/24			
Adjustments from General Fund to arrive at	Adjustment for Capital	Net change for the		
the CIES amounts	Purposes	<b>Pensions Adjustments</b>	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
SERVICE				
Children & Young People Directorate	14,682	(1,174)	3,393	16,901
Adult Social Care Directorate	480	(221)	362	621
Place Directorate	14,368	(139)	864	15,093
Corporate Services Directorate	1,135	(173)	58	1,020
Chief Executive Directorate	0	(52)	59	7
Housing Directorate	7,131	(31)	688	7,788
HRA	90,287	(104)	0	90,183
Corporate Provisions	(16,898)	(7,039)	(812)	(24,749)
Cost of Services	111,185	(8,933)	4,612	106,864
Other Income and Expenditure	(47,819)	5,377	0	(42,442)
Difference between General Fund surplus				
or deficit and CIES surplus or deficit	63,366	(3,556)	4,612	64,422

## 2. ACCOUNTING STANDARDS ISSUED, NOT ADOPTED IN THE 2024/25 ACCOUNTS

At the balance sheet date, no new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom and will be adopted in 2025/26.

### 3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

- a. The Authority has made judgements on whether assets are classified as Investment Property or Property, Plant and Equipment. These judgements are based on the main reason that the Authority is holding the asset. If the asset is used in the delivery of services or is occupied by third parties that are subsidised by the Authority it is deemed to be a Property, Plant and Equipment asset. If there were no subsidy and/or a full market rent being charged this would indicate that the asset is an Investment Property. The classification determines the valuation method used.
- b. An accounting judgement has been made for each school as to whether their land and buildings should be included within the Council's Balance Sheet. All Community Schools are deemed to be held on the Council's Balance Sheet due to the risks and rewards that the Council is deemed to have. Similarly, the Council's two Nursery Schools and the Pupil Referral Unit are owned and operated by the Local Authority and therefore on the Council's Balance Sheet. Voluntary Aided Schools and Academies together with a further two Foundation Schools are not included on the Council's balance sheet as ownership of Land and Buildings rests either with the relevant Diocesan body or, in the case of Academies the Government or the Foundation. In summary therefore:
  - Included are 40 Community Primary Schools, 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.
- c. A judgement has been made by the Council that it is proper practice to prepare Group Accounts for 2024/25, 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.

# 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 2025 for which there is a significant possibility of material adjustment in the forthcoming financial year are as follows:

		Effect if actual results differ from
Item	Uncertainties	assumptions
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 2025 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 valuations, which are updated monthly. The estimated remaining useful life of all operational assets is reviewed annually based on the advice from the Council external valuers.	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 2024/25 is £46.349m (£45.630m in 2023/24) and the gross book value of these assets is £2,969m (£2,802m in 2023/24).  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 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 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.  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.

Valuation of HRA Dwellings	The HRA residential portfolio is valued based on a beacon methodology, with a 25% EUV-SH (social housing) factor applied, which is the standardised Department for Levelling up, Housing and Communities rate for London. The current value of the stock (at 25%) is £1.48bn. In order to value the whole portfolio, it was necessary to research a number of information sources. These include sales of directly comparable property, changes of income flow for non-residential property, information available at a local level showing house price movement plus regional and National Indices.	A reduction in the estimate value of HRA dwellings would be a reduction on the revaluation reserve or a loss in the CIES. If the value of dwellings were to reduce by 10% this would lead to a reduction in value of about £148m. An increase in estimated valuations would result in increases to the Revaluation Reserve or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.
Actuarial present value of promised retirement benefits	The figure of net liability to pay pensions is based on a significant number of complex assumptions including the discount rate, salary increases, mortality rates and expected returns on Fund assets. The Pension Fund's qualified actuary calculates this figure to ensure the risk of misstatement is minimised. Further sensitivity analysis is included in note 19 to the Pension Fund in Section 8, below.	The effects on the net pension liability of changes in assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption is estimated to increase the present value of the pension liability by £23.2m. A 0.1% increase in the assumed level of pension increases will increase the net pension liability by £23.0m.
Impairment allowance for doubtful debt	As at 31 March 2025, the Council had an outstanding balance of short-term debtors totalling £217.5m. Of this, £171.4m falls within the scope of requiring an impairment allowance for doubtful debt. Against the £171.4m debtors' balance, there is an impairment allowance of £99.1m. 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 doesn't just rely upon historic information without considering if that needs to be adapted to reflect current and future conditions. Therefore, the calculation of the impairment allowance considers current and forecast future conditions.	An understatement of doubtful debts would lead to a future adjustment and impairment to be reflected. The impairment allowances held are based on policies adapted to historic experience and success rates experienced in collection. The nature of the debt and service area have been considered. If collection rates were to deteriorate significantly then the Council would need to review its policies on the calculation of its impairment allowance for doubtful debts. If collection rates of all debts were to deteriorate by 5% then the impairment allowance would need to increase by £8.6m (10% would be £15.0m).
Venture Capital - private equity/ infrastructure	As at 31 March 2025, the Council's Pension Fund had venture capital private equity investments of £335m 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 active members of the Pension Fund so would be impacted by this uncertainty.	The venture capital investment in the financial statements is £335m. 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 7.0%. This would be an increase or decrease in the value of venture capital investments by £23.4m, on a fair value of £335m. The Council makes up approximately 92% of the active members of the Pension Fund so would be impacted by this uncertainty - 92% of this risk is £21.6m.

# a) Movement in Land and Buildings valuations analysis

A sensitivity analysis detailing movement in valuations is as follows:

		Va	alue on Increa	se	Value on Decrease				
Asset Category	Assets Valued at 31 March 25	1% £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		
Total	2,821,232	2,849,444	2,962,293	3,103,355	2,793,020	2,680,171	2,539,109		

		Value on Increase			Value on Decrease			
Asset Category	Assets Valued	1%	5%	10%	1%	5%	10%	
	at 31 March 24	£000	£000	£000	£000	£000	£000	
Council Dwellings	1,385,917	1,399,776	1,455,213	1,524,509	1,372,058	1,316,621	1,247,325	
Other Land & Buildings	1,211,712	1,223,829	1,272,298	1,332,883	1,199,595	1,151,126	1,090,541	
Surplus Assets	60,347	60,950	63,364	66,382	59,744	57,330	54,312	
Total	2,657,976	2,684,555	2,790,875	2,923,774	2,631,397	2,525,077	2,392,178	

# b) Pension Fund Liability

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

# 5. MATERIAL ITEMS OF INCOME AND EXPENDITURE

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

### 6. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Executive Director for Corporate Resources on 09 December 2025. 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 2025, 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.

London Pension Fund Authority (a) Lee Valley Regional Park Authority Environment Agency

2024/25
£000
1,263
234
215
1,712

2023/24
£000
1,263
226
210
1,699

# (a) London Pension Fund Authority

**Total Levies Paid** 

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.

	Usable Reserves						
2024/25	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000	
Adjustments to Revenue Resources Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:							
Pensions costs (transferred to/ from the Pensions Reserve)	(16,278)	(190)				16,468	
Financial instruments (transferred to the Financial Instruments Adjustment Account)	(10,771)	0				10,771	
Council Tax and NDR (transfers to/ from Collection Fund Adjustment Account)	1,066					(1,066)	
Holiday Pay (transferred to the Accumulated Absences Account)  Reversal of entries included in the Surplus/	(265)					265	
Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account (CAA))	44,589	67,351	25,455			(137,395)	
Schools Budget deficit accounting (to account for the in-year deficit and year-end	3,094	07,551	20,400			(3,094)	
Total Adjustments to Revenue Resources	21,435	67,161	25,455	0	0	(114,051)	
Adjustments between Revenue and Capital Resources Transfer of non-current asset sale					·		
proceeds from revenue to the Capital Receipts Reserve	3,028	(11,446)		8,418		0	
Payments to the Government housing receipts pool (funded by a contribution from the Capital Receipts Reserve)	0			0		0	
Statutory provision for the repayment of debt (transfer from the CAA)	(21,553)	0				21,553	
Revenue Expenditure Funded from Capital under Statute	28,194					(28,194)	
Capital expenditure funded from revenue balances (transfer to the CAA)	(6,689)					6,689	
Total Adjustments between Revenue and Capital Resources	2,980	(11,446)	0	8,418	0	48	
Adjustments to Capital Resources					ı		
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)		(07.275)	10.00	6,900	42,588	
Total Adjustments to Capital Resources	(49,488)	0	(25,359)	(2,255)	6,900	70,202	
Total Adjustments	(25,073)	55,715	96	6,163	6,900	(43,801)	

2023/24	General	Movement				
	Fund	Revenue	Repairs	Receipts	Grants	in Unusable
	Balance	Account	Reserve	Reserve	Unapplied	Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to Revenue Resources						
Amounts by w hich income and expenditure						
included in the Comprehensive Income and						
Expenditure Statement are different from revenue for the year calculated in accordance with						
statutory requirements:						
, '						
Pensions costs (transferred to/ from the	(0.540)	(40)				0.550
Pensions Reserve)	(3,540)	(16)				3,556
Financial instruments (transferred to the						
Financial instruments (transferred to the Financial Instruments Adjustment Account)	(811)	0				811
Council Tax and NDR (transfers to/ from	(011)	0				011
Collection Fund Adjustment Account)	937					(937)
Holiday Pay (transferred to the Accumulated	331					(001)
Absences Account)	2,056					(2,056)
Reversal of entries included in the Surplus/	,,,,,,,					( , , , , , ,
Deficit on the Provision of Services in						
relation to capital expenditure (these items						
are charged to the Capital Adjustment Account						
(CAA))	38,840	100,346	26,311			(165,497)
Schools Budget deficit accounting (to						
account for the in-year deficit and year-end deficit	2,431					(2,431)
Total Adjustments to Revenue Resources	39,913	100,330	26,311	0	0	(166,554)
Adjustments between Revenue and Capital Resources Transfer of non-current asset sale						
proceeds from revenue to the Capital						
Receipts Reserve	(172)	(13,085)		13,257		0
Payments to the Government housing						
receipts pool (funded by a contribution from the						
Capital Receipts Reserve)	0			0		0
Statutory provision for the repayment of	(45.405)	0				45.405
debt (transfer from the CAA)	(15,195)	0				15,195
Revenue Expenditure Funded from Capital						
under Statute	3,201					(3,201)
Capital expenditure funded from revenue		/·				
balances (transfer to the CAA)	(4,750)	(3,778)				8,528
Total Adjustments between Revenue and Capital Resources	(16,916)	(16,863)	0	13,257	0	20,522
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance						
capital expenditure				(5,857)		5,857
Use of the Major Repairs Reserve to finance				(0,001)		3,557
capital expenditure			(26,311)			26,311
			(20,011)			20,311
Application of capital grants to finance capital	(40.040)				10.007	22.045
expenditure  Total Adjustments to Capital Resources	(42,042)	0	(26,311)	(5.957)	18,997	23,045
Total Aujustinents to Capital Resources	(42,042)	U	(20,311)	(5,857)	18,997	55,213
Total Adjustments	(19,045)	83,467	0	7,400	18,997	(90,819)
Total Adjustilients	(13,043)	00,407	U	7,400	10,337	(30,013)

#### 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 2024/25 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.

	Restated (*)				
	Balance	2024/25 T	ransfers	Balance	
	31/03/24	Out	In	31/03/25	
Name of Reserve	£000	£000	£000	£000	
Specific Revenue Earmarked - Corporate	97,767	(49,141)	46,069	94,695	(a (i))
Specific Revenue Earmarked - Collection Funds	12,241	(1,070)	4,841	16,012	(a (ii))
Sinking Fund Reserves	32,267	(2,653)	2,883	32,497	(b)
Capital Contingency & Programme Expenditure	26,994	(31,269)	35,739	31,464	(c)
Insurance	13,079	(519)	699	13,259	(d)
Section 106 Reserve	17,753	(5,537)	2,840	15,056	(e)
	200,101	(90,189)	93,071	202,983	
Schools Reserves and External Funds	16,489	(16,074)	13,385	13,800	(f)
	16,489	(16,074)	13,385	13,800	
Total	216,590	(106,263)	106,456	216,783	

(\*) See Note 47

# 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

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

### c) Capital Contingency & Programme Expenditure Reserve

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

# d) Insurance Reserve

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

## e) Section 106 Reserve

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

### f) Schools Reserves and Schools External Funds

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

## 10. NON-CURRENT ASSETS

# a) Non-Current Assets Revaluations

Assets are valued at least every five years as a minimum or more regularly where a five-yearly valuation is insufficient to keep pace with material changes in fair value, to ensure that the Council's assets are valued in accordance with RICS and CIPFA guidance. The valuations this year were undertaken and signed off by the valuers Wilkes, Head and Eve LLP. Where revaluations have occurred in 2024/25, their exact effective date was 31 March 2025 for council dwellings and 31 March 2025 for other assets.

	Council Dwellings £000	Other Land & Buildings £000	Surplus Assets £000	Total £000
Valued at Historic Cost	3,553	451	0	4,004
Valued at Current Value				
2024-25	1,474,050	1,281,041	61,080	2,816,171
2023-24	26	1,031	0	1,057
Total Net Book Value	1,477,629	1,282,523	61,080	2,821,232

# b) Movements in Non-Current Assets 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
Gross Book Value b/fwd at 01 April 2024	1,385,916	1,211,908	50,421	5,462	60,401	87,713	2,801,821
Additions	67,542	44,119	1,563	72	0	15,333	128,629
Revaluations (recognised in Revaluation Reserve)	93,552		· ·	0	3,131	0	129,584
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	1,445	(6,869)	(20)	0	(953)	0	(6,397
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)	(0.400)	(2.000)			(045)		(40.000)
Disposals	(8,193) (5,255)		(16)	0	(215) (140)	0	(12,368) (5,411)
Transfers	4,675			2	(1,144)	(13,621)	(3,411)
Gross Book Value c/fwd at 31 March 2025	1,477,628	1,283,629	52,166	5,536	61,080	89,425	2,969,464
Depreciation b/fwd at 01 April 2024	1	(196)	(25,878)	(387)	(54)	0	(26,514)
2021-0-1-0-1-1-0-1-1-1-1-1-1-1-1-1-1-1-1	'	(100)	(20,070)	(007)	(04)		(20,014)
Depreciation for year	(24,352)	(18,657)	(2,995)	(58)	(287)	0	(46,349)
Depreciation written back on:							
Transfers	0	(10)	0	0	10	0	C
Revaluations (recognised in Revaluation Reserve)	23,142	13,745	270	0	306	0	37,463
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	16	0	0	0	16
Depreciation c/fwd at 31 March 2025	1	(1,106)	(28,585)	(445)	0	0	(30,135
Net Book Value at 31 March 2025	1,477,629	1,282,523	23,581	5,091	61,080	89,425	2,939,329

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

2023/24							
	Council	Other Land &	Vehicles, Plant	Community		Assets under	
	Dwellings	Buildings	& Equip't	Assets	Surplus Assets	Construction	TOTAL
	£000	£000	£000	£000	£000	£000	£000
Gross Book Value b/fwd at 01 April 2023	1,440,605	1,212,764	49,045	5,462	63,661	114,035	2,885,572
A 1 100		- 400				05.004	
Additions	66,146					,	
Revaluations (recognised in Revaluation Reserve)	(34,418)	(2,219)	0	0	(2,542)	0	(39,179)
Revaluations (recognised in Surplus/ Deficit on the Provision of							
Services)	(51,932)	, , ,	, ,		(833)	0	(65,112)
Impairments (recognised in Revaluation Reserve)	(374)	(3,884)	0	0	0	0	(4,258)
Impairments (recognised in Surplus/ Deficit on the Provision of							
Services)	(66,140)	(2,287)	0	0	0	0	(68,427)
Disposals	(6,817)	0	(26)	0	(663)	0	(7,506)
Transfers	38,846	12,382	0	0	778	(52,006)	0
Gross Book Value c/fwd at 31 March 2024	1,385,916	1,211,908	50,421	5,462	60,401	87,713	2,801,821
Depreciation b/fwd at 01 April 2023	(514)	(70)	(23,209)	(325)	(2)	0	(24,120)
Depreciation for year	(25,215)	(17,203)	(2,778)	(62)	(372)	0	(45,630)
Depreciation written back on:							
Transfers	14		0	0	(14)	0	١ .
Revaluations (recognised in Revaluation Reserve)	1,377	13,580	Ĭ	_			15,174
,	1,577	15,560			131		13,174
Revaluations (recognised in Surplus/ Deficit on the Provision of	04.000	0.407	4-7		400		
Services)	24,339	3,497	17	0	183	0	28,036
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
Assets Sold	0	0	26	0	0	0	26
Depreciation c/fwd at 31 March 2024	1	(196)	(25,878)	(387)	(54)	0	(26,514)
Net Book Value at 31 March 2024	1,385,917	1,211,712	24,543	5,075	60,347	87,713	2,775,307

## 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.

	2024/25	2023/24
	£000	£000
Net book value (modified historical cost)		
at 1 April	90,536	96,100
Additions	2,899	2,248
Derecognition	0	0
Depreciation	(8,006)	(7,812)
Impairment	0	0
Net Book Value		
at 31 March	85,429	90,536

## Derecognition

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

## 11. 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-M	ar-24		31-M	ar-25
Long Term	Short Term		Long Term	Short Term
£000	£000		£000	£000
	•			
0	43,499	MMF Investments (Cash & Cash Equivalent)	0	39,809
		Financial assets at amortised cost		
0	222,683	Investments	0	148,178
61,548	49,197	Debtors	61,969	83,562
0	6,226	Other Cash & Cash Equivalents	0	6,906
61,548	321,605	Total financial assets	61,969	278,455

### **Financial Liabilities**

31-Mar-24			31-M	ar-25
Long Term	Short Term		Long Term	Short Term
£000	£000		£000	£000
		Financial liabilities at amortised cost		
195,221	1,960	Borrowing	168,272	13,830
170,655	11,739	Private finance initiative (PFI) liabilities	157,277	13,378
0	96,545	Creditors	0	81,411
365,876	110,244	Total financial liabilities	325,549	108,619

Under accounting requirements, the carrying value of financial instruments is shown in the balance sheet (including the principal amount borrowed or lent and adjustments for accrued interest where relevant). Accrued interest is included in current assets / liabilities where it is due within one year. The value of short-term investments on the Balance Sheet of £120m includes short term fixed deposits and Certificates of Deposits of £25m, including accrued interest.

# 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**

Financial instruments
Non-financial instruments
Total Debtors

	Long Term		Current		
Debtors		Debtors		Tota	
31/03/25	31/03/24	31/03/25 31/03/24 3		31/03/25	31/03/24
£000	£000	£000	£000	£000	£000
61,969	61,548	83,562	49,197	145,531	110,745
0	0	34,848	25,942	34,848	25,942
61,969	61,548	118,410	75,139	180,379	136,687

# **Creditors**

Financial instruments
Non-financial instruments
Total Creditors

	Long Term		Current			
	Creditors		Creditors	Total		
31/03/25	31/03/25 31/03/24		31/03/25 31/03/24		25 31/03/24	
£000	£000	£000	£000	£000	£000	
0	0	81,411	96,545	81,411	96,545	
0	0	65,454	56,187	65,454	56,187	
0	0	146,865	152,732	146,865	152,732	

# 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 2024/25 or 2023/24):

			_		
			Restated		
	202	4/25	2023/24		
		Other		Other	
	Surplus or Deficit	Comprehensive	Surplus or Deficit	Comprehensive	
	on the Provision	Income and	on the Provision	Income and	
	of Services	Expenditure	of Services	Expenditure	
	£000	£000	£000	£000	
Interest Income	(22,050)	0	(21,559)	0	
Total income in Surplus/Deficit on the Provision of					
Services	(22,050)	0	(21,559)	0	
Interest expense	7,132	0	7,705	0	
Total Expense in Surplus/Deficit on the Provision of					
Service	7,132	0	7,705	0	
Net (Gain)/ Loss for the Year	(14,918)	0	(13,854)	0	

# 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.

31/03/24			31/03/25	
Carrying	Fair Value		Carrying	Fair Value
Amount			Amount	
£000	£000		£000	£000
		Financial liabilities at amortised cost:		
		Borrowing		
91,368	90,040	Public Works Loan Board loans	91,360	82,102
107,459	91,564	Lender Option Borrower Option (LOBO) loans	90,025	87,356
600	600	Other Loans	496	496
182,394	182,394	PFI and finance lease liabilities	170,655	170,655
381,821	364,598	Sub-Total	352,536	340,609
96,545	96,545	Creditors	81,411	81,411
478,366	461,143	Total Financial Liabilities	433,947	422,020

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 2025) arising from a commitment to pay interest to lenders below current market rates.

## **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.

31/03/24			31/03/25	
Carrying	Fair Value		Carrying	Fair Value
Amount			Amount	
£000	£000		£000	£000
		Fair Value Through Profit and Loss		
43,499	43,499	MMF Investments (Cash & Cash Equivalent) 39,809		39,809
·				
		Financial Assets Held at Amortised Cost		
222,683	222,683	Investments	148,303	148,303
110,745	110,745	Debtors	145,531	145,531
6,226	6,226	Cash and Cash Equivalents	6,906	6,906
383,153	383,153	Total Financial Assets	340,549	340,549

# 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:

Loan Premium (created in Nov-17 following Loan restructure)
FV recognition adjustment following LOBO restructure
Other Premiums and Discounts

Total

Balance 31/03/25 £000	24/25 Transfers Net £000	Balance 31/03/24 £000
(19,048)	569	(19,617)
(15) (1,518)		(9,982) (1,753)
(20,581)	10,771	(31,352)

# 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.

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 2024/25 this loss is set out in the following section as £0.022m (£0.028m loss in 2023/24).

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 2025 and is available on the Council website. The Council maintains written principles for overall risk management, as well as written policies (Treasury Management Practices) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These are a requirement of the Code of Practice and are reviewed periodically.

## c) Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. It also considers maximum amounts and time limits in respect of each financial institution. The Council uses the creditworthiness service provided by Link Asset Services which uses a sophisticated modelling approach with credit ratings from all three rating agencies forming the core element. This is combined with credit watches and credit outlooks in a weighted scoring system, with an overlay of CDS spreads which gives an early warning of likely changes in credit ratings, for which the end product is an indication of the relative creditworthiness of counterparties.

The Council's maximum exposure to credit risk in respect of its investments cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to an individual institution. It is rare for such entities to be unable to meet their commitments and a risk of irrecoverable losses applies to all of the Council's deposits; however, at the 31 March 2025 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 2025 the Council's investment assets of £188m had a calculated ECL of £0.022m; the Council has deemed this immaterial for adjusting the carrying values of those assets. The current debtors of £64.5m has not been adjusted for ECL as there is an impairment allowance of £29.7m in current debtors primarily made up of two areas (General Debtors £26.5m and Private Sector Leasing £3.3m) - see note 13c.

**Long Term Debtors:** The Council's has long term debtors of £62m (note 13) predominately consisting of loans to wholly owned subsidiary companies. Lewisham Homes Limited has a loan of £40m and Catford Regeneration Partnership Limited (CRPL) has a loan of £17.3m. 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:

	31/0	3/25			31/03/24			
PWLB	LOBO	PFI and	Total		PWLB	LOBO	PFI and	Total
		Finance					Finance	
		Leases					Leases	
£000	£000	£000	£000	<b>Maturity Period</b>	£000	£000	£000	£000
2,747	11,069	11,739	25,555	Less than 1 year	903	1,594	11,739	14,236
1,496	343	13,377	15,216	Between 1 and 2 years	1,871	913	13,377	16,161
8,230	681	36,300	45,211	Between 2 and 5 years	8,043	2,409	36,300	46,752
10,101	1,014	70,534	81,649	Between 5 and 10 years	10,101	2,467	70,534	83,102
8,826	2,028	50,444	61,298	Between 10 and 20 years	10,510	4,935	50,444	65,889
17,923	2,028	0	19,951	Between 20 and 30 years	11,321	19,935	0	31,256
42,035	30,710	0	72,745	Between 30 and 40 years	48,638	31,288	0	79,926
0	42,500	0	42,500	Above 40 years	0	42,500	0	42,500
91,358	90,373	182,394	364,125	Total	91,387	106,041	182,394	379,822

The LOBO maturity profile assumes that the lenders will not exercise any options embedded in the loans until maturity. As of 31 March 2025, LOBO loans with nominal value £52.5m have fixed interest rates ranging from 3.58% to 4.50%, whilst a loan with nominal value £37m has a stepped rate ranging from 2.69% on 31 March 2025 to 6.30% at maturity. Of the total amount of LOBO loans, £10m has a break clause at every biannual interest payment date and £79.5m 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 £0.081m. The impact of a 0.1% fall in interest rates would be a net decrease in income of £0.081m.

### 13. DEBTORS

# a) Long Term Debtors

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

Lewisham Homes Limited - Loan
Catford Regeneration Partnership Limited (CRPL) - Loan
Street Lighting PFI Sinking Fund
Other Long Term Debtors
Total Long Term Debtors

31/03/25		
£000		
	40,000	
	17,327	
	2,950	
	1,692	
	61,969	

31/03/24	
£000	
40,000	
16,934	(b)
2,950	(c)
1,664	
61,548	

### a) Lewisham Homes Limited Loan

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

# b) Catford Regeneration Partnership Limited Loan

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

# c) Street Lighting PFI Sinking Fund

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

# b) Current Debtors

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

	31/03/25	31/03/24
	£000	£000
Government and Other Public Bodies:		
HM Revenue & Customs - VAT	7,036	7,049
Central Government bodies	8,666	8,074 *
Other Local Authorities	4,021	6,105 *
NHS bodies	22,009	12,760 *
Other Public bodies	866	746 *
Council Tax Payers	44,879	38,531
Council Tax Court Costs	6,351	5,450
NDR Payers	2,269	2,475
Housing Benefit Overpayments	14,916	16,395
Housing Rents (inc PSL, B & B, Hostels, Commercial)	23,419	15,201
Leaseholders Services Charges	11,784	11,322
LBL Pension Fund	3,479	1,338
General Debtors due for Supplies and Services	67,771	38,601 *
Total Current Debtors	217,466	164,047
Impairment Allowances	(99,056)	(88,908)
Total Net Current Debtors	118,410	75,139

(\*) In 2024/25 greater in-depth analysis of General Debtors enabled the recategorisation of an additional material amount to the various categories in Government and Other Public Bodies from General Debtors, the same recategorisation has also been applied to 2023/24.

# c) Impairment Allowances

Council Tax Payers
Council Tax Court Costs
NDR Payers
Housing Benefit Overpayments
Housing Rents (inc PSL, B & B, Hostels, Commercial)
Leaseholders Services Charges
General Debtors due for Supplies and Services
Total Impairment Allowances

Balance at 31/03/24	Movement in 2024/25	Balance at 31/03/25
£000	£000	£000
(34,693)	(7,867)	(42,560)
(4,738)	(839)	(5,577)
(1,928)	95	(1,833)
(14,472)	1,205	(13,267)
(4,666)	(1,321)	(5,987)
(3,119)	(195)	(3,314)
(25,292)	(1,226)	(26,518)
(88,908)	(10,148)	(99,056)

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

### 14. CASH AND CASH EQUIVALENTS

Cash Equivalents
Short Term Deposits
Cash
Money Market Funds
Call Accounts with Banks

# **Other Cash and Bank Balances** Main Bank Accounts

Schools Bank Accounts
Other Cash and Bank Accounts

### **Total Cash and Cash Equivalents**

### **Bank Accounts Overdrawn**

Main Bank Accounts
Schools Bank Accounts

Net Cash and Cash Equivale				
Net Casii aliu Casii Euulvale	sn and	Casn	Equival	lents

Balance 31/03/24 £000	Movement in 2024/25 £000	Balance 31/03/25 £000
0	0	0
43,499	(3,690)	39,809
0	0	0
43,499	(3,690)	39,809
379	1,212	1,591
3,816	(185)	3,631
2,037	(353)	1,684
6,232	674	6,906
49,731	(3,016)	46,715
0	0	0
0	0	0
0	0	0
49,731	(3,016)	46,715

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 £17.3m (2023/24 £19.8m) and overdrawn £13.7m (2023/24 overdrawn £16.0m) respectively.

# 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.

	31/03/25 £000	31/03/24 £000
Government and other public bodies:		
HM Revenue & Customs	24,321	7,028
Central Government bodies	7,265	<b>13,353</b> (a)
Other Local Authorities	7,826	10,783
NHS bodies	2,509	3,167
Other Public bodies	189	705
	42,110	35,036
Short Term Compensated Absences	22,468	22,733
Council Tax	6,406	8,507
NDR	1,890	3,789
General Creditors (amounts owed for supplies and services)	73,991	82,667
Total Creditors	146,865	152,732

# a) Central Government bodies

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

MHCLG - Collection Fund NDR Creditor
Teachers Pensions
NDR Transitional payments received on account
MHCLG - Business Rate Relief Section 31 grant
Other
Total Central Government Creditors

31/03/24
£000
5,374
1,834
1,016
4,062
1,067
13,353

04/00/05

### 16. RECEIPTS IN ADVANCE

	31/03/25 £000	31/03/24 £000	
Revenue Grants and Contributions	25,861	29,857	
PFI Schemes	23,576	24,311	
Capital Contributions Unapplied	14,482	15,206	(a)
Rents in Advance	12,393	10,858	
Council Tax	2,537	1,953	
NDR	361	20	
Other Receipts in Advance	15,086	10,745	
Total Receipts in Advance	94,296	92,950	

# (a) Capital Contributions Unapplied

Capital Contributions Unapplied includes a balance of £14.5m Section 106 Contributions, where the conditions have not yet been met, in 2024/25 (2023/24 was £15.2m).

#### 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.

### Current (less than 1 year)

Insurance Provision (a)

Term Time Only Claims Provision (b)

NDR Appeals Provision (c)

Other Provisions (d)

### Non Current (Over 1 year)

Insurance Provision (a)

Other Provisions (d)

Balance	<b>Fransfers</b>	2024/25 1	Balance
31/03/25	ln	Out	31/03/24
£000	£000	£000	£000
2,292	2,484	(2,280)	2,088
0	0	(567)	567
2,063	1,679	(2,177)	2,561
721	29	(300)	992
5,076	4,192	(5,324)	6,208
5,652	0	(152)	5,804
1,600	300	0	1,300
7,252	300	(152)	7,104
12,328	4,492	(5,476)	13,312

# Total - Provisions

#### (a) Insurance Provisions

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

### (b) Term Time Only Claims Provision

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

2020/21 with most payments being made in 2021/22 and 2022/23, the remainder of the provision was transferred to school reserves used in 2024/25.

# (c) 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 £6.9m of which the Council's share is £2.1m.

# (d) 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.

	2024/25 £000	2023/24 £000
Balance brought forward at start of year	74,538	67,138
Amounts Received	8,418	13,257
Poolable to Central Government	0	0
Receipts returned to Central Government	0	0
Amounts applied to finance new capital investment	(2,255)	(5,857)
Total increase/(decrease) in capital receipts in year	6,163	7,400
Balance carried forward at end of year	80,701	74,538

### 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.

	2024/25 £000	2023/24 £000
Balance brought forward at start of year	(59,494)	(139,579)
Adj to opening bal (RE: Lewisham Homes)	o	49,118
Actuarial gains or (losses) on pensions assets and liabilities	268,150	30,298
Return on Assets excluding amounts included in Net Interest	(29,165)	122,821
Effect of Asset Ceiling	(245,898)	(125,708)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in		
the CIES	(25,833)	(36,894)
Employer's pensions contributions and direct payments to pensioners payable in the year	42,301	40,450
		,
Balance carried forward at end of year	(49,939)	(59,494)

### 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.

	2024/25	- 1	2023/24
	£000	L	£000
Balance brought forward at start of year	1,328,807	- 1	1,382,592
Opening Balance Adjustment	(1)	- 1	1,302
, ,	` ,	Ī	·
Revaluation of Assets	167,047	- 1	(24,004)
Impairment Losses	(2,007)	- 1	(4,258)
Loss of Control of Assets	Ó	- 1	Ó
		ı	
Surplus or (Deficit) on revaluation of non-current assets not		- 1	
posted to the (Surplus) or Deficit on the Provision of Services	165,040	L	(28,262)
		- 1	
Difference between fair value and historic cost depreciation	(23,112)	- 1	(24,054)
Accumulated gains on assets sold or scrapped	(9,635)	L	(2,771)
Amount written off to the Capital Adjustment Account	(32,747)	- 1	(26,825)
	(,- 11)	ı	(==,==0)
Balance carried forward at end of year	1,461,099		1,328,807

### 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.

		Restated (*)
	2024/25	2023/24
	£000	£000
Balance brought forward at start of year	972,142	1,077,605
Opening Balance Adjustment	0	(42,526)
Reversal of capital expenditure items debited or credited to the CIES		
Charges for depreciation and impairment of non-current assets	(119,633)	(158,017)
Revenue expenditure funded from capital under statute	(28,194)	(3,201)
Non-current assets written off on disposal and de-recognition - gain/loss to the		
CIES	(17,762)	(7,480)
	(165,589)	(168,698)
Adjusting amounts written out of the Revaluation Reserve	32,747	26,825
Not assessed and the second of		
Net amount written out of the cost of non-current assets consumed in the	(122 842)	(4.44 072)
year	(132,842)	(141,873)
Capital Financing applied in the year:		
Use of Capital Receipts to finance new capital expenditure	2,255	5,857
Use of Major Repairs Reserve to finance new capital expenditure	25,359	26,311
Capital grants and contributions credited to the CIES	42,588	23,045
Statutory Provision for the financing of capital investment	5,480	4,343
Repayment of Principal on PFI schemes	11,739	10,852
Repayment of Principal on Leases	4,334	10,052
Capital expenditure charged to General Fund and HRA	4,334 6,689	8,528
Capital experiolitile charged to General Fund and First		
	98,444	78,936
Balance carried forward at end of year	937,744	972,142

(\*) See Note 47

# 22. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

		Restated
	2024/25	2023/24
	£000	£000
Employee expenses - LBL	365,159	344,716
Employee expenses - Schools Non-LBL	44,625	67,191
Other Expenditure	859,803	787,079
Revaluation, Depreciation, Amortisation and Impairment	119,697	158,885
Interest payments	33,274	29,406
Precepts and levies	1,712	1,699
De-Recognition of Leased Assets	12,368	0
Loss on disposal of non-current assets	0	0
Net interest on the net defined benefit liability	0	3,827
Total Expenditure	1,436,638	1,392,803
Government grants and contributions	(728,950)	(707,893)
Fees, Charges and Other service income	(369,950)	(315,795)
Interest and Investment income	(20,938)	(15,187)
Income from council tax, non-domestic rates, district rate income	(247,189)	(229,706)
Recognised Capital Grants and Contributions	(47,266)	(36,356)
Gain on disposal of non-current assets	(6,481)	(6,208)
Net interest on the net defined benefit liability	(4,917)	0
Other Income	0	0
Total Income	(1,425,691)	(1,311,145)
(Surplus) or Deficit on the Provision of Services	10,947	81,658

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

	2024/25	2023/24
Fees, Charges and Other Service Income	£000	£000
Rent & Service Charges	(161,164)	(149,250)
Contributions from Health	(44,837)	(36,302)
Schools Income	(19,282)	(15,757)
Parking Income	(18,192)	(16,438)
Fees & Charges Income	(12,278)	(15,175)
PFI Credits Income	(10,104)	(13,984)
Licenses & Permits	(8,521)	(2,322)
Fairer Care Charges Income	(7,553)	(6,807)
Other Care Charges Income	(3,567)	(6,826)
Income from Capital	(3,343)	0
Cemeteries & Crematoria Income	(2,624)	(2,669)
Contributions from Other Local Authorities	(2,507)	(2,008)
Court Costs Income	(2,320)	(2,250)
Housing Benefits - Other Income	(2,210)	(2,309)
Bailiff Fees	(1,996)	(1,226)
Planning Fees	(1,747)	(1,562)
Professional Fees Income	(982)	(811)
HRA Other Income	(33,383)	(15,017) (*
Other Income	(33,340)	(25,082)
Total Income	(369,950)	(315,795)

<sup>(\*)</sup> HRA Other Income has been separated from "Other Income" in 2024/25 due to being a material amount, the recategorisation has also been applied to 2023/24.

### 23. AGENCY SERVICES AND POOLED BUDGETS

In 2024/25 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 2024/25 was £46.4m, the split of which can be seen in the table below.

	2024/25 £000	2023/24 £000
Funding provided to the pooled budget:		
Lewisham Borough Council	(17,373)	(17,373)
Lewisham ICB (Previously NHS Lewisham CCG)	(28,995)	(27,442)
	(46,368)	(44,815)
Expenditure met from the pooled budget: Lewisham Borough Council Lewisham ICB (Previously NHS Lewisham CCG)	29,471 16,897 46,368	28,962 15,853 44,815
Net surplus arising in year	0	0

### 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 24/25 or 23/24.

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 24/25 was £10.0m, 23/24 £10.5m), Lewisham Schools for The Future SPV2 Limited (payments made in 24/25 was £3.3m, 23/24 £3.5m), Lewisham Schools for The Future SPV3 Limited (payments made in 24/25 was £4.9m, 23/24 £5.1m) and a 19% shareholding in Lewisham Schools for The Future SPV4 Limited (payments made in 24/25 was £9.1m, 23/24 £9.5m). The Acting Director of Financial is the Council's Director on all of these companies' boards. The corporate structure is standard to BSF schemes.

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

The Council has a minority share of less than 1% in South-East London Combined Heat and Power Limited (SELCHP) which is a joint venture with the London Borough of Greenwich for the provision of waste disposal and waste to energy services. The Council's interest does not provide it with joint control, and it is not a party to the joint venture Payments of £7.7m were made in 2024/25 to the company £7.1m in 2023/24) 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 2024/25 or 2023/24.

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

The LCIV was established as the London LGPS pension pool as mandated by Government. There are 32 shareholders, 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 is effectively winding up its operations.

# 25. MEMBERS' ALLOWANCES

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

Allowances (incl. NI)
Other Expenses
Total Expenditure in Year

2024/25	2023/24
£000	£000
1,321 (37)	1,
1,284	1,

### 26. OFFICERS' REMUNERATION

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

	Non-Schools		Schools		Tot	als	
<b>Remuneration Band</b>	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	
£50,000 to £54,999	191	204	183	207	374	411	
£55,000 to £59,999	188	188	244	397	432	585	
£60,000 to £64,999	143	86	249	34	392	120	
£65,000 to £69,999	42	30	25	42	67	72	
£70,000 to £74,999	13	15	39	46	52	61	
£75,000 to £79,999	22	26	41	47	63	73	
£80,000 to £84,999	28	31	24	21	52	52	
£85,000 to £89,999	9	5	19	32	28	37	
£90,000 to £94,999	6	5	30	18	36	23	
£95,000 to £99,999	2	1	18	16	20	17	
£100,000 to £104,999	1	1	11	4	12	5	
£105,000 to £109,999	1	2	3	5	4	7	
£110,000 to £114,999	3	6	2	2	5	8	
£115,000 to £119,999	6	1	4	1	10	2	*
£120,000 to £124,999	1	2	1	2	2	4	
£125,000 and over	5	3	8	7	13	10	*
Total	661	606	901	881	1,562	1,487	

<sup>\*</sup> Non- School Employees who appear on the Senior Employees remuneration note number 27b have not been included in this table

### b) Disclosure of Senior Employees' Remuneration

	Salary (inc	Employer's	Total (inc.
	fees and	Pension	Pension
Financial Year 2024/25	allowances)	Contributions	Contributions)
	£	£	£
Senior Employees			
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	218,585	21,530	240,115
01-Apr-24 to 31-Oct-24 (Tom Brown)	105,795	21,530	127,325
06-Jun-24 to 31-Mar-25 (Denise Radley) a)	112,790		112,790
Executive Director for Housing (Gillian Douglas)	167,763	36,908	204,671
Executive Director for Place	166,349	13,824	180,173
01-Apr-24 to 08-Nov-24 (Nazeya Hussain) (b)	103,511		103,511
11-Nov-24 to 31-Mar-25 (Steve Evison)	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
Totals	1,357,673	248,868	1,606,541

- a) Executive Director for Adult Social Care and Health currently by an interim staff member.
- b) Executive Director for Place filled by an interim staff member between 01-Apr-24 to 08-Nov-24

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

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

- a) Jennifer Daothong: Acting Chief Executive 01-Apr-23 03-Mar-24. Chief Executive 04-Mar-24 31-Mar-24.
- b) For period 11-Sep-23 31-Mar-24
- c) Executive Director for Place is filled by an interim staff member.

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

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

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

# Cost Band (inc Pension Fund Contributions)

£0 to £20,000 £20,001 to £40,000 £40,001 to £60,000 £60,001 to £80,000 £80,001 to £100,000 £100,001 and over

24
}
;

Total Cost of Exit		
Pack	ages	
2024/25	2023/24	
£000	£000	
364	311	
368	381	
121	372	
134	67	
0	99	
117	179	
1,104	1,409	

### 27. EXTERNAL AUDIT COSTS

External Audit Services
Certification of Grant Claims and Returns
Other services provided by the appointed auditor
Services provided by the previous appointed auditor

2023/24 £000	
481 60	
0	)
28 569	

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

The Council's appointed auditor in 2024/25 is KPMG (in 2023/24 it was also KPMG).

# 2024/25 audit fee scale - set by PSAA

The 2024/25 audits are the second 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 2024/25 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.

### 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 2024/25. The table notes a cumulative deficit of £18.6m relating to the High Needs Block, reflecting an increase of £3.1m in 2024/25. The increase is lower than in previous years reflecting actions being undertaken by Children and Young People's directorate in partnership with Schools forum to action a mitigation plan.

		2024/25			2023/24	
		Individual			Individual	
	Central	Schools		Central	Schools	
	Expenditure	Budget (ISB)	Total	Expenditure	Budget (ISB)	Total
	£000	£000	£000	£000	£000	£000
Final DSG before academy &						
high needs recoupment			362,454			336,035
Academy & high needs figure						
recouped			(88,571)			(49,367)
Total DSG after academy &						
high needs recoupment			273,883			286,668
Brought forward from previous year	0	0	0	0	0	0
Carry forward to next year agreed						
in advance	l	0	0	0	0	0
						-
Agreed initial budgeted						
distribution	70,713	203,170	273,883	69,586	217,082	286,668
In year adjustments	0	(1,185)	(1,185)	0	,	19
Final Budget Distribution	70,713	201,985	272,698	69,586		286,687
· ····a·· zuugov zioiiizuuoii						200,001
Actual Central Expenditure	73,807		73,807	72,017		72,017
			-,	, -		,-
Actual ISB deployed to schools		201,985	201,985		217,101	217,101
Local authority contribution	0	, i	0	0		0
•	,				•	
Total In-Year (Deficit)/ Surplus	(3,094)	0	(3,094)	(2,431)	0	(2,431)
DSG unusable reserve		Г				
(cumulative deficit) b/f			(15,522)			(13,091)
(		L	(10,000)			(10,001)
Addition to DSG unusable reserve		Γ				
(in-year deficit)			(3,094)			(2,431)
		_	(-,)			( , = -)
Total of DSG unusable reserve		ſ				
(cumulative deficit) at the end						
of year			(18,616)			(15,522)
		-				

### 29. GRANT INCOME

The following grants were credited to services during the year:

	2024/25	2023/24
	£000	£000
Dedicated Schools Grant	(272,698)	(290,222)
Housing Benefit Grant	(153,502)	(159,715)
Public Health Grant	(28,232)	(26,914)
BSF/ Grouped Schools PFI Unitary Charge Grant	(26,848)	(26,472)
Improved Better Care Fund	(14,942)	(14,942)
Pupil Premium Grant	(10,656)	(12,026)
Housing Subsidy/ Decent Homes Backlog Grant	(10,353)	(10,353)
Household Support Grant	(5,337)	(5,337)
Social Care Grants	(5,984)	(5,298)
Other Grants	(90,279)	(76,060)
Total	(618,831)	(627,339)

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

	2024/25	2023/24
	£000	£000
Revenue Support Grant (RSG)	(34,537)	(32,392)
Social Care Grants	(30,790)	(23,402)
S31 Business rate relief grant	(25,230)	(17,184)
S31 Business rate grants - Other	(15,000)	0
New Homes Bonus	(1,993)	(114)
Services & Lower Tier Services Grants	(664)	(3,848)
Other	(1,905)	(3,614)
Total	(110,119)	(80,554)

### 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.

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

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

2023/24					
Name	Loan with LBL	Expenditure	Income	Income outstanding to LBL (LBL debtor balance)	Balance outstanding (LBL creditor balance)
	£'000	£'000	£'000	£'000	£'000
Lewisham Homes Ltd	40,000	29,701	1,352	2,699	3,014
Catford Regeneration Partnership Ltd	16,934	21	943	0	199

# (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 2024/25 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.

### 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.

		Restated (*)
	2024/25	2023/24
	£000	£000
Opening Capital Financing Requirement	618,816	551,105
Opening Balance Adjustment	0	40,467
Opening Capital Financing Requirement	618,816	591,572
Capital Investment		
Property, Plant and Equipment	106,612	102,979
Revenue Expenditure Funded from Capital under Statute	28,194	3,201
Right of Use Assets Recognised in Year (Leases)	24,472	0
	159,278	106,180
Resources Used for Financing		
Capital Receipts	(2,255)	(5,857)
Government Grants and Other Contributions	(42,588)	(23,045)
Major Repairs Reserve	(25,359)	(26,311)
Sums set aside from Revenue:	(6,689)	(8,528)
	(76,891)	(63,741)
Increase in the underlying need to borrowing	82,387	42,439
Debt Redeemed		
Minimum Revenue Provision	(5,480)	(4,343)
Repayment of Principal on PFI schemes	(11,739)	(10,852)
Repayment of Principal on Leases	(4,334)	0
	(21,553)	(15,195)
Increase/ (decrease) in Capital Financing Requirement	60,834	27,244
Closing Capital Financing Requirement	679,650	618,816

(\*) See Note 47

### 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:

	2024/25
	£000
Value at 01 April 2024	12,368
De-Recognised from Asset Register	(12,368)
Adjustment of Right of Use Assets	24,472
Additions	0
Depreciation Charge	(1,695)
Revaluations	581
Disposals	0
Value at 31 March 2025	23,358

Council Dwellings	4,010
Land & Buidings	19,348
Value at 31 March 2025	23,358

# Transactions under leases

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

	2024/25
	£000
Comprehensive income and expenditure	
statement	
Interest expense on lease liabilities	160
Cash flow statement	
Minimum lease payments	4,334

# 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):

Not later than one year Later than one year and not later than five years Later than five years

31/03/25
£000
7,328
11,972
21,819
41,119

31/03/24
£000
1,207
3,276
15,395
19,878

### 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:

Not later than one year Later than one year and not later than five years Later than five years

31/03/25						
£000						
2,403						
4,748						
5,196						
12,347						

31/03/24
£000
3,846
6,220
5,151
15,217

# 33. PRIVATE FINANCE INITIATIVES (PFI) CONTRACTS

# a) Summary of PFI Schemes

PFI Scheme

Start of Contract
End of Contract

Total Estimated Cost
Total PFI Credits

Net PFI Cost

Brockley HRA	Downham Lifestyles	Grouped Schools	BSF1	BSF2	BSF3	BSF 4	Street Lighting					
2007	2007	2007	2009	2011	2012	2012	2011					
2027	2039	2036	2035	2037	2037	2038	2036					
£296m	£90m	£239m	£252m	£89m	£124m	£234m	£95m					
£207m	£30m			£674m	,	,	£54m					
£89m	£60m			£264m	•							

# b) Payments made under PFI contracts

	Brockley HRA	Downham Lifestyles	•		BSF 2	BSF 3	BSF 4	Street Lighting	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
2024/25									
Service Charges	12,023	669	5,013	5,541	1,350	1,666	3,089	926	30,277
Interest	2,541	2,146	2,692	3,047	1,499	2,281	4,589	2,061	20,856
Liability Repayment	4,641	256	1,204	1,811	525	889	1,451	962	11,739
Unitary Charge	19,205	3,071	8,909	10,399	3,374	4,836	9,129	3,949	62,872

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

# 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.

	2024/25		2023	3/24
	£000	£000	£000	£000
Gross Book Value b/fwd		404,336		409,635
		4-		00.4
Additions	40.005	15	(4.000)	391
Revaluations (recognised in Revaluation Reserve) Revaluations (recognised in Surplus/ Deficit on the	16,295		(1,936)	
Provision of Services)	994	17,289	(2,650)	(4,586)
Impairments (recognised in Revaluation Reserve)	(14)	17,209	(391)	(4,300)
Impairments (recognised in Nevaluation Neserve)	(14)		(391)	
Provision of Services)	0	(14)	0	(391)
Loss of Control of Assets (recognised in Revaluation		(* -,		(== 1)
Reserve)	0		0	
Loss of Control of Assets (recognised in Financing and				
Investment Income and Expenditure)	0	0	0	0
Disposals		(897)		(713)
Transfers		0		0
Assets reclassified (to)/ from Held for Sale		0		0
Gross Book Value c/fwd		420,729		404,336
Depreciation b/fwd		(10,838)		(9,672)
Depreciation for year		(10,838) (7,839)		(7,897)
Depreciation written back on:		(1,000)		(1,031)
Transfers		0		0
Revaluations (recognised in Revaluation Reserve)	6,483		4,463	· ·
Revaluations (recognised in Surplus/ Deficit on the	0,.00		.,	
Provision of Services)	190	6,673	2,268	6,731
Impairments (recognised in Revaluation Reserve)	0		0	
Impairments (recognised in Surplus/ Deficit on the				
Provision of Services)	0		0	
Assets sold		0		0
Depreciation c/fwd		(12,004)		(10,838)
Net Book Value at End of Year		408,725		393,498
		400,1 <b>2</b> 0		<del>555, 156</del>

### 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.

Balance outstanding at start of year Balance outstanding at end of year

Current Liabilities (Due within 1 Year)								
2024/25	2024/25 2023/24							
£000	£000							
11,739	10,852							
13,378	11,739							

Deferred (Future) Liabilities							
2024/25	2023/24						
£000 £000							
170,655	182,394						
157,277 170,65							

### 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.

	In	2 to 5	6 to 10	11 to 15	16 to 20	
	2025/26	years	years	years	years	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Brockley HRA	20000	20000	20000	20000	20000	20000
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
Downham Lifestyles	700	700			<u> </u>	1,100
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
Grouped Schools		1,010		1,001	<u> </u>	0,001
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
BSF 1	.,000	.,	.,	.,		,
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
BSF 2	,	-, -	-,			, -
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
BSF 3	·			· ·	·	
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
BSF 4						
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
Streetlighting						
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
Totals	64,011	205,415	241,249	89,283	0	599,958

	ln	2 to 5	6 to 10	11 to 15	16 to 20	
	2024/25	years	years	years	years	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Brockley HRA						
Service charges	11,411	24,445	0	0	0	35,856
Interest	2,556	4,042	0	0	0	6,598
Repayment of liability	4,641	11,452	0	0	0	16,093
Planned lifecycle replacement	690	1,418	0	0	0	2,108
Downham Lifestyles			·		•	·
Service charges	325	1,385	1,935	2,190	0	5,835
Interest	2,145	8,658	10,350	9,375	0	30,528
Repayment of liability	256	1,423	2,615	4,973	0	9,267
Planned lifecycle replacement	344	1,472	2,067	2,338	0	6,221
Grouped Schools						
Service charges	3,745	16,076	22,813	10,690	0	53,324
Interest	2,692	9,991	9,093	1,723	0	23,499
Repayment of liability	1,204	6,552	13,448	7,844	0	29,048
Planned lifecycle replacement	1,289	4,551	4,517	2,161	0	12,518
BSF 1						
Service charges	3,568	15,381	21,985	4,801	0	45,735
Interest	3,048	11,133	8,027	-243	0	21,965
Repayment of liability	1,811	10,357	19,629	3,385	0	35,182
Planned lifecycle replacement	1,942	6,083	7,663	1,052	0	16,740
BSF 2						
Service charges	1,024	4,357	6,088	4,618	0	16,087
Interest	1,501	5,412	4,912	1,449	0	13,274
Repayment of liability	525	2,688	5,350	5,509	0	14,072
Planned lifecycle replacement	349	1,523	2,071	1,703	0	5,646
BSF 3						
Service charges	1,496	6,446	10,037	7,602	0	25,581
Interest	2,290	8,339	7,368	3,218	0	21,215
Repayment of liability	889	4,465	7,163	7,510	0	20,027
Planned lifecycle replacement	321	1,397	2,857	2,064	0	6,639
BSF 4						
Service charges	2,622	10,909	16,616	15,904	0	46,051
Interest	4,606	17,159	16,119	6,731	0	44,615
Repayment of liability	1,451	7,991	13,698	15,796	0	38,936
Planned lifecycle replacement	561	2,046	3,996	4,406	0	11,009
Streetlighting						
Service charges	926	3,939	5,504	2,844	0	13,213
Interest	2,061	7,467	6,892	1,892	0	18,312
Repayment of liability	962	4,749	8,630	5,427	0	19,768
Planned lifecycle replacement	0	0	0	0	0	0
Totals	63,251	223,306	241,443	136,962	0	664,962

# 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.

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

	Contractual
	commitments
	as at 31/03/24
	£'000
General Fund	2 000
Lewisham Gateway (Phase 2)	3,441
Thomas Lane Yard & the CCC	1,300
Amersham & Northover Residential Conversion	1,200
Riverside Youth Club Development Project	1,000
Corporate Estate Maintenance Programme 2021-2023	300
Mayow Road	300
Housing Revenue Account	
New Cross Road Acquisition 52-54	6,800
New Homes, Better Places- Bampton & Shifford Est.Dev	1,100
Elderton Road Garages (Pack 5) SE26 4EY	800
Creekside Acquisition	500
Sommerville (PHASE 3)	500
Algernon/Embleton Road (Phase 3)	458
Walsham House Garages	450
Creekside Acquisition	400
Eliot Bank (Forest Estate)	300
Ladywell Leisure Centre Development Site	300
Total Coulded Brownson and tractual committee of	40.440
Total Capital Programme contractual commitments	19,149

### 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 2024/25 this rate was 28.68% (in 2023/24 23.68%). In 2024/25, the Council paid £30.52m to the DfE in respect of teachers' pension costs (£28.4m in 2023/24).

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 2024/25 (14.38% paid by employers and 9.4% paid centrally (in 2023/24 this was also 20.68%). In 2024/25 the Council paid £0.020m to the DoH in respect of employees' pension costs (£0.023m in 2023/24).

### 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 method and an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. They have been prepared by independent firms of actuaries (the LGPS by Hymans Robertson and the LPFA by Barnett Waddingham), and are based on IAS19 assumptions and calculations for the year and the latest triennial valuations as at 31 March 2022. In 2023/24 the as part of the in-sourcing of the functions carried out by Lewisham Homes on behalf of the Council the staff of Lewisham Homes transferred to the Council. The pension liability that was previously guaranteed by the Council transferred back to the Council and is now included in the Council's single entity accounts. An adjustment has been made to the valuation of the assets and liabilities within the Council's single entity accounts to reflect this.

### c) Transactions relating to Retirement Benefits

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

Comprehensive Income and Expenditure Statement	2024/25	2023/24
	£000	£000
Cost of Service	00 504	04.405
Current Service Cost	32,581	34,135
Past Service Cost (inc.settlements and curtailments)	(1,831)	(1,068)
	30,750	33,067
Financing and Investment Income and Expenditure		
Net Interest on the Net Defined Benefit Liability		
Interest Income on Scheme Assets	(86,308)	(73,176)
Interest Cost on Defined Benefit Obligation (Liabilities)	81,391	77,003
	(4,917)	3,827
Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	25,833	36,894
<u>Cashflows</u>		
Employer contributions	(37,698)	(36,029)
Contributions in respect of unfunded benefits paid	(4,603)	(4,421)
Effect of business combinations and disposals	0	(49,118)
Total Cashflows	(42,301)	(89,568)
Remeasurements of the Net Defined Benefit Liability		
Return on Assets excluding amounts included in Net Interest	29,165	(122,821)
Actuarial Losses from changes in Demographic Assumptions	(3,030)	(11,623)
Actuarial Losses from changes in Financial Assumptions	(247,472)	(72,084)
Other Remeasurements & Gains and Losses	(17,648)	53,409
Total Remeasurements recognised in CIES	(238,985)	(153,119)
Effect of Asset Ceiling	245,898	125,708
Total Post Employment Benefits Charged to the CIES	(9,555)	(80,085)
		. ———

Movement in Reserves Statement	2024/25	2023/24
	£000	£000
Pensions Reserve - Adj to opening bal (RE Lewisham Homes)	0	49,118
Reversal of Net Charges made to the Surplus or Deficit on the	(25,833)	(36,894)
Provision of Services		
Employers' Contributions Payable to the Scheme	42,301	40,450
Return on Assets excluding amounts included in Net Interest	(29,165)	122,821
Actuarial Gains and Losses	268,150	30,298
Effect of Asset Ceiling	(245,898)	(125,708)
Net Movement in Pensions Reserve	9,555	80,085

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

	31/03/25 £000	31/03/24 £000
Fair Value of Plan Assets Present Value of Defined Benefit Liability (Obligation) Year End Balance (Before effect of Asset Ceiling)	1,845,495 (1,451,091) 394,404	1,814,181 (1,670,371) <b>143,810</b>
Effect of Asset Ceiling	(403,891)	(157,993)
Year End Balance (After effect of Asset Ceiling)	(9,487)	(14,183)
Present Value of Unfunded Liabilities	(40,452)	(45,311)
Pensions Reserve - Year End Balance	(49,939)	(59,494)

### 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 £350,034k to a deficit of £9,519k. This deficit has been based on the Council's current committed secondary contribution rates, which have been assumed to continue at £5,100k a year for a further 15 years, offset by a 1.9% reduction in salary-related contributions over this same period.

For the LPFA scheme this has had the effect of reducing the surplus of £44,370k to £32k.

	31/03/25 £000	31/03/24 £000
Opening impact of asset ceiling	157,993	32,285
Interest on impact of asset ceiling Actuarial losses / (gains)	7,604 238,294	1,550 124,158
Closing impact of asset ceiling	403.891	157.993

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

	31/03/25 £000	31/03/24 £000
Opening Fair Value of Scheme Assets	1,814,181	1,459,367
Interest Income on Scheme Assets	86,336	73,203
Administration	(28)	(27)
Return on Assets excluding amounts included in Net Interest	(29,165)	122,821
Employer Contributions	37,698	36,029
Contributions in respect of Unfunded Benefits	4,603	4,421
Contributions from Scheme Participants	11,470	11,031
Assets distributed on settlements	(6,514)	(5,201)
Benefits Paid	(68,483)	(70,986)
Unfunded Benefits Paid	(4,603)	(4,421)
Effect of business combinations and disposals	0	187,944
Other Remeasurements	0	0
Closing Fair Value of Scheme Assets	1,845,495	1,814,181

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

	31/03/25 £000	31/03/24 £000
Opening Present Value of Scheme Liabilities (Obligations)	(1,715,682)	(1,566,661)
Current Service Cost	(32,581)	(34,135)
Interest Cost on Defined Benefit Obligation (Liabilities)	(81,391)	(77,003)
Contributions from Scheme Participants	(11,470)	(11,031)
Benefits Paid	68,483	70,986
Unfunded Benefits Paid	4,603	4,421
Actuarial Losses from changes in Demographic Assumptions	3,030	11,623
Actuarial Losses from changes in Financial Assumptions	247,472	72,084
Other Gains and Losses	17,648	(53,409)
Effect of business combinations and disposals	0	(138,826)
Past Service Costs / Curtailments / Settlements	8,345	6,269
Closing Present Value of Scheme Liabilities (Obligations)	(1,491,543)	(1,715,682)

# h) Pension Scheme Assets

LGPS (LBL)
Debt Securities
Private Equity
Real Estate
Investment Funds / Unit Trusts
Cash and Cash Equivalents
Total LGPS Assets

	31/03/25	
Active Market	Not in Active	Total
	Markets	
£000	£000	£000
218,521	0	218,521
0	179,752	179,752
0	157,151	157,151
959,021	163,132	1,122,153
0	76,475	76,475
1,177,542	576,510	1,754,052

31/03/24		
Active Market	Not in Active Markets	Total
£000	£000	£000
156,106	0	156,106
0	132,025	
0	154,798	154,798
1,062,280	163,011	1,225,291
0	52,787	52,787
1,218,386	502,621	1,721,007

LPFA
Equities
Target Return Portfolio
Infrastructure
Real Estate
Cash
Total LPFA Assets

31/03/25		
Active Market	Not in Active Markets	Total
£000	£000	£000
48,694	5,240	53,934
3,484	13,123	16,607
0	10,430	10,430
0	8,334	8,334
2,101	37	2,138
54,279	37,164	91,443

31/03/24		
Active Market	Not in Active Markets	Total
£000	£000	£000
49,845	6,568	56,413
4,985	11,089	16,074
0	10,704	10,704
0	8,523	8,523
1,432	28	1,460
56,262	36,912	93,174

# i) Basis for Estimating Assets and Liabilities

Rate of Inflation – CPI
Salary Increase Rate
Pensions Increases
Rate for discounting scheme liabilities
Mortality assumptions
Longevity at 65 for current pensioners - Men
Longevity at 65 for current pensioners - Women
Longevity at 65 for future pensioners - Men
Longevity at 65 for future pensioners - Women

Local Government Pension Scheme		LPFA		
2024/25	2023/24	2024/25	2023/24	
2.80%	2.80%	2.90%	2.95%	
3.80%	3.80%	3.90%	3.95%	
2.80%	2.80%	2.90%	2.95%	
5.80%	4.80%	5.65%	4.85%	
20.8	20.9	19.9	19.9	
23.8	23.9	23.7	23.6	
21.8	21.9	21.1	21.1	
25.2	25.2	24.8	24.7	

### j) Sensitivity Analysis

Change in Assumption at 31st March 2025		
	Approximate % Increase in	Approximate Monetary
	Employer Liability	Amount (£000)
LGPS - LB Lewisham		
0.1% Decrease in Real Discount Rate	2%	22,762
1 Year Increase in Member Life Expectancy	4%	57,779
0.1% Increase in the Salary Increase Rate	0%	833
0.1% Increase in the Pension Increase Rate	2%	22,554
LPFA		
0.1% Decrease in Real Discount Rate	n/a	414
1 Year Increase in Member Life Expectancy	n/a	2,793
0.1% Increase in the Salary Increase Rate	n/a	1
0.1% Increase in the Pension Increase Rate	n/a	424

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 £35.1m in contributions to the scheme in 2025/26.

### I) 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 subject to appeal (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 (eg introduce legislation that would allow retrospective section 37 certificates to be produced now to validate historic changes).

### 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.

### 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).

### 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 25 schools with licensed deficit budgets at the year-end (2 nursery schools, 2 special schools, and 21 primary schools), totalling £10.7m. Because of the complexities and future uncertainties over the arrangements for dealing with school deficits/loans, some or all of this total of £10.7m may ultimately fall to be met from the Council's General Fund, either in 2025/26 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 2025 was £0.1m (£0.1m as at 31 March 2024).

### 40. HERITAGE ASSETS

These assets comprise Lewisham Clock Tower (£706k) and the Civic Regalia (£249k). Their values in the accounts are insurance values which are assessed internally and based on current market values. The value of the assets at 31 March 2025 is £0.96m (£0.96m as at 31 March 2024).

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:

Community Infrastructure Lew - LB Lewisham Adults PSS Grant (DoH) Disabled Facilities Grant Other Housing Grant (GLA) Other Grants

2024/25	2023/24	
£000	£000	
(23,502)	(23,791)	
(2,566)	(2,566)	
(1,422)	(2,199)	
(14,244)	(15,728)	
(11,924)	(2,474)	
(53,658)	(46,758)	

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

	2024/25 £000	2023/24 £000
Depreciation, Impairment and Downward Valuations	119,633	158,017
Increase/ (decrease) in creditors	1,793	25,400
(Increase)/ decrease in debtors	(33,099)	(9,537)
(Increase)/ decrease in inventories (stock)	(63)	(40)
Movement in pension liability	(16,468)	(3,556)
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	17,762	7,480
Other non-cash items charged to the net surplus or deficit on the provision of services	(13,357)	(2,648)
Total Adjustment to net surplus or deficit on the provision of services for non-cash movements	76,201	175,116

# 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

	2024/25 £000	2023/24 £000
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	60	48
Proceeds from the sale of property plant and equipment,	(8,418)	(13,257)
investment property and intangible assets Capital Grants credited to surplus or deficit on the provision of services	(49,488)	(42,042)
Total Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(57,846)	(55,251)

## 44. CASH FLOW STATEMENT - OPERATING ACTIVITIES

		Restated
	2024/25	2023/24
	£000	£000
Interest Received	34,229	10,381
Interest Paid	(33,403)	(33,335)
Net Interest Paid	826	(22,954)

## 45. CASH FLOW STATEMENT - INVESTING ACTIVITIES

	2024/25 £000	2023/24 £000
Purchase of Property, Plant and Equipment, investment property and intangible assets	(107,399)	(99,344)
Purchase of short and long term investments	(245,000)	(335,000)
Other payments for Investing Activities	(454)	3,356
Proceeds from the sale of property plant and equipment, investment property and intangible assets	8,418	13,257
Proceeds from short-term and long-term investments	315,000	335,000
Capital Grants received in year	46,134	42,547
Net Cash Flows from Investing Activities	16,699	(40,184)

## 46. CASH FLOW STATEMENT - FINANCING ACTIVITIES

	2024/25 £000	2023/24 £000
Cash receipts of short and long term borrowing	0	0
Other receipts from financing activities  Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(16,073)	(10,852)
Repayment of Short-Term and Long-Term Borrowing	(5,111)	(26,345)
Council Tax and NNDR adjustments	(5,939)	(4,561)
Net Cash Flows from Financing Activities	(27,123)	(41,758)

#### 47. PRIOR YEAR ADJUSTMENTS/ RECLASSIFICATIONS

#### **ADJUSTMENTS**

Building for Lewisham Programme Financing error

In 2018 the Council approved the Building for Lewisham Programme (the Programme) of new build works for the HRA. The Programme was to be financed by a mixture of capital grants, capital receipts and external borrowing. External borrowing was planned to form the majority of the funding. In 2020/21 and 2021/22, given the level of reserves and the cost of borrowing at the time the Council's Treasury Management Strategy (TMS) made clear that the borrowing strategy would be to maintain an under borrowed position using reserves, balances and cash as alternative funding to meet the cost of the Programme in these years, and to replace this internal borrowing with external borrowing when the cost of borrowing reduced, in line with TMS flexibilities.

Internal borrowing by the HRA should not have any impact on the level of HRA reserves or on the HRA capital financing requirement, which is a measure of the HRA's need to borrow to meet capital expenditure. In 2020/21 and 2021/22 the council recorded revenue contributions to capital outlay of £13.9m and £26.6m respectively and reduced the HRA Capital Financing Requirement in each year by these amounts. This was identified in 2025/26 when investigative work was carried out to see if it would be possible to reverse the use of HRA revenue reserves, increase external borrowing, and redirect HRA resources to important disrepair works.

After discussions with our external auditor, it was agreed that, as the Council had always intended to meet this expenditure from borrowing and should not have recognised revenue contributions in prior years, a prior year adjustment should be posted to reverse these revenue contributions. As these entries occurred prior to the start of the comparative period, the adjustment has been posted to the opening balance of reserves at 1 April 2023. A third balance sheet has been presented at that date as required by IAS 1.

The impact is that HRA reserves at 1 April 2023 have increased by £39.5m and General Fund reserves have increased by £1.0m (due to the cost to the HRA of internal borrowing from the General Fund being greater than the amount earnt from the investment of HRA Reserves). The Capital Adjustment Account has been reduced by £40.5m and the Capital Financing requirement has also increased by £40.5m. Consequential amendments have also been made to the interest payable and receivable lines in the CIES in 2023/24.

We have restated the comparative Balance Sheet, CIES, MIRS, CAA, CFR, HRA I&E and some other disclosure notes as required. The impact on this adjustment on the primary financial statement line items is set out below:

## **Balance Sheet (01/04/2023)**

Usable	Reserves
COUNT	110001100

Earmarked Revenue Reserves
Housing Revenue Account

#### Unusable Reserves

Capital Adjustment Account

01/04/2023	01/04/2023		01/04/2023
y Reported	y Reported Ac	ljustment	Restated
£000s	£000s	£000s	£000s
227,169	227,169	1,144	228,313
14,068	14,068	39,323	53,391
1,077,605	1,077,605	(40,467)	1,037,138

## **Balance Sheet (31/03/2024)**

	31/03/2024		31/03/2024
	Previously Reported	Adjustment	Restated
	£000s	£000s	£000s
<u>Usable Reserves</u>			
Earmarked Revenue Reserves	215,572	1,018	216,590
Housing Revenue Account	9,186	39,449	48,635
<u>Unusable Reserves</u>			
Capital Adjustment Account	1,012,609	(40,467)	972,142

## CIES (31/03/2024)

Financing and Investment Income and Expenditure
Interest payable and similar charges

31/03/2024		31/03/2024
Previously Reported	Adjustment	Restated
£000s	£000s	£000s
20,400	2 222	00 040
29,406	3,806	33,212
(15,187)	(3,806)	(18,993)

## **Capital Adjustment Account**

Interest and Investment Income

Balance brought forward at start of year Opening Balance Adjustment Balance brought forward at start of year

Balance carried forward at end of year

2023/24		2023/24
Previously Reported	Adjustment	Restated
£000s	£000s	£000s
1,077,605	0	1,077,605
(2,059)	(40,467)	(42,526)
1,075,546	(40,467)	1,035,079
1,012,609	(40,467)	972,142

## **CAPITAL EXPENDITURE AND CAPITAL FINANCING**

Balance brought forward at start of year
Opening Balance Adjustment
Balance brought forward at start of year
Balance carried forward at end of year

	2023/24
Adjustment	Previously Reported
£000s	£000s
0	551,105
40,467	0
40,467	551,105
40,467	578,349
£000s 0 40,467 40,467	551,105

#### HRA I&E (31/03/2024)

## Financing and Investment Income and Expenditure

Interest payable and similar charges
Interest and Investment Income

(Surplus) / Deficit for the Year on HRA Services

31/03/2024		31/03/2024
Previously Reported	Adjustment	Restated
£000s	£000s	£000s
8,216	1,840	10,056
(1,776)	(1,966)	(3,742)
88,349	(126)	88,223

## Correction of 2022/23 Adjustment

In 2022/23 an amendment for a correction to the revaluation and classification of two assets between Surplus Assets and Council Dwellings/ Other Land and Buildings was not correctly accounted for. This was discovered during 2023/24 and the Authority determined that this should be included as an opening balances adjustment for 2023/24 due to it not being material.

With this being an opening balances adjustment and the need in these accounts for a third balance sheet as at 01/04/2023 due to the materiality of the adjustment for the Building for Lewisham Programme Financing error, above, this adjustment has also been included.

## **Balance Sheet (01/04/2023)**

#### Usable Reserves

Earmarked Revenue Reserves

#### Unusable Reserves

Revaluation Reserve
Capital Adjustment Account

01/04/2023		01/04/2023
Restated (above)	Adjustment	Restated
£000s	£000s	£000s
228,313	757	229,070
1,382,592	1,302	1,383,894
1,037,138	(2,059)	1,035,079

## **RECLASSIFICATIONS**

#### Restructure of Management Hierarchy

In 2024/25 the Community Services Directorate became the Adult Social Care directorate and most of the non-Adult Social Care teams and functions moved to the Place Directorate. This was a material change, so the 2023/24 CIES and related notes have been reclassified to reflect the changes made.

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

This re-organisation required the 2023/24 CIES to be reclassified by mapping the cost centres used in 2023/24 to the new 2024/25 hierarchy as follows:

From		То	
	Net		Net
	Expenditure		Expenditure
Service	£'000s	Service	£'000s
Children & Young People		Children & Young People	
Directorate	103,804	Directorate	103,463
Community Services		Adult Social Care	
Directorate	98,676	Directorate	81,538
Place Directorate	31,932	Place Directorate	49,069
Corporate Services		Corporate Services	
Directorate	36,162	Directorate	34,938
Chief Executive Directorate	13,408	Chief Executive Directorate	14,974
Housing Directorate	25,522	Housing Directorate	25,522
Housing Revenue Account	88,092	Housing Revenue Account	88,092
Corporate Provisions	17,141	Corporate Provisions	17,141
Cost of Services	414,737	Cost of Services	414,737

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

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

## **Group Accounts - Group CIES**

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

## **SECTION 4 - HOUSING REVENUE ACCOUNT**

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

#### HRA INCOME AND EXPENDITURE STATEMENT

HRA INCOME AND EXPENDITURE STATE	EMENT		1
		Restated (*)	
	2024/25	2023/24	
	£000	£000	Note
INCOME			
Gross Rent - Dwellings	(87,284)	(79,017)	1
Gross Rent - Other Housing Properties	(3,598)	(3,683)	1
Charges for Services and Facilities	(14,950)	(14,519)	1
Housing Subsidy and Government Grants	(10,353)	(10,353)	2
Contribution towards Expenditure	(8,215)	(9,852)	4
Total Income	(124,400)	(117,424)	
EXPENDITURE			
Supervision and Management - General Expenses	40,123	43,216	5
Supervision and Management - Special Expenses	7,194	10,215	5
Repairs and Maintenance	26,660	29,807	6
Rent, Rates and Other Charges	715	497	8
Rent Rebate Subsidy Shortfall	0	0	3
Contribution to Doubtful Debts & Other Provisions	1,311	1,267	7
Depreciation - Dwellings	24,352	25,214	10
Depreciation - Other Housing Assets	1,103	1,094	10
Impairment of Non Current Assets	59,250	93,964	10
Debt Management Expenses	56	42	
Total Expenditure	160,764	205,316	
•			
Net Cost of Services included in the Council's Income and			
Expenditure Account	36,364	87,892	
HRA Services share of Corporate and Democratic Core Costs	361	198	
Net Cost of HRA Services	36,725	88,090	
HRA share of the Operating Income and Expenditure incl.in the			
Comprehensive Income and Expenditure Statement			
(Gain) / Loss on Sale and de-recognition of HRA Non Current			
Assets	1,929	(6,269)	
Interest Payable and Similar Charges	11,468	10,056	11
Interest and Investment Income	(3,716)	(3,742)	
Pension Interest Cost and Expected Return on Pension Assets	(194)	88	12
(Surplus) / Deficit for the Year on HRA Services	46,213	88,223	

(\*) See Note 47

## HOUSING REVENUE ACCOUNT - MOVEMENT IN RESERVES STATEMENT

	2024/25 £000	Restated (*) 2023/24 £000
Balance on the HRA at the End of the Previous Year	48,635	53,391
Movement in Year Surplus or (Deficit) for the year on the HRA Income and Expenditure Statement	(46,213)	(88,223)
Adjustments between Accounting Basis and Funding Basis under Statute	55,716	83,467
Net Increase or (Decrease) before Transfers (To) / From Reserves		
	9,503	(4,756) (a)
Transfers (To) / From Reserves	o	0
Increase or (Decrease) in Year on the HRA	9,503	(4,756)
Balance on the HRA at the End of the Year	58,138	48,635

(\*) See Note 47

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.

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

## 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 2025, 0.71% of lettable property was empty (1.15% at 31 March 2024). These figures for empty property exclude accommodation for the homeless and dwellings designated for sale, major works and improvements. Average rents were £119.91 In 2024/25 and £111.33 per week in 2023/24.

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

#### (a) Housing stock

The Council was responsible for managing 13,826 dwellings as at 31 March 2025 (13,839 as at 31 March 2024).

31/03/25 31/03/24

2023/24

2024/25

There have been no stock transfers undertaken in 2024/25.

The stock was made up as follows:

	31/03/25	31/03/24
Stock Numbers at year end		
Houses and Bungalows	2,291	2,298
Flats and Maisonettes	11,535	11,541
Stock at End of Year	13,826	13,839
	2024/25	2023/24
Change in Stock Numbers during the year		
Stock at 1 April	13,839	13,772
Less Sales, Demolitions, etc.	(52)	(56)
Add Re-purchases, Conversions etc.	39	123
Stock at End of Year	13,826	13,839

#### b) Rent Arrears

	£000	£000
Rent Arrears due from Current Tenants	8,214	6,997
Rent Arrears due from Former Tenants	1,985	1,511
Total Arrears	10,199	8,508
Total Arrears as % of Gross Rent of Dwellings Due	8.9%	8.4%

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

#### c) Rent - Other Housing Property

	2024/25 £000	2023/24 £000
A said Oites	200	207
Aerial Sites	329	307
Garages	169	174
Reception Hostels	2,737	2,832
Commercial Property	303	313
Ground Rents	60	57
Total Other Rents and Charges	3,598	3,683

#### 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 £10.50 In 2024/25 (£9.75 in 2023/24).

2024/25

2024/25

2023/24

2023/24

	£000	£000
Heating Charges	806	768
Leasehold Service Charges	6,915	6,589
Tenants Service Charges	7,229	7,162
Total Charges for Services and Facilities	14,950	14,519

#### 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.

	£000	£000
Other Reckonable Expenditure	0	0
PFI Credit	10,353	10,353
Decent Homes Grant	0	0
Total Grants and Subsidy	10,353	10,353

#### 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 22% of tenants received help in 2024/25 (24% in 2023/24). 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:

Rent Rebates Given (GF)
Subsidy Received on Rebates (GF)
Net cost to the HRA

2024/25	
£000	
23,686	
(23,686)	
0	

2023/24
£000
22,822
(22,822)
0

#### 4. CONTRIBUTIONS TOWARDS EXPENDITURE

Court Costs
Recharges of repairs
Recharge to Capital Receipts
Hostels: Heat, Light and Water Charges
Reimbursement of overpaid Capital Charges
Professional fees
Other miscellaneous income
Total Other Income

2024/25	2023/24
£000	£000
16	65
2,624	4,929
397	763
134	119
0	0
254	115
4,790	3,861
8,215	9,852
-,=	0,000

#### 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.

#### 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 26,660 26,660 29,807 26,660 29,807

Revenue R&M works

Total Repairs and Maintenance

#### 7. CONTRIBUTIONS TO IMPAIRMENT ALLOWANCE

#### a) Contributions to Impairment Allowance

A contribution of £1.311m ( $2023/24 \pm 1.267m$ ) was transferred from the HRA to an impairment allowance to meet doubtful debts. Details of the accumulated provisions are as follows:

2024/25

2023/24

 £000
 £000

 Housing Tenants
 5,549
 4,412

 Leaseholders
 3,692
 3,328

 Commercial Properties, Miscellaneous Debts
 243
 912

 Total Impairment Allowance
 9,484
 8,652

#### b) Contributions to Provisions

A contribution of £0.00m (2023/24 £0.00m) was transferred from the HRA to provisions as an additional contribution to the Water Charges Provision.

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

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

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

An additional contribution of £0.120m was transferred from the HRA to provisions in 2022/23 after further analysis showed that the total potential liability was £10.456m including additional administration costs. No additional contributions have been made in 2023/24 or 2024/25.

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

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

Under the current HRA self-financing system, which began on 1st April 2012, there is no requirement to repay principal on housing debt. The total housing debt at 31st March 2025 was £180.3m.

#### 9. NON-CURRENT ASSET VALUATION

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

	31/03/25	31/03/24
	£000	£000
Operational Assets:		
Dwellings (Existing Use Value - Social Housing)	1,477,629	1,385,917
Other Land and Buildings	18,738	19,217
Infrastructure	72	77
Vehicles, Plant and Equipment	5,734	6,353
	1,502,173	1,411,564
Investment Properties	0	0
Surplus Assets	9,521	8,903
Assets Under Construction	32,679	34,332
Total Housing Assets	1,544,373	1,454,799
Full Valuation of Council Dwellings	5,910,516	5,543,668

#### 10. DEPRECIATION AND REVALUATION CHARGES

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

	2024/25	2023/24
	£000	£000
Operational Assets		
Dwellings	24,352	25,214
Other Land and Buildings	479	471
Infrastructure	5	5
Vehicles, Plant and Equipment	619	618
Total Depreciation	25,455	26,308
Revaluation losses on non-current assets	59,250	93,964
Total Depreciation & Revaluation Charges	84,705	120,272

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 £6.97m for capital assets calculated in accordance with the DCLG's Item 8 Debit Determination for 2024/25 (£5.26m in 2023/24). It no longer includes any costs for the net cost of amortised loan redemption premiums and discounts as the final payment was made in 2017/18.

#### 12. PENSIONS COSTS - IAS 19

In accordance with IAS 19, Lewisham recognises the cost of retirement benefits in the net cost of services when they are earned by employees, rather than when the benefits are eventually paid as

pensions. However, the cost to the HRA is based on the amounts payable in the year, so the accrued cost of retirement benefits is reversed out of the HRA.

#### 13. HOUSING CAPITAL EXPENDITURE

There was a no contribution to Capital from HRA revenue to fund the new development and investment programme for 2024/25.

	2024/25 £000	2023/24 £000
Expenditure:		
Dwellings	69,156	77,694
Revenue Expenditure Funded from Capital under Statute	0	0
	69,156	77,694
Financed by:		
Capital Receipts	9,191	9,091
HRA Contribution to Capital	0	0
Major Repairs Reserve	25,359	26,311
Borrowing	34,606	42,292
Total Capital Expenditure Financed	69,156	77,694

## 14. MAJOR REPAIRS RESERVE

The movements on the major repairs reserve are as follows:

	2024/25 £000	2023/24 £000
Balance brought forward at start of year	o	0
Transferred in (depreciation dwellings)	25,455	26,311
Financing of capital expenditure on housing assets	(25,359)	(26,311)
Balance carried forward at end of year	96	0

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

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

Property and Stock Related Reserves Staff Related Reserves Other Earmarked Reserves

**Total Reserves and Balances** 

Restated (*)			
Balance at	Transfers	Transfers	Balance at
31/03/24	ln	Out	31/03/25
£000	£000	£000	£000
4,000	2,906	0	6,906
404	0	0	404
44,231	6,597	0	50,828
48,635	9,503	0	58,138
			•

(\*) See Note 47

## **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.

		2024/25			2023/24		
	Council			Council			
	Tax	NDR	Total	Tax	NDR	Total	
	£000	£000	£000	£000	£000	£000	Note
INCOME							
Income from Council Tax (net)	194,465		194,465	180,907		180,907	4
Income from Non-Domestic Rates (net)		57,504	57,504		52,408	52,408	5
Income from Non-Domestic Rates (net) - BRS		1,396	1,396		1,066	1,066	5
TOTAL INCOME	194,465	58,900	253,365	180,907	53,474	234,381	
EXPENDITURE							
Precepts and Demands upon Fund (C.Tax)							
- London Borough of Lewisham	141,641		141,641	132,574		132,574	
- Greater London Authority	42,621		42,621	38,668		38,668	
Precepts and Demands upon Fund (NDR)							
- London Borough of Lewisham		17,479	17,479		16,821	16,821	
- Greater London Authority		21,557	21,557		20,746	20,746	
- Central Government		19,227	19,227		18,503	18,503	
- Cost of Collection Allowance		293	293		294	294	
Business Rate Supplement (BRS)							
- Paid to Greater London Authority		1,192	1,192		963	963	
- Administrative Costs		6	6		6	6	
Bad and Doubtful Debts							
- Net adj to Impairment Allowance	9,705		9,705	3,181		3,181	6a
- Net adj to Impairment Allowance		(298)	(298)		(344)	(344)	6b
- Amounts Written Off	412		412	6,515		6,515	
- Amounts Written Off		985	985		843	843	
Contributions from previous year							
- London Borough of Lewisham	2,043	(869)	1,174	303	670	973	
- Greater London Authority	595	(1,072)	(477)	0	826	826	
- Central Government		(956)	(956)		737	737	
Provision for Appeals							
- Net contribution		(1,660)	(1,660)		(4,237)	(4,237)	
TOTAL EXPENDITURE	197,017	55,884	252,901	181,241	55,828	237,069	
Deficit / (Surplus) for the year	2,552	(3,016)	(464)	334	2,354	2,688	3
	2,302	(5,510)	(1.54)	304	2,301	_,500	
Deficit / (Surplus) at start of year	16	3,100	3,116	(318)	746	428	3
Deficit / (Surplus) at end of year	2,568	84	2,652	16	3,100	3,116	

#### 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 2024/25 assumed a collection rate of 95.0% (94.0% for 2023/24).

The table below sets out the original tax base calculation for 2024/25 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.

		2024/25			2024/25		2023	3/24
Council		No.of Pr	operties	Band	Band D	Council	Band D	Council
Tax	Property	Actual	Adjusted	D	Equivalents	Tax	Equivalents	Tax
Band	Value	Number	Number	Ratio	as per Ratio	Charge	as per Ratio	Charge
	£000	(1)	(2)		No.	£	No.	£
Α	up to 40	8,308	5,480	6/9	3,653.0	1,358.66	3,666.2	1,284.19
В	40 - 52	34,567	25,514	7/9	19,844.6	1,585.09	19,670.5	1,498.20
С	52 - 68	46,090	37,699	8/9	33,510.0	1,811.54	33,174.0	1,712.24
D	68 - 88	26,828	23,394	1	23,393.7	2,037.98	23,291.0	1,926.27
E	88 - 120	7,816	7,010	11/9	8,568.1	2,490.87	8,536.1	2,354.34
F	120 - 160	2,761	2,595	13/9	3,748.5	2,943.75	3,731.7	2,782.39
G	160 - 320	1,337	1,275	15/9	2,125.7	3,396.64	2,113.7	3,210.46
Н	over 320	173	165	18/9	329.0	4,075.96	336.5	3,852.54
Totals		127,880	103,132		95,172.6		94,519.7	
_	tributions ir				0.0		0.0	
	nd D Equiv				95,172.6		94,519.7	
Estimated	d Collection	n Rate			95.0%		94.0%	
NET COL	INCIL TAX	BASE			90,414.0		88,848.5	

- (1) Total number of dwellings as per Valuation Officer's List
- (2) Total number of dwellings after allowing for Discounts, Exemptions and Other Adjustments

#### 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

#### Council Tax London Borough of Lewisham

Greater London Authority

#### **Non-Domestic Rates**

London Borough of Lewisham Greater London Authority Central Government

#### **Collection Fund Balances**

(Surplus)/ Deficit						
Balance at	Movement	Balance at				
31/03/24	in 2024/25	31/03/25				
£000	£000	£000				
(3)	1,977	1,974				
19	575	594				
16	2,552	2,568				
930	(905)	25				
1,147	(1,116)	31				
1,023	(995)	28				
3,100	(3,016)	84				
3,116	(464)	2,652				

(Surplus)/ Deficit					
Balance at	Movement	Balance at			
31/03/23	in 2023/24	31/03/24			
£000	£000	£000			
(228)	225	(3)			
(90)	109	19			
(318)	334	16			
224	706	930			
276	871	1,147			
246	777	1,023			
746	2,354	3,100			
428	2,688	3,116			

## 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

#### **Gross Council Tax Income Due**

Less: Exemptions

Disabled Relief

Discounts

Adjustment for Council Tax Reduction Scheme

Plus: Adjustments to charge

### **Total Due from Council Tax payers**

202	2024/25		2023/24
£000	£000		£000
	245,268		229,192
(8,692)			(9,787)
(140)			(134)
(22,362)			(21,463)
(20,997)			(20,933)
1,388			4,032
	(50,803)		(48,285)
	194,465		180,907

#### 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%).

**Gross NDR Collectable (after voids and exemptions)** 

Reductions and Relief:

Mandatory Relief Discretionary Relief

**Total Receivable from Business Rates** 

2024/25	
£000	£000
	88,388
(20,503) (8,985)	
	(29,488)
	58,900

2023/24 £000 79,298 (17,648) (8,176) (25,824) 53,474

Non-Domestic Rateable Value

2024/25 £m 171.7 2023/24 £m 173.0

Non-Domestic Rate Multiplier

Non-Domestic Rate Multiplier (Small Business)

2024/25	
pence	
54.6	
49.9	

2023/24	
pence	
51.	2
49.	9

#### 6. COLLECTION FUND ARREARS AND IMPAIRMENT ALLOWANCES

Council Tax Arrears
Impairment Allowance
As a Percentage of Arrears

31/03/202	5
£000	
61,8	61
(55,25	<b>i</b> 0)
89.3	3%

31/03/2024	
£000	
50,911	
(45,133)	
88.7%	

Age of Arrears
Year of Accounts
Under 2 Years old
Under 3 Years old
Under 5 Years old
Over 5 Years old
Total

2024/25	
Amount	Percentage
£000	%
16,028	26
11,528	19
9,337	15
13,871	22
11,097	18
61,861	100

2023/24	
Amount	Percentage
£000	%
14,062	
10,153	20
8,704	17
10,920	21
7,072	14
50,911	100

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

## b) Non-Domestic Rates

	31/03/2025
	£000
NDR Arrears	6,877
Impairment Allowance	(6,109)
As a Percentage of Arrears	88.8%

31/03/2024
£000
7,208
(6,427)
89.2%

Age of Arrears
Year of Accounts
Under 2 Years old
Under 3 Years old
Under 5 Years old
Over 5 Years old
Total

2024/25	
Amount	Percentage
£000	%
1,781	26
1,204	17
873	13
1,811	26
1,208	18
6,877	100

2023/24	
Amount	Percentage
£000	%
2,130	30
1,547	21
1,152	16
1,477	20
902	13
7,208	100

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

## **SECTION 6 - GROUP ACCOUNTS**

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

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

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

These statements (the purposes of which are explained on 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.

#### GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR YEAR ENDING 31 MARCH 2025

	Restated					
	2023/24				2024/25	
Gross	Gross	Net		Gross	Gross	Net
Expenditure	Income	Expenditure		Expenditure	Income	Expenditure
£000s	£000s	£000s	SERVICE	£000s	£000s	£000s
	(40.4.0==)	400 400		400.000	(224 224)	
507,540	(404,077)	103,463	0 1	490,859	(391,091)	99,768
181,709	(100,171)	81,538		203,359	(114,417)	88,942
119,520	(70,451)	49,069		149,264	(73,482)	75,782
214,178	(179,807)	34,371	•	211,636	(170,667)	40,969
15,270	(296)	14,974		18,056	(2,099)	15,957
82,728	(57,206)	25,522	9	107,740	(73,802)	33,938
226,049	(137,678)	88,371	•	194,254	(159,623)	34,631
13,980	3,161	17,141	•	16,386	(7,137)	9,249
1,360,974	(946,525)	414,449	Cost of Services	1,391,554	(992,318)	399,236
			Other Operating Expenditure			
	(C 200)	(C 200)	Other Operating Expenditure		(C 200)	(6.390)
0	(6,208)	(6,208)	(Gain) / Loss on the disposal of non-current assets	0	(6,380)	(6,380)
1,699	0	1,699	Levies	1,712	0	1,712
0	0	0	De-recognition of Leased assets	12,368	0	12,368
1,699	(6,208)	(4,509)		14,080	(6,380)	7,700
			Financing and Investment Income and			
			Expenditure			
33,269	0	33,269	Interest payable and similar charges	33,347	0	33,347
0	(16,962)	(16,962)	Interest and Investment Income	0	(22,821)	(22,821)
77,003	(73,176)	3,827	Net interest on the net defined benefit liability	81,391	(86,308)	(4,917)
110,272	(90,138)	20,134		114,738	(109,129)	5,609
			Tourstine and one of the Count become			
	(400 574)	(400 574)	Taxation and non-specific Grant Income		(4.40.004)	(4.40.00.4)
0	(132,574)			0	(143,684)	(143,684)
0	(80,554)	(80,554)		0	(110,119)	(110,119)
0	(36,356)	(36,356)		0	(47,266)	(47,266)
0	(97,132)	(97,132)	Non-Domestic Rates income and expenditure	0	(99,547)	(99,547)
378	0	378	Corporation Tax Payable	345	(100.010)	345
378	(346,616)	(346,238)		345	(400,616)	(400,271)
		02.020	Definit/(Complete) on annuicion of complete			40.074
		83,836	Deficit/(Surplus) on provision of services			12,274
		26,327	Surplus or deficit on revaluation of non-current	assets		(166,069)
		(47,404)	l '			
		(21,077)	Other Comprehensive Income and	6,913 (159,156)		
			-			
		62,759	Total Comprehensive Income and			(146,882)
		,	Expenditure			, , , ,

		GRO	OUP MOVEME	NT IN RESE	RVES STATE	MENT - YEAR	ENDING 31 M	ARCH 2025			
YEAR ENDING 31ST MARCH 2025	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 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
Movement in Reserves during 2024/25											
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	3.,000		(.3,2.2)			3	(2.1,2.10)		( , ,, , , , , , , , , , , , , , , , ,	2,550	(, /
Expenditure	0	0	0	0	0	0	0	158,127	158,127	1,029	159,156
Total Comprehensive Income and											
Expenditure	31,599	0	(46,212)	0	0	0	(14,613)	158,127	143,514	3,368	146,882
Adjustments between group accounts and											
authority accounts	3,666	0	0	0	0	0	3,666	0	3,666	(3,666)	0
Net increase before transfers	35,265	0	(46,212)	0	0	0	(10,947)	158,127	147,180	(298)	146,882
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
Net Increase / Decrease before Transfers to Earmarked											
Reserves	10,192	0	9,503	96	6,163	6,900	32,854	114,326	147,180	(298)	146,882
Transfers to / from Earmarked Reserves	(193)	193	0	0	0	0	0	0	0	0	0
Increase / (Decrease) in 2024/25	9,999	193	9,503	96	6,163	6,900	32,854	114,326	147,180	(298)	146,882
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

					RESTATI	ED					
		CBC	OUR MOVEME	NT IN DECE	DVEC CTATE	MENT VEAD	ENDING 31 M	ADCH 2024			
YEAR ENDING	General Fund Balance	Earmarked Gen Fund Reserves	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority share of subsidiaries	Total Group Reserves
3101 MARCH 2024	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2023 Brought Forward Opening Balance	20,000	227,169	14,068	0	67,138	27,761	356,136	2,254,783	2,610,919	40,085	2,651,004
Adjustment	0	1,901	39,323	0	0	0	41,224	(41,224)	0	0	0
Adjusted Balance at 31 March 2023 Brought Forward	20,000	229,070	53,391	0	67,138	27,761	397,360	2,213,559	2,610,919	40,085	2,651,004
Movement in Reserves during 2023/24											
Surplus or (Deficit) on the provision of services	33,992	0	(88,223)	0	0	0	(54,231)	0	(54,231)	(29,605)	(83,836)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	48,267	48,267	(27,190)	21,077
Total Comprehensive Income and Expenditure	33,992	0	(88,223)	0	0	0	(54,231)	48,267	(5,964)	(56,795)	(62,759)
Experialture	33,332	U	(00,223)	0	U	- 0	(54,231)	40,207	(5,364)	(56,795)	(62,759)
Adjustments between group accounts and authority accounts	(27,427)	0	0	0	0	0	(27,427)	0	(27,427)	27,427	0
No.4 to a constant											
Net increase before transfers	6,565	0	(88,223)	0	0	0	(81,658)	48,267	(33,391)	(29,368)	(62,759)
Adjustments between accounting basis and funding basis under regulations	(19,045)	0	83,467	0	7,400	18,997	90,819	(90,819)	0	0	0
Net Increase / Decrease before Transfers to Earmarked Reserves	(12,480)	0	(4,756)	0	7,400	18,997	9,161	(42,552)	(33,391)	(29,368)	(62,759)
Transfers to / from Earmarked Reserves	12,480	(12,480)	0	0	0	0	0	0	0	0	0
Increase / (Decrease) in 2023/24	0	(12,480)	(4,756)	0	7,400	18,997	9,161	(42,552)	(33,391)	(29,368)	(62,759)
Balance at 31 March 2024 Carried 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

## GROUP BALANCE SHEET AS AT 31 MARCH 2025

Restated		
31/03/2024		31/03/2025
£000		£000
	Property, Plant & Equipment	
1,432,407	Council dwellings	1,524,343
1,211,712	Other land and buildings	1,282,523
24,708	Vehicles, plant, furniture and equipment	23,581
90,536	Infrastructure	85,429
5,075	Community	5,091
60,347	Surplus Assets not held for Sale	61,080
87,713	Assets under Construction	89,425
2,912,498		3,071,472
955	Heritage Assets	955
17,402	Investment Property	17,004
1,781	Long term investments	1,721
4,614	Long term debtors	4,642
15	Asset related to defined benefit pension scheme	32
2,937,265	Total Long Term Assets	3,095,826
222,683	Short Term Investments	148,178
376	Inventories	300
74,132	Debtors	117,452
52,360	Cash and Cash Equivalents	51,786
5,080	Prepayments	6,135
354,631	Current Assets	323,851
0	Bank Overdraft	0
(1,960)	Short term borrowing	(13,830)
(6,428)	Provisions	(5,390)
(150,015)	Creditors	(145,941)
(92,950)	Receipts in advance	(94,296)
0	Lease Liabilities due within one year	(7,067)
(11,739)	PFI Liabilities due within one year	(13,378)
(263,092)	Current Liabilities	(279,902)
3,028,804	Total Assets less Current Liabilities	3,139,775
(195,221)	Long term borrowing	(168,272)
(7,768)	Provisions (More than 1 year)	(7,947)
(170,655)	Deferred PFI Liabilities	(157,277)
Ó	Long Term Lease Liabilities	(13,071)
(5,083)	Capital Grants Receipts in Advance	(8,110)
(2,323)	Other Long Term Liabilities	Ó
(59,509)	Liability related to defined benefit pension scheme	(49,971)
(440,559)	Long Term Liabilities	(404,648)
2,588,245	NET ASSETS	2,735,127
2,000,240	11-1 / 100-10	2,700,127

Restated		
31/03/2024		31/03/2025
£000		£000
	Usable Reserves	
20,000	General Fund Balance	30,000
216,590	Earmarked Revenue Reserves	216,783
(11,453)	Lewisham Homes Profit & Loss Reserve	(11,095)
(2,313)	Catford Regeneration Partnership Profit & Loss F	(3,998)
48,635	Housing Revenue Account	58,138
0	Major Repairs Reserve	96
74,538	Usable Capital Receipts Reserve	80,701
46,758	Capital Grants Unapplied	53,658
392,755		424,283
	Unusable Reserves	
1,353,290	Revaluation Reserve	1,486,611
972,142	Capital Adjustment Account	937,744
93	Deferred Capital Receipts	93
(31,352)	Financial Instruments Adjustment Account	(20,581)
(59,494)	LBL Pensions Reserve	(49,939)
(934)	Collection Fund Adjustment Account	(2,000)
(15,522)	DSG Unusable Reserve	(18,616)
(22,733)	Short Term Compensated Absences Account	(22,468)
2,195,490		2,310,844
2,588,245	TOTAL RESERVES	2,735,127

## GROUP CASH FLOW STATEMENT FOR THE YEAR ENDING 31 MARCH 2025

2023/24 £000s		2024/25 £000s
(83,836)	Net surplus or (deficit) on the provision of services	(12,274)
180,508	Adjustment to surplus or deficit on the provision of services for noncash movements	81,703
(55,251)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(57,846)
41,421	Net Cash flows from operating activities	11,583
(40,820)	Net Cash flows from Investing Activities	17,114
(42,458)	Net Cash flows from Financing Activities	(29,271)
(41,857)	Net increase or (decrease) in cash and cash equivalents	(574)
94,217	Cash and cash equivalents at the beginning of the reporting period	52,360
52,360	Cash and cash equivalents at the end of the reporting period	51,786

## **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:

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

## 3. Accounting Policies

- (i) In preparing the Group Accounts the Council has aligned the accounting policies of its companies with those of the Council and made consolidation adjustments where necessary.
- (ii) In 2024/25 Lewisham Homes "Council Dwellings" assets were re-valued using the same accounting standards as LBL to consolidate Lewisham Homes assets into the Group balance sheet. This resulted in a credit to the Group CIES of £669k due to an upward valuation of the assets compared to the 2023/24 valuation (2023/24 was a credit of £1,453k 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 £40.312m (£40.922m in 2023/24). To be included in the Group Accounts these were valued at Fair Value of NBV £46.714m (£46.655m in 2023/24).
- (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.

## 4. Movements in Non-Current Assets

The movements in non-current assets during 2024/25 and 2023/24 were as follows:

2024/25		Other Land &	Vehicles, Plant &			Assets under	
	Council Dwellings	Bldgs	Equip't	Comm. Assets	Surplus Assets	Construction	TOTAL
	£000	£000	£000	£000	£000	£000	£000
Gross Book Value b/fwd at 01 April 2024	1,432,406	1,211,908	53,729	5,462	60,401	87,713	2,851,619
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)
Gross Book Value c/fwd at 31 March 2025	1,524,342	1,283,629	52,165	5,536	61,080	89,425	3,016,177
Depreciation b/fwd at 01 April 2024	1	(196)	(29,021)	(387)	(54)	0	(29,657)
Depreciation for year	(25,514)	(18,657)	(2,995)	(58)	(287)	0	(47,511)
Depreciation written back on:							
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	O
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
Depreciation c/fwd at 31 March 2025	1	(1,106)	(28,584)	(445)	0	0	(30,134)
Net Book Value at 31 March 2025	1,524,343	1,282,523	23,581	5,091	61,080	89,425	2,986,043

## **LEWISHAM STATEMENT OF ACCOUNTS 2024/25**

## **Group Accounts**

2023/24	Council	Other Land &	Vehicles, Plant			Assets under	
	Dwellings	Bldgs	& Equip't	Comm. Assets	Surplus Assets	Construction	TOTAL
	£000	£000	£000	£000	£000	£000	£000
Gross Book Value b/fwd at 01 April 2023	1,486,174	1,212,764	52,452	5,462	63,661	114,035	2,934,548
Additions	66,202	7,482	1,419	0	0	25,684	100,787
Revaluations (recognised in Revaluation Reserve)	(34,418)	(2,219)	0	0	(2,542)	0	(39,179)
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	(51,932)	(12,330)	(17)	0	(833)	0	(65,112)
Impairments (recognised in Revaluation Reserve)	491	(3,884)	0	0	0	0	(3,393)
Impairments (recognised in Surplus/ Deficit on the Provision of Services)	(66,140)	(2,287)	0	0	0	0	(68,427)
Disposals	(6,817)	0	(125)	0	(663)	0	(7,605)
Transfers	38,846	12,382	0	0	778	(52,006)	0
Gross Book Value c/fwd at 31 March 2024	1,432,406	1,211,908	53,729	5,462	60,401	87,713	2,851,619
Depreciation b/fwd at 01 April 2023	(514)	(70)	(26,267)	(325)	(2)	0	(27,178)
Depreciation for year	(26,354)	(17,203)	(2,863)	(62)	(372)	0	(46,854)
Depreciation w ritten back on:							
Transfers	14	0	0	0	(14)	0	0
Revaluations (recognised in Revaluation Reserve)	2,516	13,580	66	0	151	0	16,313
Revaluations (recognised in Surplus/ Deficit on the Provision of Services)	24,339	3,497	17	0	183	0	28,036
Impairments (recognised in Revaluation Reserve)	0	0	0	0	0	0	0
Impairments (recognised in Surplus/ Deficit on the Provision of Services)	0	0	0	0	0	0	0
Assets Sold	0	0	26	0	0	0	26
Depreciation c/fwd at 31 March 2024	1	(196)	(29,021)	(387)	(54)	0	(29,657)
Net Book Value at 31 March 2024	1,432,407	1,211,712	24,708	5,075	60,347	87,713	2,821,962

#### 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 2025, under the code of practice they are classed as investment properties.

2024/25

2023/24

## **Valuation**

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

	£000	£000
Balance brought forward at start of year	17,402	16,920
Additions Net Gains or (Losses) from fair value adjustments Disposals	0 360 (758)	0 482 0
Balance carried forward at end of year	17,004	17,402

#### **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**

	2024/25 £000	2023/24 £000
Rental Income	1,082	1,157
Direct Operating Expenses		
Services provided to tenants	(100)	(110)
Property Costs	(163)	(68)
Lease renewal and rent review fees	(98)	(95)
Insurance less recoveries	(99)	(79)
Repairs and maintenance	(705)	(105)
Net Income from Rental Property	(83)	700

### 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 2024/25 is as follows:

## **LEWISHAM STATEMENT OF ACCOUNTS 2024/25**

## **Group Accounts**

Adjustment for:	£'000
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
Total Adjustments to GF Net Expenditure	3,666

## 2023/24 Comparator:

Adjustment for:	£'000
London Borough of Lewisham Payments to Lewisham	
Homes	(29,701)
Lewisham Homes Payments to London Borough of	
Lewisham	1,352
London Borough of Lewisham Payments to CRPL	(21)
CRPL Payments to London Borough of Lewisham	943
Total Adjustments to GF Net Expenditure	(27,427)

## 7. Long Term Debtors

The value of Long-Term debtors has reduced from the Single entity accounts balance to the Group Accounts balance because of the removal of loans to the subsidiaries (Lewisham Homes £40,000k and CRPL £17,327k).

#### 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.

	2024/25 £000	2023/24 £000
Balance brought forward at start of year Opening Balance Adjustment	1,353,290	1,405,140 1,302
Revaluation of Assets Impairment Losses Loss of Control of Assets Surplus or deficit on revaluation of non-current assets not	168,076 (2,007) 0	(22,069) (4,258) 0
posted to the Surplus or Deficit on the Provision of Services	166,069	(26,327)
Difference between fair value and historic cost depreciation Accumulated gains on assets sold or scrapped Amount written off to the Capital Adjustment Account	(23,112) (9,635) (32,747)	(24,054) (2,771) (26,825)
Balance carried forward at end of year	1,486,611	1,353,290

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

The Group CIES has been restated in-line with the restatement of the Council's single entity CIES. No group accounts specific restatements were carried out in 2024/25.

#### Glossary

#### SECTION 7 - GLOSSARY OF TERMS USED IN THE ACCOUNTS

ACCRUALS 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.

ACTUARY An independent professional who advises on the financial position of

the Pension Fund and carries out a full valuation every three years.

**CAPITAL EXPENDITURE** 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.

**CAPITAL ADJUSTMENT** 

**ACCOUNT** 

This represents the capital resources which have been set aside to

meet past capital expenditure.

**CAPITAL RECEIPTS** Income received from the sale of land, buildings and plant.

COLLECTION FUND 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).

**CONTINGENT LIABILITY** A possible liability to incur future expenditure at the balance sheet date

dependent upon the outcome of uncertain events.

CREDITORS This is an amount of money owed by the Council for goods, works or

services received.

**DEBTORS** This is an amount of money owed to the Council by individuals and

organisations.

**DEPRECIATION** 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.

**EARMARKED RESERVES** These are amounts set aside for specific purposes to meet future

commitments or potential liabilities, for which it is not appropriate to

establish provisions.

**FAIR VALUE** 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.

GENERAL FUND

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.

**IMPAIRMENT ALLOWANCE** This is an amount set aside from revenue to cover irrecoverable debts.

**INFRASTRUCTURE** These are non-current assets which do not have a market value and

primarily exist to facilitate transportation and communication (e.g. roads, street lighting). They are usually valued at historic cost.

#### Glossary

#### **LEASES**

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.

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.

#### **MEMORANDUM ACCOUNT**

These Accounts are not part of the Council's formal statutory Accounts and are included in the Statement for added information.

## MINIMUM REVENUE PROVISION (MRP)

The prudent amount which must be charged to the Council's revenue account each year for the principal repayment of debt.

## NON-DOMESTIC RATES (NDR)

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.

## PRIVATE FINANCE INITIATIVE (PFI)

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.

#### **PRECEPTS**

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.

#### **PROVISIONS**

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.

#### **REVALUATION RESERVE**

This represents the gains on the revaluation of non-current assets which have not yet been realised through sales.

## REVENUE SUPPORT GRANT (RSG)

This is the main general grant which is paid to the Council by Central Government to fund local services.

## **REVENUE EXPENDITURE**

Day-to-day expenditure incurred in the running of Council services, e.g. salaries, wages, supplies and services.

## SPECIAL PURPOSE

**VEHICLE** 

This is a legal entity (usually a limited company) created to fulfil narrow, specific or temporary objectives.

#### SUPPORT SERVICES

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.

## Glossary

#### **COMMON ACRONYMS USED IN THE ACCOUNTS**

AUC Assets Under Construction

CIES Comprehensive Income and Expenditure Statement

CIPFA Chartered Institute of Public Finance and Accountancy

COP Code of Practice on Local Authority Accounts in the United Kingdom

DSG Dedicated Schools Grant
DfE Department for Education

HRA Housing Revenue Account

IAS International Accounting Standards

IFRS International Financial Reporting Standards

LEP Local Education Partnership

LGPS Local Government Pension Scheme

LPFA London Pensions Fund Authority

LSP Local Strategic Partnership

MiRS Movement in Reserves Statement

MRP Minimum Revenue Provision

NDR Non-Domestic Rates

PFI Private Finance Initiative

PPE Property, Plant & Equipment

RICS Royal Institution of Chartered Surveyors

SeRCOP Service Reporting Code of Practice

SPV Special Purpose Vehicle

SSAP Statement of Standard Accounting Practice

TfL Transport for London

TPS Teachers' Pensions Scheme

VAT Value Added Tax

#### **Pension Fund Accounts**

#### **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 2025.

The Pension Fund's value increased over the year by £39m (2.1%), from £1.842bn to £1.881bn. The value of the pension fund increased due to the changes in global markets mainly caused by the lowering of inflation and better global trading forecasts. The Bank of England policy on interest rates is expected to cut rates in 2025 and forecasts an increase in consumer spending.

#### INTRODUCTION

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

#### ORGANISATION

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

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

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

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

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

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

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.

#### **LEWISHAM STATEMENT OF ACCOUNTS 2024/25**

#### **Pension Fund Accounts**

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. This is available from the pensions website.

Membership details for the fund are set out below:

Scheme Membership:	2024/25	2023/24
Contributors to the fund	6,728	6,888
Deferred members	11,856	12,130
Pensioners	8,996	8,753
Total	27,580	27,771

# FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2025

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

	,		-
	2024/25	2023/24	See
	£000	£000	note
DEALINGS WITH MEMBERS, EMPLOYERS AND			
OTHERS			
DIRECTLY INVOLVED WITH THE SCHEME			
Contributions Receivable:			
- from Employers	43,198	42,136	5
- from Employees	13,082	12,724	5
Transfer Values In	9,126	7,547	
Other Income	47	96	
Sub-Total: Income	65,454	62,503	
Benefits Payable:			
- Pensions	(59,425)	(54,801)	6
- Lump Sums: Retirement allowances	(10,896)	(8,998)	6
- Lump Sums: Death grants	(1,086)	(1,011)	6
Payments to and on account of leavers:			
- Refunds of Contributions	(38)	(176)	
- Transfer Values Out	(9,377)	(11,593)	
Sub-Total: Expenses	(80,822)	(76,579)	
Sub-Total: Net Additions/ (Withdrawals) from dealings	(15,368)	(14,076)	
with members	(10,000)	(11,010)	
Management Expenses	(3,870)	(3,514)	7
Sub-Total: Net (Additions)/ Withdrawals including fund			
management expenses	(19,238)	(17,590)	
RETURNS ON INVESTMENTS	04.040	00.070	
Investment Income Change in market value of investments (Realised &	31,218 27,238	23,879 183,661	9 14b
Unrealised)	21,230	103,001	140
Taxes on Income	(85)	(381)	
Total Net Returns on Investments	58,371	207,159	
NET INCREASE / (DECREASE) IN THE FUND DURING	39,133	189,569	
YEAR	·		
OPENING NET ASSETS OF THE FUND	1,841,546	1,651,977	
CLOSING NET ASSETS OF THE FUND	1,880,679	1,841,546	

# **NET ASSETS STATEMENT AS AT 31 MARCH 2025**

The Net Assets Statement shows the market value of the investments and other assets held by the Pension Fund as at 31 March 2025.

	31/03/25	31/03/24	See
	£000	£000	note
INVESTMENT ASSETS			
Managed Funds			
Equity Unit Trust Fund	910,483	1,056,775	10 - 14
Fixed Income Unit Trust Fund	351,844	246,072	10 - 14
Pooled Property Investments	126,939	122,344	10 - 14
Venture capital	333,911	282,975	10 -14
Hedge Funds	77,264	76,923	10 -14
Total Investment Funds	1,800,441	1,785,089	
Cash Held with Custodian	81,882	56,029	18
Other Investment Debtors	241	247	17a
Other Investment Liabilities	(142)	-	
TOTAL INVESTMENTS	1,883,422	1,841,365	
Current Assets	2,290	2,685	17b
Current Liabilities	(4,033)	(2,504)	17b
TOTAL NET ASSETS	1,881,679	1,841,546	

The financial statements of the Fund do not take account of the liability to pay pensions or benefits after 31 March 2025. 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 2024/25 and its position at year and as at 31st March 2025. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) 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

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.

(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.

- (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.

## (c) 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.

- (d) **Equities:** Equities are valued at published market prices.
- **Bonds**: Bonds are valued at the published bid market price on the final day of the accounting period.
- **(f)** Pooled Investments Equity Unit Trusts and market quoted investments; are valued at published bid market prices on the final day of the accounting period.
- (g) Pooled Investments UK Fixed Income Managed Funds; are valued at the average of broker prices.
- (h) Pooled Investments Hedge Funds; are valued by the investing managers on a fair value basis each year using PRAG guidance.
- (i) 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).
- (j) 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.
- **(k) Hedge Funds:** Hedge Funds are valued by investing managers on a fair value basis using PRAG guidance.
- (I) Fixed Income Unit Trust: Fixed income earned from fixed income unit trusts. Interest income is recognised in the Fund as it accrues.
- (m) 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.

Contribution rates will differ between bodies in the scheme; from 01 April 2023 the employee contribution bands (revised annually in line with inflation) for the administering authority are as follows:

Pensionable Pay for the	Contribution Rates 2024/25	
Post	Main Section	50/50 Section
Up to £17,600	5.50%	2.75%
£17,601 to £27,600	5.80%	2.90%
£27,601 to £44,900	6.50%	3.25%
£44,901 to £56,800	6.80%	3.40%
£56,801 to £79,700	8.50%	4.25%
£79,701 to £112,900	9.90%	4.95%
£112,901 to £133,100	10.50%	5.25%
£133,101 to £199,700	11.40%	5.70%
More than £199,701	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 contribution rate for the administering authority in 2024/25 is 22.0%.

- (n) 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.
- (o) Transfer 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.
- (p) 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.
- (q) VAT By virtue of Lewisham Council being the administrating authority, VAT input tax is recoverable on Fund activities. Any irrecoverable VAT is accounted for as an expense.
- (r) 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).
  - (s) 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, 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.

- (t) Cash and Cash Equivalents: Cash and cash equivalents comprise cash in hand and deposits with financial institutions which are repayable on demand without penalty.
- **(u) 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.
- (v) 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.

#### (w) 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

#### (x) 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**

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

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

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

<sup>\*</sup> Consumer Price Index

With effect from 1 April 2023 to 31 March 2026, the actuarial review carried out for 31 March 2022 resulted in the Council's employer contribution rate being set at 17.6% however, effective rate for the Lewisham Council pool is considered as 22.0%.

The most recent triennial valuation as at the 31 March 2022 revealed that the Fund's assets, which at 31 March 2022 were valued at £1.748bn, were sufficient to meet 97% (90% in 2019) of the past service liabilities valued at £1.804bn (£1.541bn in 2019) accrued up to that date. The resulting deficit as at the 2022 valuation was £56m (£154m in 2019).

The next triennial valuation will be carried out on 31 March 2025 but the results will not be available until after the pension fund accounts have been published.

#### **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 2024/25.

# 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:

_		Effect if actual results differ from
Item	Uncertainties	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 £24m.
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 2024/25, assuming all other variables such as foreign exchange rates and interest rates remain the same, is estimated to be 6.8% (see table in note 15a(ii)). This would be an increase or decrease in the value of property investments by £8.6m, on a fair value of £127m.
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 £334m. 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 7.0% (see table in note 15a(ii)). This would be an increase or decrease in the value of venture capital investments by £23.4m, on a fair value of £334m.

Note	5· C	:ontrib	utions	Rece	aivahle
IAOLE	J. L	JUIIU ID	uuuis	1/6/1	SIVADIC

Note 5: Contributions Receivable		
	2024/25	2023/24
	£000	£000
Employer Contributions		
Administering Authority	38,494	36,512
Scheduled Bodies	4,265	5,018
Admitted Bodies	439	606
	43,198	42,136
Employee Contributions		
Administering Authority	11,544	11,030
Scheduled Bodies	1,391	1,506
Admitted Bodies	147	188
	13,082	12,724
Contributions receivable from employers are shown below:		
	2024/25	0000/04
	2024/25	2023/24
Free Lance On the Book State	£000	£000
Employer Contributions Normal	42.020	
Early Retirement Strain	42,038 1,160	40,456
Deficit Funding	1,100	1,680 0
Delicit Funding	43,198	42,136
	40,100	42,100
Note 6: Benefits Payable		
By Category		
	2024/25	2023/24
	£000	£000
Pensions	59,425	54,801
Commutation and Lump Sum Retirement Benefits	10,896	8,998
Lump Sum Death Grants	1,086	1,011
	71,407	64,810
By Authority	2024/25	2023/24
	£000	£000
Administering Authority	62,383	56,514
Scheduled Bodies	5,292	4,845
Admitted Bodies	3,732	3,451
	71,407	64,810

# **Note 7: Management Expenses**

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

Administration Expenses
Oversight and Governance Expenses
Investment Management Expenses:

- Transaction Costs
- Management Fees
- Custody Fees

2024/25 £000	2023/24 £000
1,387	1,134
574	446
395	505
1,452	1,392
62	37
3,870	3,514

## **Note 8: External Audit Costs**

External Audit Services
Total

2024/25 £000
95
95

2023/24
£000
85
85

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:

Cash
Equities
Pooled property investments,
Pooled investments (fixed income and equity unit trusts
and hedge funds)
Venture Capital

2024/25
£000
1,934
0
4,724
19,904
4,656
31,218

:	2023/24 £000
	2,114 1 4,705
	12,664 4,395
	23,879

# **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 2025.

Fund Manager	Investment Asset	Asset Value	Proportion of the Fund	Asset Value
		31 March 2025 £000	31 March 2025 %	31 March 2024 £000
LCIV - PEPPA	Equity Unit Trust	667,845	35.5	637,223
Blackrock	Fixed Income Unit Trust	351,843	18.7	246,072
AMX Storebrand Global Plus	Equity Unit Trust	138,108	7.3	321,224
Schroders Property	Property & cash	129,912	6.9	132,665
HarbourVest	Venture Capital & cash	102,149	5.4	99,730
AMX Storebrand Emerging Markets	Equity Unit Trust	80,065	4.3	76,312
J.P. Morgan	Hedge Funds	77,266	4.1	76,929
LCIV - Private Debt	Venture Capital	71,220	3.8	67,732
LCIV – Renewable Infrastructure	Venture Capital	62,971	3.4	50,222
LGIM	Venture Capital	41,527	2.2	42,321
Pemberton	Venture Capital	30,056	1.6	37,567
LCIV – Private Debt	Venture Capital	28,969	1.5	0
LCIV - Nature Based Solutions	Venture Capital	18,632	1.0	0
Partners Group	Venture Capital	4,752	0.3	9,222
Various Managers	Cash & other investment accruals	77,105	4.1	44,146
Lewisham	Net Current Assets/(Liabilities)	(1,741)	(0.1)	181
Total Fund Assets		1,880,679	100.0%	1,841,546

# **Note 11: Investment Analysis**

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

		£000	%
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
Aqila over 15 years UK	Blackrock	117,228	6.2
Aquila over 5 years Indexed Linked	Blackrock	117,028	6.2
Total		1,157,797	

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

Asset	Manager	31 March	2024
		£000	%
Passive Equity Progressive Paris Aligned Fund	LCIV	637,220	34.7
Storebrand Global ESG Plus	Storebrand	321,224	17.5

# Note 12: Reconciliation in Movement in Investments

An analysis of investment movements in 2024/25 (includes cash, debtors and creditors) is set out below:

	Market Value as at 31/03/2024	Purchases and derivative payments	Sales and capital receipts	Change in Market Value during the year	Market Value as at 31/03/2025
	£000	£000	£000	£000	£000
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	(3,615)	(221)	126,939
Venture capital	282,975	71,143	(5,363)	(2,321)	333,911
Hedge fund	76,923	0	0	341	77,264
Sub-total	1,785,089	201,542	(213,272)	27,082	1,800,441
Cash deposits	56,029			178	81,882
Amount receivable for sales of investments	0			0	0
Investment income due	247			0	241
Spot FX contracts	0			(22)	0
Other investment liabilities	0			0	(142)
Debtors/creditors	181				(1,743)
Total	1,841,546			27,238	1,880,679

# **LEWISHAM STATEMENT OF ACCOUNTS 2024/25**

# **Pension Fund Accounts**

	Market Value as at 31/03/2023	Purchases and derivative payments	Sales and capital receipts	Change in Market Value during the year	Market Value as at 31/03/2024
	£000	£000	£000	£000	£000
Fixed Income Unit	040.570	04.400	(04.400)	(0.504)	040.070
Trust	249,576	21,126	(21,126)	(3,504)	246,072
Equity Unit Trust	870,530	225	(1)	186,021	1,056,775
Hedge fund	76,617	0	0	306	76,923
Pooled property Investments	117,436	9,470	(3,615)	(947)	122,344
Venture capital	276,999	58,773	(55,073)	2,276	282,975
Sub-total	1,591,158	89,594	(79,815)	184,152	1,785,089
		, , , , ,	( -,,	•	,,
Cash deposits	58,448			(490)	56,029
Amount receivable for sales of investments	0			0	0
Investment income due	240			0	247
Spot FX contracts	0			0	0
Amounts payable for purchases of Invs	0			0	0
Other investment balances	2,131				181
Total	1,651,977			183,662	1,841,546

# Note 13a: Fair Value - Basis of Valuation

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

Description of asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable Inputs	Key sensitivities affecting the valuations provided
Equities	Level 1	Published market prices	Evaluated price of feeds	Not required
Bonds	Level 2	The published bid market price on the final day of the accounting period	Not required	Not required
Pooled investment – equity unit trust and market quoted investments	Level 2	Published bid market price on the final day of the accounting period	Not required	Not required
Pooled investments - UK Fixed Income Managed Funds	Level 3	Average of broker prices	Not required	Not required
Pooled investments - Hedge Funds	Valued by investing managers on a fair		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.

# 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 2025.

	Assessed valuation range (+/-)	Value at 31 March 2025	Value on Increase	Value on Decrease
	%	£000	£000	£000
Pooled Property Investments	6.8	102,442	109,408	95,476
Overseas Venture Capital	7.0	75,792	81,097	70,486
UK Venture Capital	7.0	258,119	276,188	240,051
Overseas Hedge Fund	7.0	77,264	82,673	71,856
Total		513,617	549,366	477,869

## 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 31/03/2025	Quoted market price	Using observable inputs	With significant observable inputs	
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial assets at fair value through profit	and loss			
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 deposits	81,882	0	0	81,882
Other investment assets	2,290	241	0	2,531
Financial liabilities at fair value through pro	fit and loss			
Other investment liabilities	(4,033)	(142)	0	(4,175)
Net financial assets	80,139	1,286,923	513,617	1,880,679

Market Value as at 31/03/2024	Quoted market price	Using observable inputs	With significant observable inputs	
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial assets at fair value through profit and	loss			
Pooled investments	0	1,302,847	76,923	1,379,770
Pooled Property Investments*	0	27,314	95,030	122,344
Venture Capital	0	0	282,975	282,975
Cash deposits	56,029	0	0	56,029
Other investment assets	2,627	0	0	2,685
Investment income due	222	25		247
Financial liabilities at fair value through profit a	nd loss			
Other investment liabilities	(2,670)	0	0	(2,504)
Net financial assets	56,432	1,330,186	454,928	1,841,546

<sup>•</sup> Includes equity unit trusts, fixed income unit trusts and hedge funds

# Note 13d: Transfers between Levels 1 and 2

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

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

	Market Value as at 31/03/2024 £000	Transfers in/out of level 3 £000	Purchases £000	Sales £000	Unrealise d gains (losses) £000	Realised gains (losses) £000	Market Value as at 31/03/2025 £000
Pooled Property Investments	95,030	0	10,179	(3,059)	14,288	(13,996)	102,442
Overseas Venture Capital	75,919	0	3,730	(4,743)	2,765	(1,879)	75,792
UK Venture Capital	207,056	0	67,413	(13,143)	(3,207)	0	258,119
Overseas Hedge Fund	76,923	0	0	0	341	0	77,264
Total	454,928	0	81,322	(20,945)	14,187	(15,875)	513,617

# **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 31/03/2024 Designated as fair value through profit and loss	Loans and receivables	Financial liabilities		Market Value as at 31/03/2025 Designated as fair value through profit and loss	Loans and receivables	Financial liabilities
£000	£000	£000	£000	£000	£000	£000
			Financial assets			
			Equity Unit Trust			
1,056,775			Funds	910,483		
0.40.070			Fixed Income	0.7.4.4.4		
246,072			Funds	351,844		
			Pooled property			
122,344			Investments	126,939		
282,975			Venture Capital	333,911		
76,923			Hedge Funds	77,264		
0	56,029		Cash deposits	0	81,882	
			Other investment			
0	247		balances	0	241	
0	2,685		Debtors	0	2,290	
1,785,089	58,961	0		1,800,441	84,413	0
			Financial liabilities			
		(2,504)	Creditors			(4,033)
		, , /	Other Current			,,/
			Liabilities			(142)
0	0	(2,504)		0	0	(4,175)
1,785,089	58,961	(2,504)	Total	1,800,441	84,413	(4,175)
	1,841,546		Grand Total		1,880,679	

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

The following table shows net gains on financial instruments:

#### **Financial Assets**

Fair Value through Profit and Loss Loans and receivables

Assets at Amortised Cost **Financial Liabilities**Fair value through profit and loss Liabilities at Amortised Cost

31/03/25 £000
27,082 178
0
(22) 27,238

31/03/24 £000
184,151 (490)
0
183,662

### 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.

#### 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 2024/25, assuming all other variables such as foreign exchange rates and interest rates remain the same:

Asset Type	Potential Market Movement +/- (% p.a.)		
Fixed Income Unit Trust	13.3		
Equity Unit Trust	11.9		
Hedge Funds	7.0		
Venture Capital	7.0		
Pooled property Investments	ty Investments 6.8		
Cash	0		
Average	9.2		

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 31/03/2025	Percentage change	Value on increase	Value on decrease
	£000	%	£000	£000
Cash and cash equivalents	81,882	0.0	81,882	81,882
Investment portfolio assets:				
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)
Total assets * **	1,880,679		2,073,236	1,688,122

<sup>\*</sup> This figure includes derivatives and other investment balances.

The 2023/24 comparator table is as follows:

Asset type	Market	Percentage	Value on	Value on
	Value as at	change	increase	decrease
	31/03/2024			
	£000	%	£000	£000
Cash and cash equivalents	56,029	0.0	56,029	56,029
Investment portfolio assets:				
Fixed Income unit trusts	246,072	14.1	280,768	211,376
Equity unit trusts	1,056,775	11.5	1,178,304	935,246
Hedge funds	76,923	6.1	81,615	72,231
Pooled property Investments	122,344	7.7	131,764	112,923
Venture Capital	282,976	4.3	295,144	270,808
Other funds	427	0.0	427	427
Total assets	1,841,546		2,024,051	1,659,040

#### 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.

<sup>\*\*</sup> The ealso change and value change for Total Assets includes the impact of correlation across asset classes

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
Cash and cash equivalents			
Cash	81,882	0	0
Fixed Interest Investments			
UK Fixed Income Funds	234,255	2,343	(2,343)
Overseas Fixed Income Funds	117,588	1,176	(1,176)
Total change in assets available	433,725	3,519	(3,519)

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

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 2025:

Euro €1.6m (€9.0m 23/24) US Dollars \$5.9m (\$25.9m 23/24)

There are no other currencies held by the fund.

#### 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 2024/25 to be 5.4% (5.6% in 2023/24). This volatility is applied to the Fund's overseas assets at period end as follows:

Asset Type	Asset Value at 31 March 2025	Change %	Value on Increase	Value on Decrease
	£000		£000	£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
Total	513,287	5.4	541,004	485,569

Asset Type	Asset Value at 31 March 2024	Change %	Value on Increase	Value on Decrease
	£000	70	£000	£000
Overseas Fixed Income	79,556	5.6	84,011	75,101
Overseas Equity Funds	419,555	5.6	443,050	396,059
Overseas Hedge Funds	76,923	5.6	81,231	72,615
Overseas Venture Capital	75,919	5.6	80,170	71,667
Total	651,953	5.6	688,462	615,442

#### 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.

		Balances	Balances
		at	at
		31 March	31 March
	Rating	2025	2024
		£000	£000
Barclays	A +	1,419	1,872
Northern Trust	AA -	81,882	56,029
Total		83,301	57,901

#### 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 2025 these assets totalled £81.9m held in cash by the custodian on behalf of the Fund and fund managers.

#### **Note 16: Derivative Contracts**

As at 31 March 2025 there were no pending foreign exchange purchases or sales. The net gain related to foreign exchange forward contracts was nil in 2024/25 (net gain nil in 2023/24).

#### **Note 17a: Other Investment Balances**

These comprise the following amounts:

	31/03/25	31/03/24
	£000	£000
Debtors		
Equity Dividends / Income from Managed Funds	208	205
Recovered Taxes	33	42
Interest and Other Income	0	0
Creditors		
Pending trade purchases	(142)	0
Net	99	247

#### Note 17b: Net Current Assets

These comprise the following amounts:

#### **Current Assets**

Contributions Due from Admitted/ Scheduled Employers/ Employees Other Current Assets Prepayments Cash in Hand

31/03/25	31/03/24
£000	£000
871	655
0	0
0	158
1,419	1,872
2,290	2,685

#### **Current Liabilities**

Trade Creditors
Fund Manager / Advisory Fees
Other Current Liabilities

31/03/25
£000
(24)
(530)
(3,479)
(4,033)

31/03/24
£000
(301)
(866)
(1,337)
(2,504)

#### Note 18: Cash and Bank

#### **Cash Held With Custodian**

The Northern Trust Company is the Fund's global custodian and cash is held to meet the cash flow requirements of the Fund and its managers. The total cash held as at 31 March 2025 was £81.9m (£56.0m as at 31 March 2024). The table below shows how this was split between the Fund Managers.

Fund Manager	31/03/2025 £'000	31/03/2024 £'000
Cash Account Schroders HarbourVest	76,974 3,031 1,877	44,006 10,237 1,786
	81,882	56,029

#### **Pension Fund Bank Account**

The Lewisham cash in hand balance of £1.4m represents uninvested cash held in the Pension Fund bank accounts as at 31 March 2025. 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 2025. 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.

	31/03/2025	31/03/2024
	£'000	£'000
Present value of promised retirement benefits	(1,473,000)	(1,695,000)
Fair Value of Scheme Assets	1,749,124	1,840,155
Net Assets / (Liability)	276,124	145,155

#### Longevity assumptions

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2023 model, with a 15% weighting of 2023 (and 2022) data, 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

Longevity Assumptions for year ended 31 March 2025	Males	Females
Current Pensioners	20.8	23.8
Future Pensioners	21.8	25.2

#### Financial assumptions

	31/03/2025 (%)	31/03/2024 (%)
Pension Increases	2.8	2.8
Salary Increases	3.8	3.8
Discount Rate	5.8	4.8

#### **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:

Sensitivity to the assumptions at 31 March 2025	Approximate increase to liabilities (%)	Approximate monetary amount (£m)
0.1% p.a. decrease in the Real Discount Rate	2	24
1 year increase in member life expectancy	4	59
0.1% p.a. increase in the Salary Increase Rate	0	1
0.1% p.a. increase in the Pension Increase Rate	2	23

# 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 09 December 2025. 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 2025, 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 2025:

Fund Manager	Fund	Contractual Commitment £000	Undrawn Capital £000
Harbourvest	Harbourvest Closed Ended Funds	106,895	19,379
London CIV	LCIV Renewable Infrastructure	90,000	31,179
London CIV	LCIV Private Debt	85,000	27,868
London CIV	LCIV Private Debt II	95,000	65,848
London CIV	LCIV Nature Based Solutions	94,000	73,554
Pemberton	Pemberton European Mid-Market Debt Fund II	40,000	5,610
Schroders	Schroders Property Funds	12,254	949
Total		523,149	224,387

#### **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 Chris Best Cllr Louise Krupski, Cllr John Muldoon, Cllr James Royston, Cllr Liam Shrivastava, Cllr Mark Jackson.

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 members were Stephen Warren (Independent Chair), Employer Representatives, Sherene Russell-Alexander (Director of People and Organisational Development) and Mark Booker (Pension administrator Change Live Grow) and Employee representatives, Gary Cummins (Union representative) and Mark Adu-Brobbey (Programme Manager - Together Lewisham).

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 2025.

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 CIV Ltd (London CIV), established in 2015 by London Local Authorities manages London Local Government Pension Scheme ('LGPS') assets. London CIV is one of eight U.K. LGPS asset pooling companies. The London Boroughs and City of London who are the 32 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 2023/24 and 2024/25.

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

	2024/25 £'000	2023/24 £'000
Short Term Benefits	25	18
Post-Employment Benefits	6	4
Total	31	22

#### 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.

Value at the Beginning of Year Contributions and Transfers Received Investment Return / change in market value Paid Out

Value at the End of the Year

2024/25		
Utmost £000	Clerical Medical £000	Total £000
<b>291</b> 0	<b>732</b> 188	1,023 188
14	(42)	(28)
(2)	(24)	(126)
303	854	1,157

	2023/24	
Equitable	Clerical	
Life	Medical	Total
£000	£000	£000
289	874	1,163
24	152	176
0	22	22
(22)	(316)	(338)
291	732	1,023

# **Annual Governance Statement**

Year ended 31 March 2025

# **Executive Summary**

# Governance Assessment for 2024/25

After years of reduced central government funding, local authorities and their governance have come under increasing strain. Many have pursued additional commercialisation and partnership ventures using novel or untested governance arrangements and so increasing risk. The number of councils requiring government intervention has increased and a wave of public interest reports has acted as a reminder that things can go wrong anywhere, and the risks are significant.

At Lewisham, while we have not ignored commercial incentives, we have remained cautious. We are not complacent; our governance arrangements remain robust. We enjoy very strong relationships between senior officers and politicians, with officers able to properly perform their duties and speak truth to power, knowing their advice will be appreciated with respect. We know we have areas to review and improve, but they are known, and work is ongoing to develop our governance.

This Annual Governance Statement provides an opportunity to reflect on our governance arrangements, consider their effectiveness and look forward to how we can continue to meet the challenge of providing effective services to our residents. In completing that assessment, we have had regard to the CIPFA/SOLACE Framework that sets out key principles of good governance. Our summary assessment is below and detailed further throughout the document.

Principle	Assurance
A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting rule of law	Satisfactory
B. Ensuring openness and comprehensive stakeholder engagement	Satisfactory
C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.	Satisfactory
D. Determining the interventions necessary to optimise the achievement of the intended outcomes	Satisfactory
E. Developing the Council's capacity, including the capability of its leadership and the individuals within it	Satisfactory
F. Managing risks and performance through robust internal control and strong public financial management	Satisfactory

Principle	Assurance
G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability	Satisfactory

# Governance Priorities for 2025/26

While we are satisfied our current governance arrangements are robust, that position needs constant review in a local government environment presenting varied and growing challenges. We perform ongoing review and reflection on our processes to ensure they are simple, clear and understood. We continue our drive to improve corporate compliance and the positive shift in mindset. Beyond that ongoing improvement activity, we have identified various specific areas of Governance priority to address through the year ahead:

- Continue to improve our performance monitoring arrangements and publish an annual performance report, setting out how well we met our ambitions in 2024/25, key areas of focus for 2025/26, risks to meeting objectives plus information on budget and financial performance.
- Continue to embed our Corporate values and behaviours across the organisation to ensure they are consistently reflected in our culture, decision-making, and everyday practices.
- Improve consistency and quality of record keeping as the Council increasingly uses more shared document spaces such as MS Teams and SharePoint.
- Improve compliance with centralised governance processes, especially staff performance appraisal completion rates. Strengthen compliance with centralised governance processes, especially staff appraisal completion rates building on the Council's overall return of 82% and addressing variation in underperforming directorates.
- Review the effectiveness of the revised Constitution adopted at the AGM on 7<sup>th</sup> May 2025 and associated decision-making processes.
- Review the strength of the Council's governance arrangements against the findings of any published public interest reports.
- Continue to embed risk management information in Council governance and decision-making processes, including extending the corporate risk registers to include more specific ones - e.g. IT and projects etc. and to look at possible crosscutting risks
- Senior officers including the Chief Executive and Executive Director of Housing continue to meet with the Regulator of Social Housing on a monthly basis to update them on the progress with our Housing Improvement Plan..
- Implement our Housing Improvement Programme, including a stock condition survey, addressing non-decency, monitoring fire risk assessment remedial actions and transforming repairs and complaints..

During the next 12 months the form and content of the Annual Governance Statement will be reviewed against the provisions of the Accounts and Audit Regulations 2015 and the CIPFA/SOLACE Framework (2025 Addendum), with particular emphasis on strengthening the following:

- 1. Providing more evidence for assurance ratings;
- 2. Providing greater transparency about audit limitations and how risks are being managed;
- 3. Enhancing the action plan with timescales, measures of success, and regular tracking;
- 4. Learning from sector failures and how this has informed Lewisham's approach;
- 5. Including outcomes from stakeholder engagement and how feedback has shaped governance or service delivery
- 6. Clarifying risk management maturity and next steps for embedding a risk-aware culture.

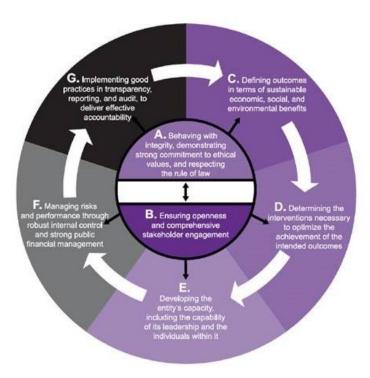
# **Annual Governance Statement 2024/25**

# What Is Corporate Governance?

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards; and for having a governance framework that comprises of the culture, values, systems and processes by which this is achieved. It must make sure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively to meet its strategic objectives.

It also has a duty, through the establishment of internal control measures, to manage risk to a reasonable level by identifying, prioritising, evaluating and managing the risks to the achievement of its policies, aims and objectives. Finally, it has a duty to secure continuous improvement in the way in which its functions are exercised.

The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives and Senior Managers) Framework Delivering Good Governance in Local Government. This statement explains how the authority has complied with the code and how it meets the requirements of the Accounts and Audit (England) Regulations 2015 in relation to the publication of a statement on internal control.



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

# How Has This Statement Been Prepared?

Every year a review of the effectiveness of the Council's governance framework is conducted by senior officers from policy, legal and audit with expertise in governance and internal control.

Officers monitor and evaluate governance evidence and identify areas requiring action; and are responsible for analysing CIPFA/SOLACE guidance in relation to the development of this statement for the financial statements.

The governance review process includes:

- Oversight of the Annual Governance Statement Action Plan rests with the Council's Executive Management Team.
- Consideration of the Accounts by the Executive Director for Finance, Digital and Corporate Resources (as the Council's s151 Officer).
- Reviewing results of work conducted by the Council's assurance services, including the Annual Opinion of the Head of Internal Audit.
- Review of the Annual Governance Statement by the Council's Audit & Risk Committee as part of the financial statements.
- A review of the Council's Local Code of Corporate Governance by the Standards Committee, with reference to CIPFA/Solace Guidance.
- Referral of the Annual Governance Statement to Full Council with the Statement of Accounts and sign off by the Speaker of the Council and Chief Executive, once approved.

# Lewisham Council's Governance Processes

# **Governance Arrangements**

The Council's governance arrangements are strong overall and aim to foster effective leadership and high standards of behaviour; a culture based on openness and honesty; and an external focus on the needs of service users and the public. The diagram below shows the external facing governance structure, as set out in the Council's Constitution.

Lewisham's directly elected Mayor provides the Council with clear strategic direction and effective leadership, but the Council also benefits from the perspectives and contributions of its 54 Councillors. The Council's Constitution clearly defines the roles of councillors and officers, and this clarity contributes to effective working relationships across the Council. The Governance Committee, the Standards Committee and the Audit & Risk Committee monitor and challenge the governance arrangements and ensure their robustness.

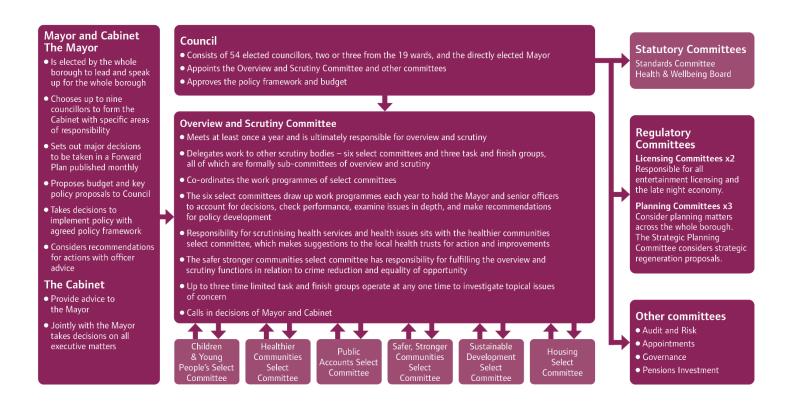
The Council has worked closely with its partners, both strategic and operational. The Council has five statutory partnership boards:

 The Safer Lewisham Partnership is the statutory crime and disorder partnership for Lewisham.

- The Youth Justice Board which is a statutory partnership board that oversees the work of the youth offending service in Lewisham.
- The Health and Wellbeing Board, chaired by the Cabinet Member for Health & Adult Social Care, works to promote greater partnership engagement that contribute to health and social care outcomes locally.
- Local Adult Safeguarding Board responsible for helping oversee and safeguard adults with care and support needs through effective preventative measures.
- Lewisham Children's Safeguarding Partnership aims to ensure that member agencies work together to keep children and young people safe, hold one another to account and ensure that safeguarding remains a priority.

# **Council Composition**

The Council is comprised of 54 Councillors and a Directly Elected Mayor, Brenda Dacres. We have 52 councillors from the Labour and the Labour & Co-operative party that form the Labour Group administration and 2 Lewisham Green Party councillors that form the opposition.



# A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

Councils are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

# **Assurance Level: Satisfactory**

The Council has strong ethical values, set out in a clear Member Code of Conduct. All Members receive training on that Code and can access support and advice through the Monitoring Officer and his team on compliance, including for example on declarable interests.

The Member code is mirrored in a clear and comprehensive Employee Code of Conduct which draws on the Nolan Principles of good governance in setting out ethical expectations of officers across the authority.

The Member Code of Conduct and the Employee Code of Conduct have both recently been reviewed as part a holistic review of the Council's Constitution to ensure they are lawful, up-to-date and fit for purpose.

The overall sentiment of our 2024 staff survey was positive, with 66% of staff taking part. Of the 34 benchmarkable indicators, 26 showed improvement, and overall staff engagement reached 80%. Additionally, 84% of staff said there is a clear and consistent set of values guiding the way we work, and 89% said they understand what those values mean for their team and how they work. 86% of staff said they are proud to tell people they work for the Council.

# Roles and Responsibilities

The Council's Constitution has been through a significant review.

Following the recommendations of the Governance Committee at its meeting on 18<sup>th</sup> December 2024, Council, at its meeting of 22<sup>nd</sup> January 2025, approved the holistic review of the Constitution and the following timeline for the review:

#### December 2024 – February 2025

Officers carry out a detailed analysis of other London mayoral authority constitutions.

#### March 2025 - April 2025

Several workshops and Governance Committee meetings to consider potential revisions.

#### 7th May 2025

Council AGM to consider and approve the revised Constitution.

Workshops to which all members were invited and Governance Committees took place as follows:

Workshop 1: 4.30pm & 7pm 20<sup>th</sup> February

**Governance Committee 1:** 7pm 4<sup>th</sup> March

Workshop 2: 4.30pm & 7pm 27<sup>th</sup> February

Governance Committee 2: 7pm 13<sup>th</sup> March

Workshop 3: 4.30pm & 7pm 2<sup>nd</sup> April

Governance Committee 3: 7pm 23<sup>rd</sup> April

At the Annual General Meeting of the Council on 7<sup>th</sup> May 2025, consideration was given to each element of the Constitution and the decisions made by the three Governance Committee meetings of 4<sup>th</sup> March, 13<sup>th</sup> March and 23<sup>rd</sup> April 2025.

It is important that the Constitution is fit for purpose for a modern council, reflects best practice and statutory guidance, and is future-proofed as far as possible. In general terms, the Constituion has been split into parts, tidied up and structured for ease of navigation by all audiences. Throughout the review, officers compared elements of the Constitution with the constitutions of Newham, Tower Hamlets and Hackney London boroughs.

The new Constitution is structured as follows:

### Part 1 Summary & Explanation

#### **Part 2 Articles**

- 1. Aims and Purpose
- 2. Councillors and Elections
- 3. Citzens and the Council
- 4. The Council
- 5. Chairing the Council
- 6. Overview and Scrutiny
- 7. The Executive
- 8. Conflict Resolution
- 9. Committees
- 10. Local Choice
- 11 Ethics
- 12. Positive Ageing Council and Public Transport Liaison Forum
- 13. Joint Arrangements
- 14. Staff
- 15. Delegating Decision Making
- 16. Principles of Decision Making

- 17. Finance, Contract and Legal Matters
- 18. Representation and Appeals Panels
- 19. Standing Advisory Council on Religious Education
- 20. Schools Forum
- 21. Young Mayor
- 22. Review of the Constitution
- 23. Publication, Interpretation and Suspension

#### Part 3 Responsibility for Functions (inc. the Scheme of Delegation)

#### Part 4 Rules of Procedure

- Council Procedure Rules
- Committee Procedure Rules
- Executive Procedure Rules
- Scrutiny Procedure Rules
- The Budget & Policy Framework
- Access to Information Rules
- Financial Procedure Rules
- Contract Procedure Rules
- Employment Procedure Rules

#### Part 5 Codes of Conduct

- Member Code of Conduct
- Protocol for Member & Officer Relations
- Employee Code of Conduct
- Protocol on Member Use of IT
- Protocol on Planning & Lobbying
- Local Authority Code on Publicity
- Guidance for Members on Outside Bodies
- Licensing Remote Hearing Protocol

#### Part 6 Scheme of Members' Allowances

#### **Appendices**

**Appendix 1** Petition Scheme

**Appendix 2** Protocol for Recording Council Meetings

**Appendix 3** Pension Board Terms of Reference

**Appendix 4** Joint Health Overview & Scrutiny Terms of Reference

**Appendix 5** SACRE Terms of Reference

**Appendix 6** Schools' Forum Terms of Reference

**Appendix 7** Scrutiny/Executive Protocol

**Appendix 8** Senior Management Structure Chart

The Constitution sets out the roles and responsibilities of the Mayor, the Speaker of the Council, the Council as a whole, the Executive, Statutory Officers, Overview and Scrutiny committees, Standards committees and other committees to help ensure that all decision-making activity is lawful and transparent. Decisions are taken and scrutinised in accordance with the Council and Mayoral scheme of delegation, the procedure rules set out in the constitution and based on professional officer advice, as part of an annual programme of regular meetings.

The tone from the top in terms of establishing effective governance arrangements and culture rests with the Council and the Mayor. The Council approve the Constitution and confirm the appointments and delegations annually at their Annual General Meeting.

The Constitution requires councillors to follow formal procedures when taking decisions to make sure that decisions are made transparently and openly. The Local Code of Corporate Governance and the Codes of Conduct for Members and Officers, set out in the constitution, demand the highest standards of ethical behaviour. These are reviewed regularly and are communicated widely.

# **Ethics and Governance Training**

Training on ethics, governance and the Member Code of Conduct is delivered to all Councillors in the first year of an administration (most recently in 2022) as part of a comprehensive induction programme to enable Members to understand and access all appropriate support and development to undertake their role. This training is repeated after by-elections. Training on specific governance issues is provided as required throughout the course of the administration.

In Spring 2024 the Council introduced a revitalised approach to Scrutiny at its "Scrutiny Summit". The event featured training for Members on risk management, the role of scrutiny, ethical values and issues pertinent to individual committees. The event also provided a platform for committee chairs to initiate ongoing dialogue to continue through the year, aiming to co-ordinate and support effective governance through collaborative scrutiny.

Since Spring 2024, all Scrutiny Councillors and Chairs have had opportunities for regular discussions with the Council's Scrutiny Team. This has provided an opportunity for any concerns regarding training needs to be raised and resolved. Furthermore, all Councillors are regularly emailed opportunities for learning and development, including training which related to governance. A new Member induction programme which includes training on Governance, ethnical values and any other issue relevant to a specific committee, will be developed for May 2026.

Detailed training on the Constitution is being developed for members, senior officers and any officers involved in decision-making and/or report writing.

# B. Ensuring openness and comprehensive stakeholder engagement

Local government is run for the public good. Organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

#### **Assurance Level: Satisfactory**

The Council takes a proactive approach on transparency and stakeholder engagement. We have also continued to make wide use of our online consultation hub to support hearing stakeholder views on local projects such as Deptford High Street to broader initiatives such as suicide prevention interventions and training.

The Council promotes participation through a variety of methods, to make sure residents can share their views. It has an online engagement platform to allow residents to respond to consultation and feedback on ideas and proposals across a range of issues and services. Services also consider the access needs of those it needs to engage, to ensure physical and face-to-face options are available, as required.

A review is currently being undertaken to develop an engagement framework, to enable consistent consultation and engagement across the organisation.

The Young Mayor and Young Advisors programme gives young people aged 11–18 the chance to feed into Council policy and spending decisions, including the use of the Young Mayor's budget.

The Council's website includes a page on open data and transparency, which gives information on spending; wages of senior managers; Freedom of Information requests; the annual audit of accounts; the pay policy; media requests and Council decisions.

The Council's social media channels and the printed Lewisham Life magazine share opportunities to get involved, consultation results and decisions made by the Council.

As well as statutory strategic partnership working, extensive partnership working arrangements are in place which support the delivery of the Council's objectives. we continue to develop our Local Strategic Partnership (LSP). The work of the LSP is shaped by our Community Action Plan (launched in July 2024), which was informed by extensive engagement exercise with residents, involving more than 1,200 people.

The Council also has borough-based arrangements in place with the local Clinical Commissioning Group to align with the work of the National Health Service and is working with the South East London Clinical Care Group (SEL CCG) to develop the

incoming Integrated Care System (ICS). Responding to global events in Syria and Afghanistan and consistent with our Sanctuary Borough commitments, the Council has continued to work alongside the Lewisham Migration Forum to meet the needs of our refugee and migrant community.

# C. Defining outcomes in terms of sustainable economic, social and environmental benefits

The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable and reflect the Council's 2019 declaration of a climate emergency. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. The Council seeks to show leadership in terms of its own operations in delivering sustainable economic, social and environmental outcomes, and, as the focus of democratic representation locally the Council is also in a unique position to influence strategic partners, local businesses and residents. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

#### **Assurance Level: Satisfactory**

The Council's revised Corporate Strategy 2022-26 sets out our key priorities including their sustainable economic, social and environmental benefits. Moreover, the Strategy emphasises the role of strong and effective governance as a core requirement to achieving those priorities.

# Communicating and reviewing the Council's vision

We launched our revised Corporate Strategy 2022-26 in November 2022 following extensive consultation. Our next Corporate Strategy will be developed and launched in 2026.

**Cleaner and greener**: Tackling the climate crisis, supporting tree planting, maintaining London's best parks, enabling active travel and keeping streets clean.

**A strong local economy**: Supporting apprentices, investing in high streets, promoting Shop Local, attracting businesses to Lewisham and working with business to become London Living Wage employers.

**Quality housing**: Delivering more social homes for Lewisham, improving housing stock condition, supporting renters and safeguarding our heritage landmarks.

**Children and young people**: Continue supporting school improvement, relentless focus on inclusive pupil achievement, protecting the most vulnerable children and lobbying government to expand free school meal provision.

**Safer communities**: Implementing our Violence Against Women and Girls strategy, supporting the 'Have A Word' campaign, reducing young people's entry into the criminal justice system.

**Open Lewisham**: Celebrating Lewisham's diversity, preserving our Borough of Sanctuary status, building on our Borough of Culture legacy, strengthening the Lewisham Way of working with partners and actively listening to residents.

**Health and Wellbeing**: Working with partners to deliver the Lewisham Food Action Plan, mitigating health inequalities, progressing towards a fairer social care system, working with NHS on the Lewisham Health Care and Wellbeing Charter and empowering residents to live a physically active lifestyle.

Our *Corporate Strategy* also emphasises key components of our approach and governance that will be vital to successful delivering of these priorities:

**Effective Management of finance:** Sound financial management in maintaining a balanced budget, developing our financial monitoring, enhancing consideration of social value and managing spending within budget.

A flexible workforce we invest in: Recruiting, retaining and developing talented and committed staff to provide the best services for residents, including an emphasis of hybrid working while staying connected and engaged.

**Collaborative working, including in partnerships:** Convening a Local Strategic Partnership focused on tackling the issues that matter most to our residents plus creating a culture of working collaboratively and as a facilitator for organisations and people to support one another.

**Evidence-based decision making:** Expanding our Knowledge Observatory using Ward Profiles to assess and understand need across the Borough.

**Strong and effective governance**: Enhancing our approach to managing risk, alongside effective controls, to support and empower staff to deliver big ideas.

**Staying on track and measuring success:** Revamping how to measure and manage performance, identifying key results with regular monitoring integrated into service planning and made publicly available. In 2020 Lewisham Council published its Climate Emergency Action Plan, updated in 2024 which sets out a range of actions supporting the declaration of a Climate Emergency and the ambition for the borough to be net zero carbon. This Action Plan includes a range of measures supporting long-term sustainability of decision-making across the Council.

# D. Determining the interventions necessary to optimise the achievement of the intended outcomes

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government must make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the several types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

#### **Assurance Level: Satisfactory**

We have clear decision-making procedures that draw in a wide range of considerations to support selected interventions. In 2023/24 we expanded our use of social value to support procurement decisions, building on the evidence provided in the annual Social Value Report published.

# **Decision Making**

The Constitution requires councillors to follow formal procedures when taking decisions to make sure that decisions are made transparently and openly. This includes declaring if they have a personal interest in the matters under discussion and, if required, withdrawing from the room whilst the decision is taken. Reports are produced in a standard format so report authors address all significant implications of decisions. These considerations have been expanded to include environment, wellbeing, and (for contracts) social value implications. The minutes of every formal meeting are published on the Council website.

The Constitution requires Executive decisions to be published within two working days of being taken and they may be called-in (referred to the decision maker for reconsideration) by the Overview and Scrutiny Committee. For 2024/25, two Mayor & Cabinet decisions were called-in by the Overview and Scrutiny Committee to be reconsidered. The Council's call-in arrangements have been amended as part of the Review of the Constitution and are robust and aligned to guidance produced by the Centre for Governance & Scrutiny.

The Council has a Governance Committee, to advise on constitutional arrangements but in practice, the procedure rules set out in the constitution are under constant review by the Monitoring Officer to reflect changing needs.

# E. Developing the Council's capacity, including the capability of its leadership and the individuals within it

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

#### **Assurance Level: Satisfactory**

We have comprehensive training and development programmes supporting both Members and Officers showing our clear commitment to developing capacity and capability. We have experienced permanent officers in key positions, including Chief Executive, Monitoring Officer and Section 151 Officer and a settled Executive Management Team.

# Training and Development

The Council runs a comprehensive Member Development Programme, with an intensive induction programme in the period following local elections. The programme ensures that all Councillors have access to the training and development opportunities they need to fulfil their responsibilities to the local community and provide clear leadership and effective scrutiny of local Council functions. Training and development are available for councillors every year, inclusive of regular all member briefings; training sessions for all councillors or specific cohorts of councillors; and tailored learning for individuals provided based on assessed needs. The Council assigns a Member Development budget which is used throughout the year to support any Member who has specific training needs and frequently promotes Learning and Development opportunities to all Councillors through a regular newsletter.

The development needs of senior officers are the responsibility of the Director of People & Organisational Development and the Monitoring Officer who are aware of their statutory duties and stay abreast any changes in relevant legislation. At the start of the financial year the Chief Executive, as the Head of Paid Service, defines objectives for each member of the Executive Management Team which are then

cascaded to officers throughout the organisation through the objective setting arrangements set out in the People Management Framework. During the year this has also involved partnership with an external consultancy on an extensive Leadership Development Programme supporting our Senior Leadership Team and Executive Management Team.

We also have a Corporate Equalities Board to provide strategic direction for equalities across the Council. This includes oversight of our equality and diversity learning and development offer plus identifying and promoting opportunities for our range of staff networks to support employee engagement and development.

# F. Managing risks and performance through robust internal control and strong public financial management

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities.

A robust system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.

It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it needs repeated public commitment from those in authority.

#### **Assurance Level: Satisfactory**

During 2022/23 we extensively refreshed our approach to both risk and performance management. We published a new risk framework in March 2023, and revised Corporate Performance Report in early 2023/24. Both built on existing and developing internal practices.

Work has continued to embed that Risk Management Framework across the council, leading to improved assessment of risk, allowing for better identification evaluation of mitigating controls. Work to further develop the risk maturity of the Council is ongoing.

We have an existing strong financial management system manged by the Executive Director of Finance, Digital and Corporate Resources, including a revised Whistleblowing Policy launched in Autumn 2022.

# Monitoring Performance

The Council's performance is monitored via a suite of monthly Directorate (Children and Young People Services, Adult Social Care & Health, Housing, Place, Finance, Digital and Corporate Resources, and Chief Executive) management reports and quarterly at the Executive Management Team. These reports, which include key indicators, metrics, and contextual commentary are reviewed monthly by Directorate Management Teams. Performance data is used to highlight underperformance or high-risk areas, helping to guide decision-making and prompt targeted interventions where needed. The reports use targets to focus attention on underperforming or high-risk areas, and both performance measures and targets are reviewed annually to ensure their relevance.

In 2022/23 we launched a refreshed, publicly available <u>Corporate Performance Dashboard</u> using Power BI. This interactive tool enables residents and stakeholders to better interact with and scrutinise our performance data. It also supports strategic oversight by Council Directors, EMT, and Cabinet, and is updated and published quarterly.

These reports are shared with Cabinet Leads, giving them direct line of sight to current and emerging performance issues. There is quarterly reporting into scrutiny and Mayor and Cabinet of the financial performance of the Council. The quality of services for

users is also measured through satisfaction surveys and information from the complaints management resolution processes.

During the year the following elections were successfully undertaken, while also sustaining continuity of service and decision-making:

2<sup>nd</sup> May 2024: Deptford By-Election

Mayor of London and London Assembly Elections

**4<sup>th</sup> July 2024:** Parliamentary Elections for 3 constituencies

5<sup>th</sup> February 2025: Lewisham Young Mayor Election

# Compliance

The Monitoring Officer is central to ensuring compliance with the rules and procedures set out in the Constitution. The Monitoring Officer attends Mayor & Cabinet, Full Council meetings and is a member of the Executive Management Team (EMT). The Monitoring Officer regularly briefs councillors and relevant staff on corporate legislative developments; and legal advice is incorporated in every council report. Where gaps or non-compliance are identified, appropriate action is taken.

The financial management of the authority is conducted in accordance with Financial Procedure Rules set out in the Constitution and the Council has designated the Executive Director for Finance, Digital and Corporate Resources as its Section 151 Officer, who advises on the proper administration of the Council's financial affairs, keeping proper financial records and maintaining effective systems of financial control. The Council has a whistleblowing and speaking up policy in place which is publicised on the Council's website and were refreshed and updated during 2022/23.

# G. Implementing good practices in transparency, reporting and audit to deliver effective accountability

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed but also ensuring that stakeholders are able to understand and respond as the organisation plans and conducts its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

#### **Assurance Level: Satisfactory**

The Council has strong audit arrangements, for both internal audit and the last completed year for external audit. In addition, during 2024/25 the Council received positive reports from Ofsted on Children and Young Peoples services.

## Head of Internal Audit Opinion 2024/25

The Council's Head of Assurance is the officer who serves as Chief Audit Executive as defined in the Public Sector Internal Audit Standards. In July 2025 he presented an annual opinion on the Governance, Risk Management and Internal Control of the Council, as required by regulation 5 of the Accounts and Audit Regulations 2015. The Opinion highlight scope limitations due to reduced audit coverage.

The overall opinion for the 2024/25 financial year is that there is satisfactory assurance over systems of risk management, governance and control.

## **External Audit and Inspection**

Our external auditors for 2024/25 are KPMG and they have completed their work on the 2023/24 financial statements by issuing unqualified opinions on the Council and Pension Fund in February 2024.

The 2023/24 audit by KPMG on the value for money arrangements within the Council identified two significant weaknesses, both in relation to the Housing Revenue Account (HRA). These are in relation to the financial sustainability and governance arrangements associated with the HRA. Given the decision taken to bring the responsibility for housing management back into the Council, and the ensuing self-referral to the housing regulator in relation to the condition of the council dwellings, these findings are not surprising. The Council has HRA recovery plans which it is confident will be delivered as planned and will be able to satisfy the auditors that the arrangements in 2024/25 demonstrate this. In addition to the annual independent review of the Council's governance, risk and control management arrangements,

Children and Young People's Services is subject to regular inspection through one of the following four inspection frameworks (in addition to the inspection of schools):

- Inspection of Local Authority Children's Services (Ofsted)
- Joint Targeted Area Inspection (Ofsted, CQC and HMICFRS) the latter is the police inspectorate
- Special Educational Needs and disability Inspection (Ofsted and CQC)
- Youth Offending Inspection (HMIP) Probation inspectorate

During December 2023 the Council's Children's Services were subject to inspection by Ofsted. Ofsted published its report in January 2024 and rated the services as "Good" across all judgements: the impact of leaders on social work practice with children and families, the experiences and progress of children who need help and protection, the experiences and progress of children in care, the experiences and progress of care leavers and overall effectiveness.

Ofsted concluded: "A determined focus by the experienced Executive Director for Children & Young People (DCS) and his highly effective leadership team has driven widespread improvements in services since the last inspection in 2019. Children and young people now benefit from good, high-quality help and support. The pace of change has been purposeful, and the areas identified for improvement at previous inspections have been priorities, leading to better outcomes for children.

Political and corporate leaders are committed corporate parents and ambitious for children and young people. Additional investment has been provided to strengthen services and stabilise the workforce. This includes a targeted early help service which has been fully developed and embedded since the last inspection, so that children and families receive timely and appropriate support. Partnerships with key stakeholders are well developed, supporting continued improvements for vulnerable children."

Ofsted identified four key areas for improvement. Each area is being tracked by the Council and monitored to check improvements are developing and sustained.

Since that inspection there have been two further inspections of Children's Services:

- HMIP Inspection of Youth Justice Services in June 2024, which judged services to be 'Good' and amongst other things noted that "there is an embedded culture of openness, constructive challenge and innovation."
- Area inspection of Special Needs (Ofsted and CQC) in September 2024, which led
  to a narrative report, noting some inconsistency in practice, but, "Leaders work well
  to support vulnerable children and young people," and, "Leaders are reflective, and
  they understand what is working well, as well as what can be improved."

# Self-Referral to the Regulator of Social Housing

In December 2023, we took the decision to refer ourselves to the government's Regulator of Social Housing for a potential breach of its consumer standards. We specifically asked the Regulator to examine whether we are providing decent homes, running an efficient repairs service, and completing fire safety actions within acceptable timescales.

The Regulator <u>published a Regulatory Notice</u> in March 2024 which detailed its findings, along with recommendations for which areas are most urgent to address.

To gain a clearer understanding of performance across the three self-referral areas, Decent Homes, repairs Works in Progress and overdue fire risk actions, the Council undertook a root cause analysis in August 2024 and subsequently developed a Housing Improvement Plan to address the underlying issues. The plan outlines strategic priorities, desired outcomes, and the approach to achieving them. A set of specific, detailed action plans underpin the overarching Housing Improvement Plan. Governance is provided through several internal boards, with quarterly reviews by the Housing Transformation Board. The plan serves as a central framework for delivering transformation and sustained improvement across Lewisham's Housing Service.

#### **Progress:**

#### **Decent Homes**

In 2024/25, the council commissioned a comprehensive stock condition survey, which was carried out by Savills and completed in early 2025. The survey achieved 83% coverage of the council's directly-managed housing stock. The service has designed a follow-up programme to survey as many of the remaining 17% of homes as possible, where there was no access.

The survey found that 26% of council-managed homes were non-decent and during the year, work was undertaken informed by the survey which led to non-decency in the council-managed stock reducing from 26% to 17.8%.

#### Works in progress

For a housing stock the size of Lewisham's, a manageable level of work in progress (WIP) is estimated to be between 3,000 and 3,500 jobs, with a preference for remaining at the lower end of this range. A target has been set to reduce WIP to 4,500 jobs by April 2026. As of 31 March 2025, the WIP stood at 8,359 jobs. While this reflects a notable improvement compared to the previous year, the rate of reduction has not been consistent over time.

#### Overdue fire risk actions

Since the self-referral, the number of overdue fire remedial actions has been reduced from over 5,000 to 2,248 by the end of 2024/25. A comprehensive Fire Safety Action Plan has also been developed to support continued progress.

### Audit and Risk Committee

The Council's Audit & Risk Committee meets quarterly and is made up of a mixture of Councillors and independent advisors. The key roles of the Committee are to:

 Review and comment on the strategy, plans and resources of Internal Audit. Internal Audit update reports, summarising the audit reports issued, management's progress on implementing any recommendations and the performance of the Internal Audit function, are received by the Committee on a quarterly basis.

- Consider and monitor the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anticorruption arrangements.
- Consider the external auditor's annual plan and other relevant external reports which contribute to the level of assurance.
- Consider the Council's annual Statement of Accounts and this statement and make comments to Full Council when it considers the accounts.

During 2024/25 the Audit & Risk Committee worked to a terms of reference modelled on the CIPFA model. A full Committee of the Council, it attracts a Special Responsibility Allowance for its Chair and includes a focus on risk running alongside the Council's broader refresh of its risk management arrangements. The Committee has also emphasised its position as a source of independent expert challenge by appointing three co-opted independent members. These independent members, with backgrounds in Local and Central Government, health and voluntary sectors, as well as private business bring a wide range of experience and expertise to the Committee's function. The independent co-opted members attended all Audit & Risk Committee meetings following their appointment in summer 2023.

The Committee was scheduled to meet five times during 2024/25, but its first meeting (in June 2024) was cancelled in the wake of the GLA pre-election period. The October 2024 meeting was cancelled as the committee had met in both September and December 2024 and the meetings were aligned to more closely follow the progress of the external audit. The Council has taken steps to keep the Committee abreast of governance developments outside the formal meetings.

# **Governance Action Plan**

# Update on 2024/25 Governance Priorities

Our 2024/25 Annual Governance Statement described a range of priorities. We have monitored these through the year and provide below an update on progress.

Priority	Progress
Compile Annual Performance Report setting out how well we met our ambitions in 2023/24, key areas of focus for 2024/25, risks to meeting objectives plus information on budget and financial performance.	The Council's current Corporate Strategy expires in line with the May 2026 election. A new Strategy will place fresh emphasis on various priorities, and we will adapt the focus of our performance reporting accordingly.
Embedding the revised Corporate Values Statement launched in September 2023.	The Council's staff appraisal process clearly links the demonstration of the values to individual roles and responsibilities.  The corporate report template ensures that each report considers how the subject matter supports the evidencing of these values in action.
Improve consistency and quality of record keeping as the Council increasingly uses more shared document spaces such as MS Teams and SharePoint.	There are various projects underway that look to improve the quality and consistency of record keeping.
Improve compliance with centralised governance processes, especially staff performance appraisal completion rates.	The regular reporting to EMT of compliance rates for core and mandatory governance items has improved the overall compliance rates across the Council.
Respond to the Regulator of Social Housing's Regulatory Notice.	Monthly meetings are held with the Regulator of Social Housing to monitor progress against the Regulatory notice issued in March 2024. Good progress has been made in the transformation of the Repairs Service, in improving the proportion of homes that meet the Decent Homes Standard (DHS) and in reducing overdue fire safety remedial actions.

Priority	Progress
	There is more to do, and a mock inspection commissioned over summer 2025 has identified a number of actions that will assist us in progressing to full compliance with the Consumer Standards for Social Housing.
Implement our Housing Improvement Programme, including a stock condition survey, addressing non-decency, monitoring fire risk assessment remedial actions and transforming repairs and complaints.	The stock condition survey was completed in March 2025 and identified that 26% of Council homes did not meet the Decent Homes Standard. We have reduced this to 17% by eliminating hazards and this programme of work continues. Plans are in place to remediate fire safety through the installation of front entrance doors (FEDs) in leaseholder and tenanted properties. The Repairs Service will benefit from a new system (Total Mobile) which will enable better management of jobs and workflow, enabling further reduction of the WIP (works in progress). Current WIP is c8,00 with a target to reduce to 4,500 by 31st March 2026.

# 2025/26 Governance Priorities Monitoring

We will continue to track ongoing priorities alongside the 2024/25 set highlighted below. This monitoring will take place in various places in our Governance structure, most notably:

- At the Corporate Assurance Board. An officer-led group including the Chief Executive, Executive Director of Finance, Digital and Corporate Resources (s151 Officer), Director of Law & Corporate Governance (Monitoring Officer) and Head of Assurance (Chief Audit Executive). This Board meets up to ten times per year to consider a broad range of governance challenges and track progress on key actions to address defects and mitigate risk.
- Through the **Audit & Risk Committee**. This public, Member Committee will receive periodic updates as part of its governance monitoring.

Priority	Executive Management Team Owner
Continue to improve our performance monitoring arrangements and publish an annual performance report, setting out how well we met our ambitions in 2024/25, key areas of focus for 2025/26, risks to meeting objectives plus information on budget and financial performance.	Chief Executive
Continue to embed our Corporate values and behaviours across the organisation to ensure they are consistently reflected in our culture, decision-making, and everyday practices.	Chief Executive
Improve consistency and quality of record keeping as the Council increasingly uses more shared document spaces such as MS Teams and SharePoint.	Executive Director for Finance, Digital and Corporate Resources
	Director of Law and Corporate Governance
Improve compliance with centralised governance processes, especially staff performance appraisal completion rates. Strengthen compliance with centralised governance processes, especially staff appraisal completion rates building on the Council's overall return of 82% and addressing variation in underperforming directorates.	Chief Executive
Review the effectiveness of the revised Constitution adopted at the AGM on 7 <sup>th</sup> May 2025 and associated decision-making processes.	Director of Law and Corporate Governance
Review the strength of the Council's governance arrangements against the findings of any published public interest reports.	Director of Law and Corporate Governance
Continue to embed risk management information in Council governance and decision-making processes, including extending the corporate risk registers to include more specific ones - e.g. IT and projects etc. and to look at possible cross-cutting risks.	Executive Director for Finance, Digital and Corporate Resources
and to look at possible cross-cutting risks.	Director of Law and Corporate Governance

Priority	Executive Management Team Owner
Following the issuance of a regulatory notice in March 2024, the Council has maintained regular and transparent engagement with the Regulator of Social Housing, sharing its Improvement Plan and providing ongoing updates on progress to ensure accountability and alignment with regulatory expectations.	Executive Director for Housing
Implement our Housing Improvement Programme, including a stock condition survey, addressing non-decency, monitoring fire risk assessment remedial actions and transforming repairs and complaints.	Executive Director for Housing

# **Signatures**

Jennifer Daothong

**Chief Executive** 

Councillor Jacq Paschoud Speaker of the Council